

Bylaws of the
South Texas Commercial Association of REALTORS®, Inc.

Amended Date – December 7, 2020

Article I – Name

Section 1. Name. The name of this organization shall be the South Texas Commercial Association of REALTORS®, Incorporated, hereinafter referred to as the "Association".

Section 2. REALTORS®. Inclusion and retention of the Registered Collective Membership Mark REALTORS® in the name of the Association shall be governed by the *Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS®* as from time to time amended.

Article II – Objectives

The objectives of the Association are:

Section 1. To unite those engaged in the recognized branches of the real estate profession for the purpose of exerting a beneficial influence upon the profession and related interests.

Section 2. To promote and maintain high standards of conduct in the real estate profession as expressed in the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®.

Section 3. To provide a unified medium for real estate owners and those engaged in the real estate profession whereby their interests may be safeguarded and advanced.

Section 4. To further the interests of commercial, investment, land, and other real property ownership.

Section 5. To unite those engaged in the real estate profession in this community with the Texas Association of REALTORS® and the NATIONAL ASSOCIATION OF REALTORS®, thereby furthering their own objectives throughout the state and nation, and obtaining the benefits and privileges of Membership therein.

Section 6. To designate, for the benefit of the public, individuals authorized to use the terms REALTOR® and REALTORS® as licensed, prescribed, and controlled by the NATIONAL ASSOCIATION OF REALTORS®.

Article III – Jurisdiction

Section 1. The territorial jurisdiction of the Association as a Member of the NATIONAL ASSOCIATION OF REALTORS® is:

The counties of Aransas, Atascosa, Bandera, Bee, Bexar, Brooks, Calhoun, Cameron, Comal, Dimmit, Duval, Edwards, Frio, Gillespie, Goliad, Guadalupe, Hidalgo, Jackson, Jim Hogg, Jim Wells, Karnes, Kendall, Kenedy, Kerr, Kinney, Kleberg, La Salle, Live Oak, Maverick, McMullen, Medina, Nueces, Real, Refugio, San Patricio, Starr, Uvalde, Val Verde, Victoria, Webb, Willacy, Wilson, Zapata, and Zavala.

Section 2. Territorial jurisdiction is defined to mean:

(a) The right and duty to control the use of the terms REALTOR® and REALTORS®, subject to the conditions set forth in these Bylaws and those of the NATIONAL ASSOCIATION OF REALTORS®, in return for which the Association agrees to protect and safeguard the property rights of the National Association in the terms.

Article IV – Membership

Section 1. There shall be six classes of Members, as follows.

(a) REALTOR® Members. REALTOR® Members, whether primary or secondary shall be:

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

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

NOTE: REALTOR® Members may obtain Membership in a "secondary" Association in another state.

(2) Individuals who are engaged in the real estate profession other than as sole proprietors, partners, corporate officers, or branch office managers and are associated with a REALTOR® Member and meet the qualifications set out in Article V.

(3) Franchise REALTOR® Membership. Corporate officers (who may be licensed or unlicensed) of a real estate brokerage franchise organization with at least one hundred fifty (150) franchisees located within the United States, its insular possessions and the commonwealth of Puerto Rico, elected to Membership pursuant to the provisions in the NAR *Constitution and Bylaws*. Such individuals shall enjoy all of the rights, privileges, and obligations of REALTOR® Membership (including compliance with the Code of Ethics) except: obligations related to Association-mandated education, meeting attendance, or indoctrination classes or other similar requirements; the right to use the term REALTOR® in connection with their franchise organization's name; and the right to hold elective office in the local Association, state Association, and National Association.

(4) Primary and Secondary REALTOR® Members. An individual is a primary Member if the Association pays state and National dues based on such Member. An individual is a secondary Member if state and National dues are remitted through another Association. One of the principals in a real estate firm must be a designated REALTOR® Member of the Association in order for licensees affiliated with the firm to select the Association as their "primary" Association.

(5) Designated REALTOR® Members. Each firm (or office in the case of firms with multiple office locations) shall designate in writing one REALTOR® Member who shall be responsible for all duties and obligations of Membership, including the obligation to arbitrate pursuant to Article 17 of

the Code of Ethics and the payment of Association dues as established in Article X of the Bylaws. The "Designated REALTOR®" must be a sole proprietor, partner, corporate officer, or branch office manager acting on behalf of the firm's principal(s), and must meet all other qualifications for REALTOR® Membership established in Article V, Section 2 of the Bylaws.

