

Laguna Board of REALTORS®

BYLAWS

Approved by NAR December 2024
Approved by CAR December 2024
Approved June 3, 2026 LBOR Final

LAGUNA BOARD OF REALTORS®
BYLAWS

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BYLAWS OF THE LAGUNA BOARD OF REALTORS® Incorporated September 2024

ARTICLE I NAME

SECTION 1. NAME. The name of this organization shall be the Laguna Board of REALTORS® Incorporated (hereinafter referred to as the "B.O.R." or "Board" or "Association"). The term "Association" is used when referring to any Association of REALTORS®).

SECTION 2. REALTOR® MEMBERSHIP MARK IN NAME OF BOARD. 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® (hereinafter "N.A.R.") as from time to time amended.

ARTICLE II OBJECTIVES

SECTION 1. OBJECTIVES. The objectives of the Board are:

- (a) To unite those engaged in the recognized branches of the real estate profession for the purpose of exerting a beneficial influence upon the profession and related interests. The "recognized branches of the real estate profession" include buying, selling, exchanging, renting or leasing, managing, counseling, appraising for others for compensation, building, developing or subdividing real estate.
- (b) To promote and maintain high standards of conduct in the real estate profession as expressed in the *Code of Ethics* of the N.A.R. (hereinafter "Code of Ethics").
- (c) To provide a unified medium for real estate owners and those engaged in the real estate profession whereby their interests may be safeguarded and advanced.
- (d) To further the interests of home and other real property ownership.
- (e) To unite those engaged in the real estate profession in this community with the CALIFORNIA ASSOCIATION OF REALTORS® (hereinafter "C.A.R.") and N.A.R. thereby furthering their own objectives throughout the state and nation and obtaining the benefits and privileges of membership therein.
- (f) To designate, for the benefit of the public, those individuals within the state of California authorized to use the terms REALTOR® and REALTORS® as licensed, prescribed, and controlled by N.A.R.

ARTICLE III NATIONAL AND STATE MEMBERSHIPS

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

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

Section 3. Adoption & Enforcement of N.A.R. Code of Ethics; Compliance with N.A.R. & C.A.R. Governing Documents & Policies. The B.O.R. adopts the N.A.R. Code of Ethics and agrees to enforce the Code of Ethics among

its REALTOR® members. The B.O.R. and all of its members agree to abide by the Constitution, Bylaws, Rules and Regulations, Code of Ethics, and policies of N.A.R. and C.A.R

SECTION 4. OTHER BOARD RULES, REGULATIONS & POLICIES. The B.O.R. may adopt any Rules and Regulations or policies not inconsistent with the Constitution, Bylaws, Rules and Regulations, Code of Ethics and policies of N.A.R. and C.A.R. and these Bylaws. Any inconsistencies between the B.O.R.'s Rules and Regulations or policies and the Bylaws of the B.O.R. (hereinafter "Bylaws") shall be controlled by the Bylaws.

ARTICLE IV JURISDICTION

SECTION 1. DESCRIPTION OF JURISDICTION. The territorial jurisdiction of the B.O.R. as a member of N.A.R. is: (a) NORTHERN BOUNDARY, beginning 19,000 feet from the northwestern line of Block 134 of Rancho San Joaquin proceeding along the Irvine City limit line to the most easterly line of Block 170 of Rancho San Joaquin; (b) EASTERN BOUNDARY, beginning at the intersection of the Irvine City limit line and lot 1 of the Laguna Tract of Rancho Trabuco proceeding to the most northwesterly corner of Block 32 of Rancho Trabuco proceeding southerly along ranch line to the Pacific Ocean; (c) SOUTHERN BOUNDARY, beginning at the intersection of the ranch lines of Rancho Trabuco and the Pacific Ocean proceeding northwesterly along the coastline to Los Trancos Canyon and; (d) WESTERN BOUNDARY, beginning at the intersection of Los Trancos Canyon and the Pacific Ocean proceeding northeasterly in a straight line to the Irvine City limit line. These boundaries include the communities of Laguna Beach/South Laguna, Laguna Niguel, Emerald Bay, and portions of Aliso Viejo and Dana Point/Monarch Beach, all within the County of Orange.

SECTION 2. JURISDICTIONAL RIGHTS. Territorial jurisdiction is defined to mean the right and duty to control the use of the terms REALTOR® and REALTORS® subject to the conditions set forth in the Bylaws and those of N.A.R., to protect and safeguard the property rights of N.A.R. in those terms.

ARTICLE V MEMBERSHIP, QUALIFICATION, APPLICATION AND ACCEPTANCE

SECTION 1. CLASSES OF MEMBERSHIP

There shall be six (6) classes of membership: (1) REALTOR® Members; (2) Institute Affiliate Members; (3) Affiliate Members; (4) Public Service Members; (5) Honorary Members; and (6) Student Members.

Section 2. Qualifications for REALTOR® Members.

2.1 REALTOR® members, whether primary or secondary, who are principals ("principals" are defined, herein and throughout these bylaws when this terminology is used, as sole proprietors, partners, corporate officers or branch office managers of real estate firms) shall:

- (a) Maintain a current, valid California real estate broker or salesperson license or California real estate appraisal certification or license; and
- (b) Act as a sole proprietor, partner, corporate officer of a real estate firm or office manager of a real estate firm acting on behalf of the firm's principal(s); and
- (c) Remain actively engaged in the real estate profession; ("engaged in the real estate profession" is defined, herein and throughout these bylaws when this terminology is used, as buying, selling, exchanging, renting or leasing, managing, counseling, appraising for others for compensation, building, developing or subdividing real estate); and
- (d) Maintain or be associated with a real estate office located within the state of California or a state contiguous thereto; and
- (e) Have no record of official sanctions rendered by the courts or other lawful authorities for (i) violations of civil rights laws or real estate license laws within the past three years or (ii) criminal convictions within the past ten years where the crime was punishable by death or imprisonment in excess of one year under the law under

which the applicant was convicted (ten years is measured from the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date). This provision shall apply to both applicants and current members. If a current member is convicted of a felony, the membership of the member shall terminate, provided however, if the member desires a hearing it shall be conducted in accordance with the California Ethics and Arbitration Manual, or its successor.

2.2 REALTOR® members, whether primary or secondary, other than principals shall:

- (a) Maintain a current, valid California real estate broker or salesperson license or California real estate appraisal certification or license; and
- (b) Remain actively engaged in the real estate profession;
- (c) Remain employed by or affiliated as an independent contractor with a REALTOR® member who meets the requirements in Section 2.1 of this Article V for any Association in California or a state contiguous thereto; and
- (d) Have no record of official sanctions rendered by the courts or other lawful authorities for (i) violations of civil rights laws or real estate license laws within the past three years or (ii) criminal convictions within the past ten years where the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted (ten years is measured from the date of the conviction and the public posting of such conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date).

2.3 REALTOR® members may be franchise corporate officers under the following circumstances:

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

2.4 Each firm shall designate in writing one "Designated REALTOR®" member who shall be responsible for the conduct of individuals affiliated with the firm and accountable to the B.O.R. for all duties and obligations of B.O.R. membership, including, but not limited to, certification as set forth in Article VI, Section 11. The "Designated REALTOR®" must be the sole proprietor, partner, corporate officer or an office manager acting on behalf of the firm's principal(s) and must have the authority to bind the firm in arbitrations and must meet all the other qualifications for REALTOR® membership set forth in Article V, Sections 2.1 of the Bylaws.

2.5 Association of Choice.

(a) Primary Membership. Licensees affiliated with a REALTOR® firm may choose as their "primary" Association any Association within California where the firm maintains a "Designated REALTOR®". An individual is a primary member of the B.O.R. if the B.O.R. pays C.A.R. and N.A.R. dues based on such member. One of the principals in the real estate firm must be a Designated REALTOR® of the B.O.R. in order for the licensees affiliated with the firm to select the B.O.R. as the "primary" Association.