(b) Institute Affiliate Members. Institute Affiliate Members shall be individuals who hold a professional designation awarded by an Institute, Society, or Council affiliated with the NATIONAL ASSOCIATION OF

REALTORS® that addresses a specialty area other than residential brokerage or individuals who otherwise hold a class of Membership in such Institute, Society, or Council that confers the right to hold office. Any such individual, if otherwise eligible, may elect to hold REALTOR® Membership, subject to payment of applicable dues for such Membership.

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

Affiliate Membership shall also be granted to individuals licensed or certified to engage in real estate practice who, if otherwise eligible, do not elect to hold REALTOR® Membership in the Association, provided the applicant is engaged exclusively in a specialty of the real estate business other than brokerage of real property.

(d) International Affiliate Member. International Affiliate Member shall be a non-US firm or individual who has interests requiring information concerning real estate and are in sympathy with objectives of the Association. Firm and/or individual shall not use the term REALTOR® Associate unless those categories of membership are attained.

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

(f) Honorary Members. Honorary Members shall be individuals not engaged in the real estate profession who have performed notable service for the real estate profession, for the Association, or for the public.

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

Article V – Qualification and Election

Section 1. Application

(a) An application for Membership shall be made in such manner and form as may be prescribed by the Board of Directors and made available to anyone requesting it. The application form shall contain among the statements to be signed by the applicant (1) that applicant agrees as a condition to Membership to thoroughly familiarize himself/herself with the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, the Constitutions, Bylaws, and Rules and Regulations of the Association, the State and National Associations, and if elected a Member, will abide by the Constitutions and Bylaws and Rules and

Regulations of the Association, State and National Associations and, if a REALTOR® Member, will abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, including the obligation to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics, and as further specified in the *Code of Ethics and Arbitration Manual* of the NATIONAL ASSOCIATION OF REALTORS®, as from time to time amended, and (2) that applicant consents that the Association, through its Membership committee or otherwise, may invite and receive information and comment about applicant from any Member or other persons, and that applicant agrees that any information and comment furnished to the Association by any person in response to the invitation shall be conclusively deemed to be privileged and not form the basis of any action for slander, libel, or defamation of character. The applicant shall, with the form of application, have access to a copy of the Bylaws, Constitution, Rules and Regulations, and Code of Ethics referred to above.

Section 2. Qualification

(a) An applicant for REALTOR® Membership who is a sole proprietor, partner, corporate officer, or branch office manager of a real estate firm shall supply evidence satisfactory to the Association, through its Membership committee or otherwise, that he/she is actively engaged in the real estate profession, and maintains a current, valid real estate broker's or salesperson's license or is licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property, has a place of business within the state or a state contiguous thereto (unless a secondary Member), has no record of recent or pending bankruptcy*, has no record of official sanctions involving unprofessional conduct**, agrees to complete a course of instruction covering the Bylaws and rules and regulations of the Association, the Bylaws of the State Association, and the *Constitution and Bylaws* and Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, and shall pass such reasonable and nondiscriminatory written examination thereon, as may be required by the committee, and shall agree that if elected to Membership, he/she will abide by such *Constitution*, Bylaws, rules and regulations, and Code of Ethics.

*No recent or pending bankruptcy is intended to mean that the applicant or any real estate firm in which the applicant is a sole proprietor, general partner, corporate officer, or branch office manager, is not involved in any pending bankruptcy or insolvency proceedings or, has not been adjudged bankrupt in the past three (3) years. If a bankruptcy proceeding as described above exists, Membership may not be rejected unless the Association establishes that its interests and those of its Members and the public could not be adequately protected by requiring that the bankrupt applicant pay cash in advance for Association and MLS fees for up to one (1) year from the date that Membership is approved or from the date that the applicant is discharged from bankruptcy (whichever is later). In the event that an existing Member initiates bankruptcy proceedings, the Member may be placed on a "cash basis" from the date that bankruptcy is initiated until one (1) year from the date that the Member has been discharged from bankruptcy.

**No record of official sanctions involving unprofessional conduct is intended to mean that the Association may only consider:

- A. judgments against the applicant within the past three (3) years of violations of: (1) civil rights laws, (2) real estate license laws, and/or (3) other laws prohibiting unprofessional conduct against the applicant rendered by the courts or other lawful authorities
- B. criminal convictions if: (1) the crime was punishable by death or imprisonment in excess of one year under the law under which the applicant was convicted, and (2) no more than ten (10) years have elapsed since the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date.