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

- 2.6 Each principal of the real estate firm who is actively engaged in the real estate profession within California or within a state contiguous thereto shall be required to become a REALTOR® member if any other principal of such firm, partnership or corporation is a REALTOR® member within those states. Each is required to hold REALTOR® membership individually in a local Association in California if they meet all the other qualifications set forth in Article V, Sections 2.1, 2.2, or 2.3 of the Bylaws (except as provided in Section 2.7). Each principal of the real estate firm or franchise corporate officer shall be ineligible for any class of member other than REALTOR® membership unless they otherwise qualify for Institute Affiliate membership as described in Article V, Section 3.
- 2.7 In the case of a real estate firm, partnership or corporation whose business activity is substantially all commercial, only those principals actively engaged in the real estate profession in connection with the same office, or any other offices within the jurisdiction of the B.O.R. in which one of the firm's principals holds REALTOR® membership, shall be required to hold REALTOR® membership unless otherwise qualified for Institute Affiliate Membership as described in Article V, Section 3

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

SECTION 4. QUALIFICATIONS OF AFFILIATE MEMBERS. Affiliate Members shall be real estate owners, and other individuals or firms engaged in activities related to the real estate profession, who do not qualify for REALTOR® membership. Affiliate members have interests requiring information concerning real estate and sympathy with the objectives of the B.O.R.

SECTION 5. QUALIFICATIONS OF PUBLIC SERVICE MEMBERS. Public Service members shall be those members who maintain an interest in the real estate profession as employees or affiliates of educational, public utility, governmental or other similar organizations and are not engaged in the real estate profession on their own account or with an established real estate business.

SECTION 6. QUALIFICATIONS OF HONORARY MEMBERS. Honorary Members shall be those persons recognized by the Board of Directors as persons who have performed notable service for the real estate profession, for the Board, or for the public though not engaged in the real estate profession; and who have been a continuous member of the Board for 25 years and are at least 75 years old. Local Board dues shall be waived for Honorary Members.

Sunset Provision: Effective December 31, 2026, no new applications or appointments to LBOR Honorary Membership to waive Board dues shall be accepted. Any individual holding Honorary Membership status as of that date shall retain such status.

SECTION 7. QUALIFICATIONS OF STUDENT MEMBERS. Student members shall be students enrolled in an undergraduate or graduate degree program at an institution of higher education with a specialization or major in real estate, or who are seeking to obtain a real estate license or appraiser's license but who are not eligible for REALTOR® membership.

SECTION 8. MEMBERSHIP APPLICATION.

- (a) Each applicant for membership shall submit an application in such manner and form as may be prescribed by the Laguna Board of REALTORS® Board of Directors (hereinafter "Board of Directors") and give his or her consent

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

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

Applicants must also complete an orientation program as may be required by the Board of Directors, its Membership Committee, or otherwise. An individual will be given the opportunity to complete any mandated orientation program remotely. An applicant will be eligible only for the status of provisional membership (should the Board of Directors allow such status) until any mandatory orientation is timely satisfied and/or until Board of Directors' approval of the application.

- (c) Applicants for REALTOR® membership shall certify: (1) that they have no record of official sanctions rendered by the courts or other lawful authorities for violations of civil rights laws or real estate license laws within the past three years; (2) that they have no criminal convictions within the past ten years where the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted (ten years is measured from the date of the conviction, the public posting of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date); and (3) that they have not been suspended or expelled from an Association the past three years for violations of the N.A.R. Code of Ethics.

- (d) Applicants who are sole proprietors, general partners, corporate officers, or branch officers managers (Article V, Section 2) of a real estate firm must disclose: (1) whether they or their firms are subject to any pending bankruptcy proceedings; and (2) whether they or their firms have been adjudged bankrupt within the past three years. If the applicant is party to pending bankruptcy or insolvency proceedings or has been adjudged bankrupt within the past three (3) years, the applicant may be required to pay cash in advance for B.O.R. and MLS fees for up to one year from the date that membership is approved or from the date that the applicant is discharged from bankruptcy, whichever is later. If the Board of Directors determines that such prepayments will not protect the interests of the B.O.R. or its members, such applications may be rejected.
- (e) Unless excused by the Chair of the Membership Committee, an applicant being admitted to the Board must be present at an Orientation meeting. Should applicant fail to appear at an Orientation meeting, his/her application shall be reviewed by the Membership Committee to determine possible consequences.

SECTION 9. PRIOR MEMBERSHIP RECORDS. The B.O.R. may consider information received from other Associations and/or through C.A.R.'s Ethics Check database or otherwise in determining whether an applicant satisfies the B.O.R.'s membership requirements. The B.O.R. may request from any Association where the applicant held prior membership, minimum "core" information including:

- (a) All final findings of Code of Ethics violations and violations of other membership duties within the past three (3) years;
- (b) Pending complaints alleging violations of the Code of Ethics or alleging violations of other membership duties;
- (c) Incomplete or (pending) disciplinary measures;
- (d) Pending arbitration requests (or hearings);
- (e) Unpaid arbitration awards or unpaid financial obligations to the Association or its MLS; and
- (f) Any misuse of the term REALTOR® or REALTORS® in the name of the applicant's firm.

The B.O.R. will also consider all final findings of Code of Ethics violations and violations of other membership duties in this B.O.R. within the past three (3) years.

NOTE: Article IV, Section 2, of the NAR Bylaws prohibits a Member B.O.R. from knowingly granting REALTOR® membership to any applicant who has an unfulfilled sanction pending which was imposed by another Association for violation of the Code of Ethics, whether learned through C.A.R. Ethics Check or otherwise.

SECTION 10. APPLICATION REVIEW AND ACCEPTANCE.

The procedure for acceptance to REALTOR® membership shall be as follows:

- (a) The Board's AE and staff shall determine whether the applicant is applying for the appropriate class of membership. It shall then give written notice to the Board of Directors of such application and invite comment. The Membership Committee or B.O.R. staff may request "core" information as defined in Article V, Section 9, from any Association of which the applicant was previously a member. The Membership Committee or B.O.R. staff shall thereafter provide a written list for approval or recommend rejection of the applicant. If they recommend rejection, the Membership Committee or B.O.R. staff shall make a written report of its findings to the Board of Directors. The Membership Committee or B.O.R. staff shall consider the information permitted under Section 8 and 9 of this Article in its review of an applicant and conduct all proceedings with strict attention to the principles of due process and compliance with the Bylaws.
- (b) If the recommendation is to reject the application, the reasons shall be specifically stated. If any member of the Membership Committee or B.O.R. staff submits a dissenting recommendation, it shall also be reported to the applicant and Board of Directors. The applicant shall also be notified of his or her right to appear before the Board of Directors.
- (c) The Board of Directors shall review the qualifications of the applicant and the recommendations of the Membership Committee or B.O.R. staff and then vote on the applicant's eligibility for membership. If the applicant appears he or she may be represented by counsel, call witnesses on his or her behalf and make such statements as he or she deems relevant. The Board of Directors may also have counsel present. If the applicant receives a majority vote of the Board of Directors, he or she shall be declared accepted as a member and shall be advised by written notice. An application for Institute Affiliate Membership shall be acted upon by the Board of Directors within fortyfive (45) days from the date of application for membership.
- (d) If the Board of Directors determines that the application should be rejected, it shall record its reasons. If the Board of Directors believes that denial of membership to the applicant may become the basis of litigation and a claim of damage by the applicant, it may specify that denial shall become effective upon entry in a suit by the B.O.R. for a declaratory judgment by a court of competent jurisdiction of a final judgment declaring that the rejection violates no rights of the applicant.
- (e) The Board of Directors, through its Membership Committee or otherwise, may grant "provisional" membership to an applicant in instances where the applicant for membership has not yet satisfied any mandatory orientation **and/or** has unsatisfied discipline pending in another board or association (except for violations of the Code of Ethics), provided all other qualifications for membership have been satisfied. Provisional members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of REALTOR® membership. The Board of Directors may reconsider the membership status of provisional members when all mandatory orientation is completed and/or when all unsatisfied discipline has been resolved or if such matters of unresolved discipline are not fully resolved within six (6) months from the date that provisional membership is approved. At the time of consideration, if the Board of Directors determines that the individual has not done his or her part to satisfactorily resolve the unsatisfied discipline, at the discretion of the Board of Directors, membership may be terminated.

Section 11. New Member Code of Ethics and Fair Housing Orientation. Applicants for REALTOR® membership and provisional REALTOR® members (where applicable) shall complete an orientation program on the Code of Ethics, meeting the minimum criteria established by N.A.R. for new member ethics training. This requirement does not apply to applicants for REALTOR® membership or provisional members who have completed comparable orientation in another

Association, provided that REALTOR® membership has been continuous, or that any break in membership is for one year or less. Failure to satisfy this requirement within 90 days of the date of application (or, alternatively, the date that provisional membership was granted), will result in denial of the membership application or termination of provisional membership.

Applicants for REALTOR® membership and provisional REALTOR® members (where applicable) shall complete Fair Housing training of not less than two (2) hours 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 REALTOR® association, the California Association of REALTORS®, the NATIONAL ASSOCIATION OF REALTORS®, or the Institutes, Societies, and Councils, which meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS® from time to time. Fair Housing training approved by a state licensing authority for an existing Fair Housing requirement to gain or maintain licensure shall also fulfill this requirement, provided it also meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS® from time to time. This requirement does not apply to applicants for REALTOR® membership or provisional members who have completed comparable orientation in another association, provided that REALTOR® membership has been continuous, or that any break in membership is for one (1) year or less. Failure to satisfy this requirement within 90 days of the date of application (or, alternatively, the date that provisional membership was granted), will result in denial of the membership application or termination of provisional membership.

SECTION 12. CONTINUING MEMBER CODE OF ETHICS and Fair Housing TRAINING. Every three-year period, starting with the period from January 1, 2019 through December 31, 2021, and for successive three-year periods thereafter, each REALTOR® member of the B.O.R. shall be required to complete a course on the Code of Ethics, meeting the minimum criteria established by N.A.R. for ethics training. This requirement will be satisfied upon presentation of documentation that the member has completed such course of instruction conducted by this or another REALTOR® Association, C.A.R. or N.A.R., which meets the learning objectives and minimum criteria established by N.A.R. 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 three-year cycle shall not be required to complete additional ethics training until a new three-year period commences.

Failure to satisfy this requirement shall be considered a violation of a membership duty and will result in suspension of membership for the first two months (January and February) of the year following the end of any three-year cycle or until the requirement is met, whichever occurs sooner. On March 1 of that year, the membership of a member who is still suspended as of that date for failure to complete the training requirement will be automatically terminated.

Effective January 1, 2025, through December 31, 2027 and for successive three year periods thereafter, each REALTOR® member of the association (with the exception of REALTOR® members granted REALTOR® Emeritus status by the National Association) shall be required to complete Fair Housing training of not less than two (2) hours 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 REALTOR® association, the California Association of REALTORS®, the NATIONAL ASSOCIATION OF REALTORS®, or the Institutes, Societies, and Councils, which meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS® from time to time. Fair Housing training approved by a state licensing authority for an existing Fair Housing requirement to maintain licensure shall also fulfill this requirement, provided it also meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS® from time to time. REALTOR® members who have completed Fair Housing training as a requirement of membership in another association shall not be required to complete additional Fair Housing training until a new three-year cycle commences.

Failure to satisfy the required periodic Fair Housing training shall be considered a violation of a membership duty. Failure to meet the requirement in any three-year cycle will result in suspension of membership for the first two

months (January and February) of the year following the end of any three-year cycle or until the requirement is met, whichever occurs sooner. On March 1 of that year, the membership of a member who is still suspended as of that date will be automatically terminated.

SECTION 13. STATUS CHANGES.

- (a) REALTORS® who change the conditions under which they hold membership shall be required to provide written notification to the B.O.R. within thirty (30) days. A nonprincipal REALTOR® who becomes a principal in the firm with which he or she has been licensed or, becomes a principal in a new firm which will be comprised of REALTOR® principals, may be required to satisfy any previously unsatisfied membership requirements applicable to principal REALTOR® members. During the period of transition from one status of membership to another, such members shall be subject to all of the privileges and obligations of a principal REALTOR® member. The Board of Directors, at its discretion, may waive any qualification which the member has already fulfilled in accordance with the Bylaws of the B.O.R. If the REALTOR® does not satisfy the requirements established in the Bylaws for the category of membership to which they have transferred within thirty (30) days of the date they advised the B.O.R. of their change in status, their application for change of status will terminate automatically unless otherwise so directed by the Board of Directors.
- (b) If the licensed status of any member is terminated, his or her membership in the B.O.R. shall be subject to immediate termination. If any member ceases to meet any other ongoing qualification of membership, his or her membership may be terminated by the Board of Directors. Each member shall have the affirmative duty to notify the B.O.R. of any changes in their licensee status.
- (c) Any application fee related to a change in membership status shall be reduced by an amount equal to any application fee previously paid by the applicant. Dues shall be prorated from the first day of the month in which the member is notified of acceptance by the Board of Directors of his or her change in status and shall be based on the new membership status for the remainder of the year.
- (d) Any Member who enters the Armed Forces of the United States shall be entitled to inactive status without payment of any dues during service in the Armed Forces. The Member shall be restored to previous membership status upon written application for restoration of membership provided such application is within six (6) months after honorable discharge. Members in Military Service shall have no voting privileges.
- (e) Any member who becomes subject of any action set forth in Section 2 above, shall immediately notify the B.O.R. of any conviction, judgement, imposition of sentencing, finding of sentencing.

SECTION 14. RESIGNATION. Resignations of members shall become effective when received in writing by the Board of Directors, provided, however, that if any member submitting a resignation is indebted to the B.O.R. for dues, fees, fines or other assessments of the B.O.R. or any of its services, departments, divisions or subsidiaries, the B.O.R. may condition the right of the resigning member to reapply for membership upon payment in full of all such monies owed.

ARTICLE VI PRIVILEGES AND DUTIES OF MEMBERSHIP

Section 1. Member Compliance with Bylaws, Policies, Rules and Regulations of the Board. It shall be the duty of every member of the B.O.R. to safeguard and promote the standards, interests, and welfare of the B.O.R. and the real estate profession, and to protect against conduct that may cause a lack of public confidence in the real estate profession or REALTORS®. REALTOR® members also must abide by the governing documents and policies of the B.O.R., C.A.R., and N.A.R., as well as the Code of Ethics of N.A.R., including the duty to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics. Any member of the B.O.R. may be reprimanded, fined, placed on probation, suspended, or expelled by the Board of Directors for a violation of the governing documents and policies of the B.O.R. If a hearing is required it shall be held in accordance with the *California Code of Ethics and Arbitration Manual*.

Every REALTOR® member shall maintain a high level of integrity and adhere to the B.O.R.'s

membership criteria. Any violent act or threat of violence to person or property, hateful conduct, or acts of moral turpitude impacting the public shall not be tolerated and may be cause for disciplinary action, up to and including termination of membership.

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

SECTION 2. MEMBER DISCIPLINE.

- (a) Any REALTOR® member of the B.O.R. may be disciplined by the Board of Directors for violations of the Code of Ethics or other duties of membership after a hearing as described in the *California Code of Ethics and Arbitration Manual*, provided that the discipline imposed is consistent with N.A.R. policy as set forth in the *California Code of Ethics and Arbitration Manual*.
- (b) Any member of the B.O.R. may be reprimanded, placed on probation, suspended or expelled or removed from any office or committee for violation of the B.O.R.'s Anti-Harassment Policy following an investigation and decision process as set forth in said Anti-Harassment Policy. The B.O.R.'s Anti-Harassment Policy may be amended at any time by majority vote of the Board of Directors, with such amendment effective for any conduct the last instance of which occurred after the date the amendment to the Anti-Harassment Policy was adopted.