(b) Individuals who are actively engaged in the real estate profession other than as sole proprietors, partners, corporate officers, or branch office managers, in order to qualify for REALTOR® Membership, shall at the time of application be associated either as an employee or as an independent contractor with

a designated REALTOR® Member of the Association or a designated REALTOR® Member of another Association (if a secondary Member) and must maintain a current, valid real estate broker's or salesperson's license or be licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property, has no record of official sanctions involving unprofessional conduct*, shall complete a course of instruction covering the Bylaws and rules and regulations of the Association, the Bylaws of the State Association, and the *Constitution and Bylaws* and Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, and shall pass such reasonable and nondiscriminatory written examinations thereon as may be required by the Membership committee, and shall agree in writing that if elected to Membership he/she will abide by such *Constitution*, Bylaws, rules and regulations, and the Code of Ethics.

Section 3. Election

The procedure for election to membership shall be as follows.

- (a) The chief staff executive (or duly authorized designee) shall determine whether the applicant is applying for the appropriate class of membership. If the association has adopted provisional membership, applicants for REALTOR® membership may be granted provisional membership immediately upon submission of a completed application form and remittance of applicable association dues and any application fee. Provisional members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of membership. Provisional membership is granted subject to final review of the application by the Board of Directors.
- (b) If the Board of Directors determines that the individual does not meet all of the qualifications for membership as established in the association's Bylaws, or, if the individual does not satisfy all of the requirements of membership (for example, completion of a mandatory orientation program) within 90 days from the association's receipt of their application, membership may, at the discretion of the Board of Directors, be terminated. In such instances, dues shall be returned to the individual less a prorated amount to cover the number of days that the individual received association services and any application fee. The Board of Directors shall vote on the applicant's eligibility for membership, if the applicant receives a majority vote of the Board of Directors, he/she shall be declared elected to membership and shall be advised by written notice.
- (c) The Board of Directors may not reject an application without providing the applicant with advance notice of the findings, an opportunity to appear before the Board of Directors, to call witnesses on his/her behalf, to be represented by counsel, and to make such statements as he/she deems relevant. The Board of Directors may also have counsel present. The Board of Directors shall require that written minutes be made of any hearing before it or may electronically or mechanically record the proceedings.
- (d) If the Board of Directors determines that the application should be rejected, it shall record its reasons with the chief staff executive (or duly authorized designee). 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 association for a declaratory judgment by a court of competent jurisdiction of a final judgment declaring that the rejection violates no rights of the applicant. (Adopted 1/98, Amended 1/05)

Section 4. New Member Code of Ethics Orientation

Applicants for REALTOR® Membership shall complete an orientation program on the Code of Ethics of not less than two (2) hours and thirty (30) minutes of instructional time. This requirement does not apply to applicants for REALTOR® Membership who have completed comparable orientation in another Association, provided that REALTOR® Membership has been continuous, or that any break in Membership is for one year or less.

Failure to satisfy this requirement within ninety (90) days of the date of application will result in denial of the Membership application or termination of Membership.

Section 5. REALTOR® Code of Ethics Training

Effective January 1, 2019, through December 31, 2021, 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 ethics training of not less than two (2) hours and thirty (30) minutes of instructional time. This requirement will be satisfied upon presentation of documentation that the member has completed a course of instruction conducted by this or another REALTOR® association, the State Association of REALTORS®, or the NATIONAL ASSOCIATION OF REALTORS®, which meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS® from time to time. REALTOR® members who have completed training as a requirement of membership in another association and REALTOR® members who have completed the New Member Code of Ethics Orientation during any three year cycle shall not be required to complete additional ethics training until a new three year cycle commences.

Failure to satisfy the required periodic ethics 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 6. Status Changes

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

A REALTOR® who is transferring his/her license from one firm comprised of REALTOR® principals to another firm comprised of REALTOR® principals shall be subject to all of the privileges and obligations of Membership during the period of transition. If the transfer is not completed within thirty (30) days of the date the Association is advised of the disaffiliation with the current firm, Membership will terminate automatically unless otherwise so directed by the Board of Directors.

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

(b) Any application fee related to a change in Membership status shall be reduced by an amount equal to any application fee previously paid by the applicant.

(c) Dues shall be prorated from the first day of the month in which the Member is notified of election by the Board of Directors and shall be based on the new Membership status for the remainder of the year.