SECTION 3. RESIGNATION WITH PENDING ARBITRATION OR DISCIPLINARY HEARING. If a member resigns from the B.O.R. or otherwise causes membership to terminate with a disciplinary complaint pending, the complaint shall be processed until the decision of the B.O.R. with respect to disposition of the complaint is final by this B.O.R. (if respondent does not hold membership in any other Association) or by any other Association in which the respondent continues to hold membership. If an ethics respondent resigns or otherwise causes membership in all Associations to terminate before an ethics complaint is filed alleging unethical conduct occurred while the respondent was a REALTOR®, the complaint, once filed, shall be processed until the decision of the Association with respect to disposition of the complaint is final. In any instance where an ethics hearing is held subsequent to an ethic respondent's resignation or membership termination, any discipline ratified by the Board of Directors shall be reported to Ethics Check and held in abeyance until such time as the respondent rejoins an Association of REALTORS®.

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 former member was a member.

Section 4. Voting Rights and Eligibility for Elective Office. Only REALTOR® members, whether primary or secondary, in good standing are entitled to vote and to hold elective office in the B.O.R. Proxy voting is not allowed. For the purposes of these bylaws, the term "good standing" means the member satisfies the obligations of REALTOR® members set forth in Article VI, Section 1, is current with all financial and disciplinary obligations to the B.O.R. and MLS, has completed any new members requirements, and complies with N.A.R.'s trademark rules.

Section 5. Privileges and Duties of REALTOR® Members.

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

- (b) REALTOR® members have the primary responsibility to safeguard and promote the standards, interests and welfare of the B.O.R. and the real estate profession.
- (c) REALTOR® members in good standing may use the terms REALTOR® and REALTORS® subject to the provisions of Article VIII.
- (d) If a REALTOR® member who is a sole proprietor, principal in a firm, partner in a partnership, officer of a corporation, or branch office manager is suspended or expelled, his or her firm, partnership or corporation shall not use the terms REALTOR® or REALTORS® in connection with its business during the period of suspension or expulsion and the membership of all other principals, partners or corporate officers shall suspend or terminate during the period of suspension or expulsion, unless: (1) the disciplined member severs his or her connection with the firm, partnership or corporation; or (2) the disciplined member relinquishes management control of the firm.

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

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

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

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

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

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. (Amended 1/02)

SECTION 7. PRIVILEGES AND DUTIES OF AFFILIATE MEMBERS. Affiliate members shall have the rights and privileges and be subject to the obligations prescribed by the Board of Directors.

SECTION 8. PRIVILEGES AND DUTIES OF PUBLIC SERVICE MEMBERS. Public Service members shall have the rights and privileges and be subject to the obligations prescribed by the Board of Directors.

SECTION 9. PRIVILEGES AND DUTIES OF HONORARY MEMBERS. Honorary membership shall confer only the right to attend meetings and participate in discussions.

SECTION 10. PRIVILEGES AND DUTIES OF STUDENT MEMBERS. Student members shall have the rights and privileges and be subject to the obligations prescribed by the Board of Directors.

SECTION 11. CERTIFICATION BY DESIGNATED REALTOR®. Designated REALTORS® shall certify to the B.O.R. during the first month of each fiscal year on a form provided by the B.O.R., a complete listing of all individuals licensed or certified under California law, - with the REALTOR® firm(s) and shall designate the primary

Board/Association, if any, for each individual. These declarations shall be used for purposes of calculating dues and assessments under Article IX, Section 2 of these Bylaws. Designated REALTOR® members shall also notify the B.O.R. of any additional individual(s) licensed or certified with the firm(s) and of any individual whose affiliation with the firm was severed within thirty days of the date of affiliation or severance of the individual(s).

ARTICLE VII - PROFESSIONAL STANDARDS AND ARBITRATION

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

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

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

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

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

Section 3. Use of REALTOR® Membership Marks Dependent on Status of Firm Principals. A REALTOR® member who is a principal of a real estate firm, partnership or corporation may use the terms REALTOR® and REALTORS® only if all the principals of such firm, partnership, or corporation who are actively engaged in the real estate profession within California, or a state contiguous thereto, are REALTOR® members.

(a) In the case of a REALTOR® member who is a principal of a real estate firm, partnership or corporation whose business activity is substantially all commercial, the right to use the term REALTOR® or REALTORS® shall be limited to office locations in which a principal, partner, corporate officer or branch 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 Ineligible to Use REALTOR® Membership Marks. Institute Affiliate members shall not use the terms REALTOR® or REALTORS® nor the imprint of the emblem seal of N.A.R.

ARTICLE IX - DUES AND ASSESSMENTS

Section 1. Application Fee. The Board of Directors may adopt a reasonable application fee for membership in the B.O.R. The application fee for REALTOR® membership shall not exceed three (3) times the amount of the annual dues for REALTOR® membership. The application fee shall be required to accompany each application for membership in the B.O.R. and shall become the property of the B.O.R. upon final approval of the application. The B.O.R. shall collect all C.A.R. and N.A.R. new member and application fees, if any.

Section 2. Dues.

(a) The Board of Directors shall determine annually the amount of annual dues and assessments, if any, be paid by each class of membership.

(b) The dues and assessments of each Designated REALTOR® member shall be a base amount plus an amount multiplied by the number of real estate licensees and licensed or certified appraisers under California law to which he or she certified under Article VI, Section 11, and who: (1) are employed by or affiliated as independent contractors or who are otherwise directly or indirectly licensed or certified with such REALTOR® member; and (2) are not REALTOR® members of any Association within California or a state contiguous thereto or Institute Affiliate members of this B.O.R.. In calculating the dues and assessments payable to the B.O.R. by a Designated REALTOR® member, non-member licensees as defined in (1) and (2) of this sub-paragraph shall not be included in the computation of dues and assessments if the Designated REALTOR® has paid dues and assessments based on non-member licensees to another Association within the state of California or a state contiguous thereto, provided the Designated REALTOR® notifies the B.O.R. in writing of the identity of the Association to which dues and assessments have been remitted.

(c) In accordance with Article VI, Sections 11, the Designated REALTOR® has an affirmative and ongoing duty to keep dues and assessments formulations current and accurate and shall notify the B.O.R. within 30 days of any changes, additions or deletions of any real estate licensees and licensed or certified appraisers employed by or affiliated as independent contractors or who are otherwise directly or indirectly licensed or certified with such Designated REALTORS®.

(d) 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 ("LFRO") 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 the real estate profession as defined in Article V, Section 2(c) (buying, selling, exchanging, leasing or renting, managing, counseling, appraising for others for compensation, building, developing or subdividing real estate) and are not participants or subscribers in a Multiple Listing Service ("MLS"). The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR® filing the form for purposes of this Article IX, Section 2 (b) and shall not be included in calculating the annual dues and assessment of the Designated REALTOR®. It shall be considered a violation of a membership duty for a REALTOR® to falsely certify LFRO status. Moreover, the exemption for any licensee included on the certification form for a LFRO shall automatically be revoked upon the individual being engaged in the real estate profession as defined in Article V, Section 2 (c) other than for referrals, or for being a participant or subscriber of any MLS, and dues and assessments for the entire current fiscal year shall be immediately due and payable in full. Licensee may not reapply for a LFRO exemption until the following fiscal year.

(e) A REALTOR® with a direct or indirect ownership interest in an entity engaged in the real estate business which provides services for which a Mortgage Loan Originators license endorsement (MLO) is required may annually file with the association on a form provided by the association a list of MLO licensees and certify that the listed licensees (1) have a MLO license or endorsement (2) are not engaged in the real estate profession as defined in Article V, Section 2 (c) (buying, selling, exchanging, renting or leasing, managing, counseling, appraising for others for compensation, building, developing or subdividing real estate) except for licensed activities for which an MLO is required and (3) are not participants or subscribers in any MLS. The individuals disclosed on such forms shall not be deemed to be licensed with the REALTOR® filing the form for purposes of this Article IX, Section 2(b) and shall not be included in calculating the annual dues and assessments of the Designated REALTOR®. It shall be considered a violation of membership duty for a REALTOR® to falsely certify MLO status. Moreover, the exemption for any licensee, included on the certification form for an MLO exemption, shall automatically be revoked upon the individual being engaged in the real estate profession as defined in Article V, Section 2 (c) other than in those activities for which an MLO license or endorsement is required or upon their joining an MLS, and dues and assessments for the entire current fiscal year shall be immediately due and payable in full. Licensees may not reapply for a MLO exemption until the following fiscal year.

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

- (g) The annual dues and assessments of REALTOR® members shall not include any allocation for C.A.R. if the member is a member of a board or association of C.A.R. and that board or association has paid C.A.R. dues and assessments for the member.
- (h) The annual dues and assessments of REALTOR® members shall not include any allocation for N.A.R., if the member is a member of a Board or Association of N.A.R. and that Board or Association has paid N.A.R. dues and assessments for the member.
- (i) In the case of a Designated REALTOR® member in a firm, partnership, or corporation whose business activity is substantially all commercial, any assessments for non-member licensees shall be limited to licensees affiliated with the Designated REALTOR® (as defined in sub-paragraph (b) of this Section) in the office where the Designated REALTOR® holds membership, and any other offices of the firm located within the jurisdiction of this Association.
- (j) The annual dues and assessments of each Institute Affiliate Member shall be as established in Article II of the Bylaws of the NATIONAL ASSOCIATION OF REALTORS®.

NOTE: The Institutes, Societies and Councils of the National Association shall be responsible for collecting and remitting dues to the National Association for Institute Affiliate Members (\$75.00). The National Association shall credit \$25.00 to the account of a local association for each Institute Affiliate Member whose office address is within the assigned territorial jurisdiction of that association, provided, however, if the office location is also within the territorial jurisdiction of a Commercial Overlay Board (COB), the \$25.00 amount will be credited to the COB, unless the Institute Affiliate Member directs that the dues be distributed to the other board. The National Association shall also credit \$25.00 to the account of state associations for each Institute Affiliate Member whose office address is located within the territorial jurisdiction of the state association. Local and state associations may not establish any additional entrance, initiation fees or dues for Institute Affiliate Members, but may provide service packages to which Institute Affiliate Members may voluntarily subscribe. (Amended 1/02)

SECTION 3. Dues and Assessments Payable. Dues and assessment for all members shall be payable annually in advance on the first day of January. Dues and assessments shall be computed from the first day of the month in which a

new member is notified of acceptance and shall be prorated for the remainder of the year. Any member who initiates bankruptcy proceedings may be placed on a "cash basis" from the date the bankruptcy petition is filed until one year from the date that the member has been discharged from bankruptcy. All dues, assessments or fees paid to the B.O.R. are non-refundable, except for those dues and assessments returned to a terminated provisional member as provided in Article V, Section 10.

After the initial billing, in the event additional real estate licensees or licensed or certified appraisers become affiliated with the Designated REALTOR®, the dues and assessments of the Designated REALTOR® shall be adjusted for each real estate licensee or licensed or certified appraiser employed by or affiliated as independent contractor or otherwise directly or indirectly licensed or certified with such Designated REALTOR® and added their firm as shown on the DRE or BREA database. Any additional amount owing shall become immediately due and payable upon the date of affiliation even if no invoice is generated (i.e. the date of affiliation is the "due date").

SECTION 4. NONPAYMENT OF FINANCIAL OBLIGATIONS.

- (a) If dues, fees, fines, or other assessments including amounts owed to the B.O.R. are not paid within one (1) month after the due date, the nonpaying member is subject to suspension. Three (3) months after the due date, membership of the nonpaying member shall automatically terminate unless within that time the amount due is paid. However, no action shall be taken to suspend, expel or otherwise terminate a member for nonpayment of disputed amounts until the accuracy of the amount owed has been confirmed by the Board of Directors. Furthermore, no member shall be suspended, expelled or otherwise terminated until twenty (20) days after notice of a proposed suspension, expulsion or termination and the reason therefore has been sent by regular first class mail or electronic submission to him or her, which notice may be given before or after the expiration of the one-month limit or three month limit.
- (b) If within ten (10) days after the sending of a notice the member requests a hearing, the effective date of the suspension, expulsion or termination shall be deferred until after such hearing. The Board of Directors shall send by regular first-class mail or by electronic submission to the member at least five (5) days prior to the hearing a notice of the time and place of the hearing. At the hearing the Board of Directors shall receive evidence from the member and may receive evidence from any other person on the issue of whether the member was delinquent in the payment of dues, fees, fines or other assessments and on the issue of whether it would be in the best interest of the B.O.R. to suspend, expel or otherwise terminate the member immediately.
- (c) If the Board of Directors determines that the member was delinquent, the Board of Directors may decide, as it deems in the best interest of the B.O.R., to suspend, expel or otherwise terminate the member immediately, or to decline to suspend, expel or terminate the member on condition that the member pay the delinquency on or before a specified date or pay the delinquency in specified installments on or before specified dates. The member shall be automatically suspended, expelled or otherwise terminated without further hearing if the member fails to perform such condition.
- (d) Any suspension, expulsion or termination occurring after a hearing shall be effective five (5) days after notice thereof is mailed or electronically sent or submitted to the member, subject to the right of the Board of Directors to specify that the suspension, expulsion or termination shall become effective upon the entry, in a suit by the B.O.R. for declaratory relief, of the final judgment of a Court of competent jurisdiction declaring that suspension, expulsion or termination violates no rights of the member.
- (e) In the event the membership of a real estate licensee or certified or licensed appraiser who holds REALTOR® membership is terminated for nonpayment of B.O.R. dues, fees, fines or other assessments – and the licensee or appraiser remains affiliated with the same firm, the dues and assessment obligation of the Designated REALTOR®, as set forth in this Article IX, Section 2(b), will be increased to reflect the addition of a non-member licensee or appraiser. Such Designated REALTOR® dues and assessments shall be calculated from the first day of the current fiscal year and are payable within thirty (30) days of the notice of termination.

SECTION 5. REINSTATEMENT AFTER TERMINATION FOR NONPAYMENT OF FINANCIAL OBLIGATIONS. A former member who has had his or her membership terminated for nonpayment of dues, fees, fines, or other assessments duly levied in accordance with the provisions of these Bylaws or the provisions of other Rules and Regulations of the B.O.R. or any of its services, departments, divisions or subsidiaries may apply for reinstatement in a manner prescribed for new applicants for membership, only upon making full payment of all past due accounts, together with interest at the rate of ten (10%) percent per annum on each item comprising the accounts, from its due date until paid, and after complying with all sanctions imposed by a disciplinary panel together with the payment of the application fee required of new applicants.

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

SECTION 7. NOTICE OF DELINQUENT DUES, FEES, FINES, ASSESSMENTS AND OTHER FINANCIAL OBLIGATIONS OF MEMBERS. All delinquent dues, fees, fines, assessments or other financial obligations to the B.O.R. or its Multiple Listing Service shall be noticed to the delinquent member in writing, including by electronic means with a copy to the Designated REALTOR®, setting forth the amount owed and due date. Past due invoices beyond thirty (30) days are subject to a late fee of \$ 50.00. Suspension or termination of service will be executed as outlined in Section 4 of this Article.

ARTICLE X OFFICERS AND DIRECTORS

SECTION 1. OFFICERS.