Article VI – Privileges and Obligations

Section 1. The privileges and obligations of Members, in addition to those otherwise provided in these Bylaws, shall be specified in this Article.

Section 2. Any Member of the Association may be reprimanded, fined, placed on probation, suspended, or expelled by the Board of Directors for a violation of these Bylaws and Association rules and regulations consistent with these Bylaws, after a hearing as provided in the *Code of Ethics and Arbitration Manual* of the Association. Although Members other than REALTORS® are not subject to the Code of Ethics, nor its enforcement by the Association, such Members are encouraged to abide by the principles established in the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and conduct their business and professional practices accordingly. Further, Members other than REALTORS® may, upon recommendation of the Membership committee, or upon recommendation by a hearing panel of the professional standards committee, be subject to discipline as described above, for any conduct, which in the opinion of the Board of Directors, applied on a nondiscriminatory basis, reflects adversely on the terms REALTOR® or REALTORS®, and the real estate industry, or for conduct that is inconsistent with or adverse to the objectives and purposes of the local Association, the State Association, and the NATIONAL ASSOCIATION OF REALTORS®.

Section 3. Any REALTOR® Member of the Association may be disciplined by the Board of Directors for violations of the Code of Ethics or other duties of Membership, after a hearing as described in the *Code of Ethics and Arbitration Manual* of the Association, provided that the discipline imposed is consistent with the discipline authorized by the Professional Standards Committee of the NATIONAL ASSOCIATION OF REALTORS® as set forth in the *Code of Ethics and Arbitration Manual* of the National Association.

Section 4. Resignations of Members shall become effective when received in writing by the Board of Directors, provided, however, that if any Member submitting the resignation is indebted to the Association for dues, fees, fines, or other assessments of the Association or any of its services, departments, divisions, or subsidiaries, the Association may condition the right of the resigning Member to reapply for Membership upon payment in full of all such monies owed.

Section 5. If a member resigns from the association or otherwise causes membership to terminate with an ethics complaint pending, the complaint shall be processed until the decision of the association with respect to disposition of the complaint is final by this association (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 Boards 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 ethics respondent's resignation or membership termination, any discipline ratified by the Board of Directors shall be held in abeyance until such time as the respondent rejoins an association of REALTORS®.

(a) If a member resigns or otherwise causes membership to terminate, the duty to submit to arbitration (or to mediation if required by the association) continues in effect even after membership lapses or is terminated, provided that the dispute arose while the former member was a REALTOR®. (Amended 1/00 and 11/11)

Section 6. REALTOR® Members. REALTOR® Members, whether primary or secondary, in good standing whose financial obligations to the Association are paid in full shall be entitled to vote and to hold elective office in the Association; may use the terms REALTOR® and REALTORS®, which use shall be subject to the provisions of Article VIII; and have the primary responsibility to safeguard and promote the standards, interests, and welfare of the Association and the real estate profession.

(a) If a REALTOR® Member is a sole proprietor in a firm, a partner in a partnership or an officer in a corporation, and is suspended or expelled, the firm, partnership or corporation shall not use the terms REALTOR® or REALTORS® in connection with its business during the period of suspension, or until readmission to REALTOR® Membership, or unless connection with the firm, partnership or corporation is severed, or management control is relinquished, whichever may apply. The Membership of all other principals, partners, or corporate officers shall suspend or terminate during the period of suspension of the disciplined Member, or until readmission of the disciplined Member or unless connection of the disciplined Member with the firm, partnership, or corporation is severed, or unless the REALTOR® who is suspended or expelled removes himself/herself from any form or degree of management control of the firm for the term of the suspension or until readmission to Membership, whichever may apply. Removal of an individual from any form or degree of management control must be certified to the Association by the Member who is being suspended or expelled and by the individual who is assuming management control, and the signatures of such certification must be notarized. In the event the suspended or expelled Member is so certified to have relinquished all form or degree of management control of the firm, the Membership of other partners, corporate officers, or other individuals affiliated with the firm shall not be affected, and the firm, partnership or corporation may continue to use the terms REALTOR® and REALTORS® in connection with its business during the period of suspension or until the former Member is admitted to Membership in the Association. The foregoing is not intended to preclude a suspended or expelled Member from functioning as an employee or independent contractor, providing no management control is exercised. Further, the Membership of REALTORS® other than principals who are employed or affiliated as independent contractors with the disciplined Member shall suspend or terminate during the period of suspension of the disciplined Member or until readmission of the disciplined Member, or unless connection of the disciplined Member with the firm, partnership, or corporation is severed, or management control is relinquished, or unless the REALTOR® Member (non-principal) elects to sever his/her connection with the REALTOR® and affiliate with another REALTOR® Member in good standing in the Association, whichever may apply.

If a REALTOR® Member other than a sole proprietor in a firm, partner in a partnership, or an officer of a corporation is suspended or expelled, the use of the terms REALTOR® or REALTORS® by the firm, partnership or corporation shall not be affected.*

(b) In any action taken against a REALTOR® Member for suspension or expulsion under Section 6(a) hereof, 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 Article VI, Section 6(a) shall apply.

Section 7. Institute Affiliate Members in good standing whose financial obligations to the Association are paid in full shall be entitled to vote and to hold elective office in the Association (except for President or President-Elect) and shall have such other rights and privileges and be subject to obligations prescribed by the Board of Directors consistent with the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS[®], provided, however, no Institute Affiliate Member may be granted the right to use the term REALTOR[®], or the REALTOR[®] logo; or to serve as President of the Association.

Section 8. Affiliate Members. Affiliate Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors.

Section 9. International Affiliate Members. International Affiliate Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors.

Section 10. Public Service Members. Public Service Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors.

Section 11. Honorary Members. Honorary Membership shall confer only the right to attend meetings and participate in discussions.

Section 12. Student Members. Student Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors.

Section 13. Certification by REALTOR®. "Designated" REALTOR® Members of the Association shall certify to the Association during the month of March on a form provided by the Association, a complete listing of all individuals licensed or certified in the REALTOR®'s office(s) and shall designate a primary Association for each individual who holds Membership. Designated REALTORS® shall also identify any non-Member licensees in the REALTOR®'s office(s) and if designated REALTOR® dues have been paid to another Association based on said non-Member licensees, the designated REALTOR® shall identify the Association to which dues have been remitted. These declarations shall be used for purposes of calculating dues under Article X, Section 2(a) of the Bylaws. "Designated" REALTOR® Members shall also notify the Association of any additional individual(s) licensed or certified with the firm(s) within ten (10) days of the date of affiliation or severance of the individual.

Section 14. Harassment. Any Member of the Association may be reprimanded, placed on probation, suspended or expelled for harassment of an Association or MLS employee or Association officer or Director after an investigation in accordance with the procedures of the Association. As used in this section, harassment means any verbal or physical conduct including threatening or obscene language, unwelcome sexual advances, stalking, actions including strikes, shoves, kicks, or other similar physical contact, or threats to do the same, or any other conduct with the purpose or effect of unreasonably interfering with an individual's work performance by creating a hostile, intimidating or offensive work environment. The decision of the appropriate disciplinary action to be taken shall be made by the investigatory team comprised of the president, and president-elect and/or vice president and one Member of the Board of Directors selected by the highest ranking officer not named in the complaint, upon consultation with legal counsel for the Association. Disciplinary action may include any sanction authorized in the Association's Code of Ethics and Arbitration Manual. If the complaint names the president, president-elect or vice president, they may not participate in the proceedings and shall be replaced by the immediate past president or, alternatively, by another Member of the Board of Directors selected by the highest ranking officer not named in the complaint.

Article VII – Professional Standards and Arbitration

Section 1. The responsibility of the Association and of Association Members relating to the enforcement of the Code of Ethics, the disciplining of Members, and the arbitration of disputes, and the organization and procedures incident thereto, shall be governed by the Code of Ethics and Arbitration Manual of the NATIONAL ASSOCIATION OF REALTORS®, as amended from time to time, which is by this reference incorporated into these Bylaws, provided, however, that any provision deemed inconsistent with state law shall be deleted or amended to comply with state law.

Section 2. It shall be the duty and responsibility of every REALTOR® Member of this Association to abide by the Constitution and Bylaws and the rules and regulations of the Association, the Constitution and Bylaws of the State Association, the *Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS®*, and to abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, including the duty to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics, and as further defined and in accordance with the procedures set forth in the Code of Ethics and Arbitration Manual of this Association, as from time to time amended.

Section 3. The responsibility of the Association and Association Members relating to the enforcement of the Code of Ethics, the disciplining of Members, the arbitration of disputes, and the organization and

procedures incident thereto, shall be consistent with the cooperative professional standards enforcement agreement entered into by the Association, which by this reference is made a part of these Bylaws.