(a)Composition. The elected Officers of the B.O.R. shall be: President, President-Elect, a Secretary and a Treasurer (Chief Financial Officer). The offices of Secretary and Treasurer may be held by the same person, otherwise, no person may hold more than one office at the same time. The term of each office shall be one year from January through December. The President-Elect shall automatically ascend to the Presidency at the end of his or her term as President-Elect, unless for some reason he or she were stripped of office while President-Elect. The Executive Officer is the chief staff person of the B.O.R. but is not an officer or member of the Board of Directors.

(b)Criteria: Unless otherwise waived by the Board of Directors, the President shall have 2 years experience as a member of the Board of Directors during the last 2 years prior to taking office.

A nominee for President Elect must have served as Director at LBOR for one (1) calendar year or more prior to being nominated.

President Elect must have served, attended and actively participated in committee meetings of at least one committee for a minimum of one (1) calendar year immediately preceding the year starting the term of President Elect.

LDC – Leadership Development Committee shall preferably consider nominating President Elect from within current BOD roster subject to BOD approval. In circumstances where LDC nominated a member that falls outside these guidelines, full BOD vote is required with a 70 % approval.

The Secretary and Treasurer shall have 1 year of experience as a member of the Board of Directors during the last 1 year prior to taking office. All officers must meet and continue to satisfy their Board of Directors membership obligations set forth in Section 3 below for the duration of their time as Officers.

(c) Term of Office. The President and President-Elect shall serve one-year terms. The Secretary and Treasurer shall serve a one-year term.

SECTION 2. POWERS AND DUTIES OF OFFICERS. The powers and duties of the Officers shall be such as their titles, by general usage, would indicate and such as may be assigned to them by the Board of Directors. It shall be the duty of the Secretary to keep the records of the Board of Directors and to carry on all necessary correspondence with N.A.R and C.A.R.

QUALIFICATIONS OF DIRECTORS. REALTOR® Directors' qualifications and requirements are as follows:

- (a) Must be a REALTOR® member in good standing and a member of the B.O.R. for two (2) calendar years in order to be nominated.
- (b) Must have actively served on at least one (1) committee within the previous two calendar years.

SECTION 3. BOARD OF DIRECTORS.

(a) Composition. The governing body of the B.O.R. shall be a Board of Directors consisting of the elected Officers (President, President-Elect, a Secretary and a Treasurer), the Immediate Past President of the Board (who shall serve by designation and is not elected by the members), an optional Director-At-Large appointed by the current Board of Directors for the ensuing year, an optional Director for Life, and as many elected REALTOR® members of the B.O.R. as need be to ensure the composition of the B.O.D number eleven (11) Directors in total. All Directors including the elected Officers, and the Immediate Past President have one vote. Directors shall be elected to serve for terms of one (1), two (2) and/or three (3) years. Directors shall be elected each year as are required to fill vacancies. No Director shall serve more than a term of six (6) consecutive years, unless appointed to serve an unexpired term, in which case they may not serve more than half of the unexpired term, and/or in the capacity of serving as Past President, in which case, a seventh (7th) year is permissible. No more than four (4) Directors from the same real estate firm may simultaneously serve on the Board of Directors as an Officer or Director. When a Director serves as President during the last year of their term, they shall automatically be a member of the Board of Directors for the ensuing year only, as past president, will have all the responsibilities of a regular Director for that year, and may opt to run for re-election if term limits allow.

The elected Officers may and are encouraged to appoint a REALTOR® to be Director-At-Large from another local association to serve on an annual basis. The Director-At-Large must be a secondary member of the Board. The Director-At-Large shall be accorded the same voting privileges as elected Directors.

The Board of Directors shall also have the right to appoint a REALTOR® member to be Director-For-Life, by a unanimous vote of the entire Board of Directors. The Director-For-Life shall have all the rights and privileges afforded an elected Director including, but not limited to, the right to vote and the right to hold any of the officer positions of the Board of Directors and shall be subject to all of the rules and restrictions of an elected or appointed Director. However, at no time shall the B.O.R. have more than one Director-For-Life serving as a Director for the B.O.R.

(b) Criteria. Unless otherwise waived by the Board of Directors, any person nominated for and hereafter serving as Director must (1) have completed 2 years as a member of the B.O.R. prior to being nominated; (2) be a REALTOR® member whose financial obligations to the B.O.R are paid in full and whose dues and assessments are current and remain current throughout the duration of service on the Board; (3) be of sound professional character conducting business in compliance with N.A.R. Code of Ethics. (All final findings of N.A.R. Code of Ethics violations and violations of other membership duties in this or any other A.O.R. within the past three years, and any unsatisfied discipline pending at any A.O.R. shall be taken into consideration when determining qualifications; (4) honor fiduciary duties to the B.O.R. and adhere to appropriate conflict of interest and disclosure rules; and (5) meet other requirements as may be established as policy by the Board of Directors.

(c) Term of Office. Elected Directors shall be elected to serve for terms of one (1), two (2) or three (3) years. The terms of the President, President Elect, and Immediate Past President serving by designation is one year. Thereafter, as many Directors shall be elected each year as are required to fill vacancies. If the Immediate Past President is unable or unwilling to serve in this capacity as a Director, the Board of Directors, in accordance with the procedures for filling vacancies, may, but is not required to, fill the open seat with another Director to serve the remainder of the term otherwise reserved for the Immediate Past President. With exception to Director-For-Life and Director-At-Large, no person may serve in a particular capacity on the Board of Directors for more than six (6) consecutive years, unless serving as Past President, in which case, a seventh (7th) year is permissible. The President may serve no more than (1)

term, unless by a majority vote of the Board of Directors. If a person serves as a Director, President-Elect, President, Secretary or Treasurer for less than (1/2) of the term applicable to that office, such portion of the term served shall be disregarded for purpose of the preceding limitations. It is suggested that a new Director serve a three (3) year term, unless such Director has served as a Director for a prior term, in which case a one (1), two (2) or three (3) year term would be acceptable to fill all vacancies.

SECTION 4. POWERS AND DUTIES OF THE BOARD OF DIRECTORS. Subject to the provisions of the California Nonprofit Corporation Law and any limitations in the Articles of Incorporation or Bylaws relating to action required to be approved by the members or a majority of all the members, the activities and affairs of the B.O.R. shall be conducted by and all management powers shall be exercised by or under the direction of the Board of Directors. The Board of Directors may delegate the management of the activities of the B.O.R. to any committee so long as the ultimate direction is provided by the Board of Directors.

SECTION 5. ELECTION OFFICERS and DIRECTORS.

The election of Directors shall take place on a date designated by the Board of Directors. The membership shall be informed of such date one month prior to the date so set.

- (a) **Delivery of Notices, Reports and Ballots.** All notices, reports and ballots in connection with the election or removal of Officers and Directors may be accomplished by personal delivery, first class mail, facsimile, electronic mail or other electronic means.

- (b) **Nomination by the (LDC) Leadership Development Committee.**

Leadership Development Committee (LDC) is tasked with identifying and nominating potential new leaders in LBOR that are willing to serve.

No later than March 31st of each year, the LDC Committee consisting of **five (5)** members shall meet and recommend candidates subject to approval by the Board of Directors for positions of officers and directors for the following year; current President, immediate past President (if not available, the President two years prior to current term), President Elect and two former LBOR Presidents selected by current Board of Directors. The current President will be the tiebreaker in the nominating vote.

The report of the LDC committee shall be mailed or noticed to each REALTOR® member eligible to vote at least four weeks preceding the election.

- (c) **Nomination by Petition.** Additional candidates for the offices to be filled may be placed in nomination by obtaining and submitting a petition containing a minimum of twentyfive (25) signatures of the REALTOR® members and no more than five (5) signatures from any one named office. The petition shall be filed with the Association Executive at least twenty (20) days before the election. Such petition shall contain a statement signed by the candidate that he or she meets the criteria for the Board of Directors position as set forth in the Bylaws and is aware of the duties and responsibilities of the office and agrees to serve. The Association Executive shall deliver notice of such additional nominations to all members eligible to vote at least two (2) weeks before the election.
- (d) **Elections.** Election shall be by ballot, which may be online. Ballots may be submitted by mail or in person or online and must be received by 5.00 P.M. at the Board office on the designated Election Day. There shall be no proxy votes. Ballots shall be sent to members fifteen (15) days prior to election day. All REALTOR® members in good standing are eligible to vote. The names of the Nominees are to be listed in alphabetical order on the ballot, and the Leadership Development Committee may at its discretion, add a sufficient number of names of candidates to allow preference selection. No reference is to be made of incumbency on the ballot. In case of a tie vote, the issue shall be determined by lot. The Candidates receiving the highest number of votes are elected.
- (e) **Election Committee.** The President, with the approval of the Board of Directors, shall appoint an election committee of three (3) Affiliate members to conduct the election. In case of a tie vote, the issue shall be determined by lot. Any challenge to the voting method or tabulation of the vote must be made within 48 hours of the date of the election.

- (f) **Election of Officers.** The new Board of Directors shall meet within thirty (30) days after the Election and elect from the members of the Board of Directors the following officers: President, President Elect, Vice President, and Secretary/ Treasurer.

Election by Acclamation. In the event the time for nomination by petition has passed and the number of people nominated for the Board is not more than the number of Directors, with each and every Director seat up for vote remaining uncontested, in its discretion, the Board of Directors may authorize a vote by acclamation and, without further action, declare that those nominated and qualified to be elected have been elected.

SECTION 6. VACANCIES. Vacancies among the Officers and the Board of Directors shall be filled by appointment by the Board of Directors within thirty (30) days of notice. Replacement shall serve until the end of that elected term. An Annual Election filling the vacancy of such elected term shall determine a Director for the following term.

- (a) In the event of a vacancy/vacancies of officers, the line of succession shall be:
- 1) President
 - 2) President-Elect
 - 3) Secretary
 - 4) Treasurer
 - 5) Immediate Past President
- (b) In the event of simultaneous vacancies of all officers and the immediate past president, the remaining directors shall appoint, by majority vote, an acting president from among the remaining directors and immediately notice and hold a general membership meeting for the purpose of an election to restore the board of directors to the specified number.
- (c) In the event of simultaneous vacancies of all officers and directors a committee of three or more of the most immediate past presidents in coordination with Board legal counsel shall immediately notice and hold a general membership meeting for the purpose of electing a new board of directors. In the interim, the most immediate past president and the Association Executive/Executive Vice President shall be authorized to sign checks as required to continue the day to day operations of the Board. The Directors elected as a result of the special election shall serve until the next regularly scheduled election and shall hold all privileges that usually accompany the position to which they have been elected.

SECTION 7. REMOVAL OF OFFICERS AND DIRECTORS.

- (a) Removal by Board for Cause. The Board of Directors shall declare vacant the office of any Officer or Director on the occurrence of any of the following events:
- (1) The death of the Officer or Director.
 - (2) The Officer or Director has been declared of unsound mind by a final order of a court.
 - (3) The Officer or Director has been convicted of a felony.
 - (4) The Officer or Director is convicted of a breach of duty under Section 7238 of the California Corporate Code.
 - (5) The Officer or Director is absent from three (3) consecutive regularly scheduled Board meetings or four (4) regularly scheduled Board meetings in one year without an excuse deemed valid by the Board of Directors.
 - (6) The Officer or Director resigns from office.
 - (7) The Officer or Director no longer meets the general requirements for Officers and Directors enumerated in Sections 1 and 3 hereof.
- (b) Removal by Board for Violation. The Board of Directors may declare vacant the office of any Officer or Director if, during his or her term of office, an Officer or Director is determined to have violated the N.A.R. Code of Ethics or other Director of membership duty. Removal from office shall be subject to review by the Board's Board of Directors as to the severity of the violation based solely on the final findings of fact and the appropriateness of removal from office.
- (c) **Removal by the Membership.** The Membership may remove an Officer or Director it deems to be incapable for any reason of fulfilling the duties for which he or she is elected under the following procedure:
- (1) 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.

- (2) 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 B.O.R. shall be held. 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.
- (3) The special meeting shall be noticed, including the general nature of the meeting, to all voting members at least four (4) days prior to the meeting, and shall be conducted by the President 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. Provided a quorum is present, a three-fourths vote of members present and voting shall be required for removal from office.

SECTION 8. EXPENDITURES. The Board of Directors shall administer the day-to-day finances of the Board. Unbudgeted expenditures in excess of \$2000 may not be made unless authorized by a majority of the Board of Directors. This sum does not include regularly scheduled salaries, or note payments or items shown in the annual operating budget. The Board of Directors shall not incur any obligation over \$50,000 without authorization by a 2/3 majority vote of all Directors present. Unbudgeted expenditures required for the protection of capital assets or to respond to emergency situations may be incurred by the Board of Directors with a 2/3 approval vote of all Directors of the B.O.R. Capital expenditures are those expenditures for long term improvements chargeable to the capital asset account.

SECTION 9. ELECTION OF STATE DIRECTORS. The Board of Directors shall appoint such State Directors from the general membership as required by the CALIFORNIA ASSOCIATION OF REALTORS® for the ensuing year. (Dates subject to change in accordance with C.A.R. requirements.)

SECTION 10. DUTIES OF STATE DIRECTORS. State Directors shall represent the B.O.R as members of the Board of Directors of the meeting of the California Association of REALTORS®

SECTION 11. ASSOCIATION EXECUTIVE/EXECUTIVE VICE-PRESIDENT.

- (a) The Board of Directors may employ a competent person in the capacity of an Association Executive
- (b) The Association Executive shall have no conflict of interest with any person engaged in the real estate profession and may not maintain an active real estate license.
- (c) The selection of the Association Executive shall be made by a special committee comprised of three members of the Board of Directors and an additional three members from the general membership on a voluntary basis. (Should more than three general members apply, then selection shall be made by lot.) Announcement of formation of this committee and availability of applications shall be published in the official newsletter of the Board at least ten (10) days prior to committee selection.

SECTION 12. DUTIES OF ASSOCIATION EXECUTIVE. The Association Executive shall perform such functions as the Board of Directors may prescribe for the office as outlined in the official job description and any contract of employment.

ARTICLE XI – MEETINGS

SECTION 1. ANNUAL MEETINGS. The annual meeting of the B.O.R. shall be held on 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 meetings. Absence from three consecutive regular meetings without an excuse deemed valid by the Board of Directors shall be construed as resignation.

SECTION 3. MEETINGS of MEMBERS. 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 50 percent (50%) of the members eligible to vote. The Board of Directors may designate that a meeting of the members may be conducted by electronic transmission

by and to the B.O.R. or by electronic video screen communication where members have a reasonable opportunity to participate in substantial concurrence with the proceedings. Participation in such meetings shall constitute presence in person at the meeting of the person or persons so participating whether that meeting is held in a designated place or in whole or in part by electronic means.

SECTION 4. NOTICE OF MEETINGS.

(a) **MEMBERSHIP MEETINGS.** Written notice of membership meetings, stating the date, time, place (and/or means of electronic transmission by and to the B.O.R. or electronic video screen communication, if any, by which members may participate) and purpose of the meeting, shall be delivered personally, by first class mail, facsimile, electronic mail or other electronic means to the address shown on the current B.O.R. records or every member entitled to participate in the meeting at least twenty (20), but no more than 90 calendar days preceding all meetings. The B.O.R. may also publish notice of membership meetings in any publication regularly sent to all members of the B.O.R. correspondence or fax. If a special meeting is called, it shall be accompanied by a statement of the purpose of the meeting.