Article VIII – Use of the Terms REALTOR® and REALTORS®

Section 1. Use of the terms REALTOR® and REALTORS® by Members shall, at all times, be subject to the provisions of the *Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS®* and to the Rules and Regulations prescribed by its Board of Directors. The Association shall have the authority to control, jointly and in full cooperation with the NATIONAL ASSOCIATION OF REALTORS®, use of the terms within its jurisdiction. Any misuse of the terms by Members is a violation of a Membership duty and may subject Members to disciplinary action by the Board of Directors after a hearing as provided for in the Association's Code of Ethics and Arbitration Manual.

Section 2. REALTOR® Members of the Association shall have the privilege of using the terms REALTOR® and REALTORS® in connection with their places of business within the state or a state contiguous thereto so long as they remain REALTOR® Members in good standing. No other class of Members shall have this privilege.

Section 3. A REALTOR® Member who is a principal of a real estate firm, partnership, or corporation may use the terms REALTOR® and REALTORS®, only if all the principals of such firm, partnership, or corporation who are actively engaged in the real estate profession within the state or a state contiguous thereto are REALTOR® Members or Institute Affiliate Members, as described in Section 1(b) of Article IV. (a) In the case of a REALTOR® Member who is a principal of a real estate firm, partnership, or corporation whose business activity is substantially all commercial, the right to use the term REALTOR® or REALTORS® shall be limited to office locations in which a principal, partner, corporate officer, or branch office manager of the firm, partnership, or corporation holds REALTOR® Membership. If a firm, partnership, or corporation operates additional places of business in which no principal, partner, corporate officer, or branch office manager holds REALTOR® Membership, the term REALTOR® or REALTORS® may not be used in any reference to those additional places of business.

Section 4. Institute Affiliate Members shall not use the terms REALTOR® or REALTORS®, nor the imprint of the emblem seal of the NATIONAL ASSOCIATION OF REALTORS®.

Article IX – State and National Memberships

Section 1. The Association shall be a Member of the NATIONAL ASSOCIATION OF REALTORS® and the Texas Association of REALTORS®. By reason of the Association's Membership, each REALTOR® Member of the Member Board shall be entitled to Membership in the NATIONAL ASSOCIATION OF REALTORS® and the Texas Association of REALTORS® without further payment of dues (refer to option below). The Association shall continue as a Member of the State and National Associations, unless by a majority vote of all of its REALTOR® Members, decision is made to withdraw, in which case the State and National Associations shall be notified at least one month in advance of the date designated for the termination of such Membership.

Section 2. The Association recognizes the exclusive property rights of the NATIONAL ASSOCIATION OF REALTORS® in the terms REALTOR® and REALTORS®. The Association shall discontinue use of the terms in any form in its name, upon ceasing to be a Member of the National Association, or upon a determination by the Board of Directors of the National Association that it has violated the conditions imposed upon the terms.

Section 3. The Association adopts the Code of Ethics of the NATIONAL ASSOCIATION OF

REALTORS® and agrees to enforce the Code among its REALTOR® Members. The Association and all of its Members agree to abide by the *Constitution, Bylaws*, Rules and Regulations, and policies of the National Association and the Texas Association of REALTORS®.

Article X – Dues and Assessments

Section 1. Application Fee. The Board of Directors may adopt an application fee for REALTOR® Membership in reasonable amount, not exceeding three (3) times the amount of the annual dues for REALTOR® Membership, which shall be required to accompany each application for REALTOR® Membership and which shall become the property of the Association upon final approval of the application.

Section 2. Dues. The annual dues of Members shall be as follows.

(a) REALTOR® Members. The annual dues of each designated REALTOR® Member shall be in such amount as established annually by the Board of Directors, plus an additional amount to be established annually by the Board of Directors times the number of real estate salespersons and licensed or certified appraisers who (1) are employed by or affiliated as independent contractors, or who are otherwise directly or indirectly licensed with such REALTOR® Member, and (2) are not REALTOR® Members of any Association in the state or a state contiguous thereto or Institute Affiliate Members of the Association. In calculating the dues payable to the Association by a designated REALTOR® Member, non-Member licensees as defined in (1) and (2) of this paragraph shall not be included in the computation of dues if the designated REALTOR® has paid dues based on said non-Member licensees in another Association in the state or a state contiguous thereto, provided the designated REALTOR® notifies the Association in writing of the identity of the Association to which dues have been remitted. In the case of a designated REALTOR® Member in a firm, partnership, or corporation whose business activity is substantially all commercial, any assessments for non-Member licensees shall be limited to licensees affiliated with the designated REALTOR® (as defined in (1) and (2) of this paragraph) in the office where the designated REALTOR® holds Membership, and any other offices of the firm located within the jurisdiction of this Association.