(b) **Board of Directors Meetings.**

(1) Notice of time and place of special meetings of the Board shall be delivered personally or by telephone to each Director or sent by first-class mail, fax or e-mail addressed to each Director at the Director's address as it is shown on the records of the B.O.R. In case the notice is mailed it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. In case the notice is delivered personally, by telephone, fax or e-mail, it shall be delivered personally, by telephone, fax or e-mail at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the Director or to a person at the office of the Director whom the person giving the notice has reason to believe will promptly communicate it to the Director. Notice may also be left on a voice mail machine.

(2) **Waiver of Notice.** The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though a meeting had been duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the Directors not present, signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

SECTION 5. QUORUM. A quorum for the transaction of business by the general membership shall consist of 5 percent of the members eligible to vote and present at a duly held membership meeting. A quorum for the transaction of business by the Board of Directors shall consist of fifty-one (51) percent of the Board of Directors. There shall be no voting by proxy. If a quorum is present, the affirmative vote of the majority of the voting power represented at the meeting shall be the act of the body. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of enough Directors or members to leave less than a quorum, as long as a majority of the requisite quorum approves of the action taken. In the absence of a quorum, any meeting may be adjourned by the majority of the voting power present.

SECTION 6. ACTION WITHOUT A MEETING.

(a) **Membership Meetings.** Any action that may be taken at any regular membership meeting or special membership meeting may be taken without a meeting if the association distributes a written or electronic ballot to every member entitled to vote on the matter. Approval by written or electronic ballots shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve such action at a meeting had the vote been taken in a face-to-face meeting.

(b) **Board of Directors Meetings.** Any action that may be taken by the Board may be taken without a meeting if all Directors individually or collectively consent in writing to that action (unanimous consent). The written consents shall be filed with the corporate records and made part of the minutes of the meeting. The action by written consent shall have the same force and effect as a unanimous vote of the Directors.

ARTICLE XII COMMITTEES

SECTION 1. STANDING COMMITTEES. The President shall appoint from among the REALTOR® members, subject to confirmation by the Board of Directors, chairs for the following standing committees:

Affiliate***	Governmental/Legislative Affairs
Budget & Finance	Grievance
Strategic Planning	
BORPAC Trustees	Membership/Orientation
Public Relations/Communications	Multiple Listing Service **
Community Events	Professional Standards *
Internet/Technology	Education & Programs

* Must serve at least three (3) years on Grievance Committee prior to serving on Professional Standards. By exception, with recommendation of the chairman and approved by the Board of Directors, this requirement may be waived.

** Members are appointed by Chair of the committee - See Article XVII.

*** Chairperson may be an Affiliate member of LBOR.

SECTION 2. Discretionary Committees. The President may appoint from among the REALTOR® members subject to confirmation by the Board of Directors, additional committees as deemed necessary. Examples are set forth below:

Equal Opportunity	Legislative	Membership
Finance	Long Range Planning	Public Relations

SECTION 3. Task Forces or Work Groups. The President may appoint from among the REALTOR® members subject to confirmation by the Board of Directors, Task Forces or Work Groups as deemed necessary.

SECTION 4. TERM OF COMMITTEE APPOINTMENTS. Committee members shall be appointed to one year terms except that the members of the Grievance, MLS and Professional Standards committees shall be appointed to staggered terms: Grievance - 3 years; Professional Standards - 3 years; MLS - 2 years

SECTION 5. ORGANIZATION. All committees shall be of such size and shall have duties, functions and powers as assigned by the Board of Directors except as otherwise provided in these Bylaws.

SECTION 6. PRESIDENT. The President shall be an exofficio nonvoting member of all standing committees and shall be notified of their meetings.

SECTION 7. REMOVAL. The President shall have the power, subject to confirmation by the Board of Directors, to remove any member from a committee.

ARTICLE XIII FISCAL AND ELECTIVE YEAR

SECTION 1. FISCAL YEAR. The fiscal year of the B.O.R. shall be the calendar year beginning January 1 and ending December 31.

SECTION 2. ELECTIVE YEAR. The elective year shall begin the day following the official closing of the N.A.R. annual convention and end the last day of the N.A.R. convention the following year.

ARTICLE XIV RULES OF ORDER

SECTION 1. ROBERT'S RULES OF ORDER. Robert's Rules of Order, latest edition, shall be recognized as the authority governing the meetings of the B.O.R., its Board of Directors, and committees, in all instances wherein its provisions do not conflict with the California Nonprofit Corporations Code or these Bylaws.

ARTICLE XV AMENDMENTS

SECTION 1. AMENDMENT

(a) Upon Majority Vote of Membership. These Bylaws may be amended by: (a) a majority vote of REALTOR® 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 the meeting; or (b) a written ballot. If amendment is sought by written ballot, the ballot must be mailed by first class mail, delivered personally, by facsimile, electronic mail or other electronic means to all members qualified to vote, plainly state the substance of the proposed amendment or amendments, provide an opportunity to specify approval or disapproval, and give at least ten (10) days in which to return the ballot to the B.O.R. Amendment by written ballot will only be effective if the number of votes cast within the time specified equals or exceed the number of votes that would have been required at a member meeting.

(b) Upon Majority Vote of Board. In addition, the Board of Directors may, at any regular or special meeting of the Board of Directors at which a quorum is present approve amendments to the Bylaws which are mandated by N.A.R policy or set forth in the C.A.R. Model Bylaws, or as otherwise permitted in California Corporation Code, Section 7150.

SECTION 2. NOTICE. Notice of all meetings at which amendments are to be considered shall be delivered personally, by facsimile, electronic mail, regular mail or other electronic means to every member eligible to vote on such amendments at least twenty (20) calendar days prior to the meeting and shall plainly state the substance of the proposed amendment or amendments.

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

ARTICLE XVI – DISSOLUTION

SECTION 1. DISSOLUTION. Upon the dissolution of this B.O.R., the Board of Directors, after providing for the payment of all obligations, shall distribute any remaining assets to C.A.R. or, within the B.O.R discretion, to any other nonprofit tax exempt organization.

ARTICLE XVII MULTIPLE LISTING SERVICE

SECTION 1. AUTHORITY GOVERNING MLS RULES. The B.O.R. may maintain for the use of licensed real estate brokers and salespersons, and licensed or certified appraisers a Multiple Listing Service ("MLS") which shall be subject to the Bylaws of the B.O.R. and the California Model MLS Rules as from time to time amended by C.A.R., which are hereby incorporated by reference and such additional local MLS Rules and Regulations as may be hereinafter adopted by the Board of Directors. In the event of a conflict between the California Model MLS Rules and the local MLS Rules and Regulations, the local Rules and Regulations will control.

SECTION 2. PURPOSE. A Multiple Listing Service is a means by which cooperation among Participants is enhanced; by which information is accumulated and disseminated to enable authorized participants to prepare appraisals and other valuations of real property; 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 among the participants so that they may better serve their clients and the public.

SECTION 3. MLS COMMITTEE. The B.O.R President shall appoint, subject to the confirmation of the Board of Directors, a MLS Committee of REALTOR® members. All members of the committee shall be MLS participants or subscribers. The President shall select the MLS Committee chair and vice chair from among the MLS Committee members. The actions of the MLS Committee are subject to the approval of the Board of Directors.

SECTION 4. ACCESS TO COMPARABLE AND STATISTICAL INFORMATION. Provided the MLS generates such publications, B.O.R. members who are actively engaged in real estate brokerage, management, mortgage financing, appraising, land development or building, but who do not participate in the 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 B.O.R. members and individuals affiliated with B.O.R. members who are also engaged in the real estate business. Except as otherwise specified in the MLS Rules and Regulations, this information may not be transmitted, retransmitted or provided in any manner to any unauthorized individual, office firm. B.O.R. members who receive such information are subject to the applicable provisions of the MLS Rules and Regulations whether they participate in the MLS or not.