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

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

The exemption for any licensee included on the certification form shall automatically be revoked upon the individual being engaged in real estate licensed activities (listing, selling, leasing, renting, managing,

counseling, or appraising real property) other than referrals, and dues for the current fiscal year shall be payable.

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

- (b) REALTOR® Members. The annual dues of REALTOR® Members other than the designated REALTOR® shall be as established annually by the Board of Directors.
- (c) Institute Affiliate Members. The annual dues of each Institute Affiliate Member shall be as established in Article II of the *Bylaws of the NATIONAL ASSOCIATION OF REALTORS®*.
- (d) Affiliate Members. The annual dues of each Affiliate Member shall be as established annually by the Board of Directors.
- (e) Public Service Members. The annual dues of each Public Service Member shall be as established annually by the Board of Directors.
- (f) Honorary Members. Dues payable, if any, shall be at the discretion of the Board of Directors.
- (g) Student Members. Dues payable, if any, shall be at the discretion of the Board of Directors.
- (h) Professional Members. Dues payable, if any, shall be at the discretion of the Board of Directors.
- (i) International Members. Dues payable, if any, shall be at the discretion of the Board of Directors.

Section 3. Dues Payable. Dues for all Members shall be payable annually in advance on the first day of January. Dues for new Members shall be computed from the first day of the month in which a Member is notified of election and shall be prorated for the remainder of the year.

(a) In the event a sales licensee or licensed or certified appraiser who holds REALTOR® Membership is dropped for nonpayment of Association dues, and the individual remains with the designated REALTOR®'s firm, the dues obligation of the "designated" REALTOR® (as set forth in Article X, Section 2 (a)) will be increased to reflect the addition of a non-Member licensee. Dues shall be calculated from the first day of the current fiscal year and are payable within thirty (30) days of the notice of termination.

Section 4. Nonpayment of Financial Obligations. If dues, fees, fines, or other assessments including amounts owed to the Association are not paid within one (1) month after the due date, the nonpaying Member is subject to suspension at the discretion of the Board of Directors. Two (2) months after the due date, Membership of the nonpaying Member may be terminated at the discretion of the Board of Directors. 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 or expel a Member for nonpayment of disputed amounts until the accuracy of the amount owed has been confirmed by the Board of Directors. A former Member who has had his/her Membership terminated for nonpayment of dues, fees, fines, or other assessments duly levied in accordance with the provisions of these Bylaws or the provisions of other rules and regulations of the Association or any of its services, departments, divisions, or subsidiaries may apply for reinstatement in a manner prescribed for new applicants for Membership, after making payment in full of all accounts due as of the date of termination.

Section 5. Deposits and Expenditures. Deposits and expenditures of funds shall be in accordance with policies established by the Board of Directors.

Section 6. Notice of Dues, Fees, Fines, Assessments, and Other Financial Obligations of Members. All dues, fees, fines, assessments, or other financial obligations to the Association shall be noticed to the delinquent Association Member in writing setting forth the amount owed and due date.

Section 7. The dues of REALTOR® Members who are REALTOR® Emeriti (as recognized by the National Association), past presidents of the National Association or recipients of the Distinguished Service Award shall be as determined by the Board of Directors.

Article XI – Officers and Directors

Section 1. Officers. The elected officers of the Association shall be: a President, a President-Elect, a Secretary, and a Treasurer. The Secretary and Treasurer may be the same person. They shall be elected for terms of one year.

Section 2. Duties of Officers. The duties of the officers shall be such as their titles, by general usage, would indicate and such as may be assigned to them by the Board of Directors, and as detailed below:

(a) **President and President Elect.** The President shall be the chief executive officer of the Association and shall administer and exercise general supervision over all its affairs. The President shall become the Immediate Past President of the Association for the term which follows the term which he/she has served as President. The President, and in his/her absence the President-Elect, shall preside at all meetings of the Association and at all meetings of the Board of Directors and shall discharge any other duties the Board of Directors may require. The President-Elect shall become the President of the Association for the term which follows the term which he/she has served as President-Elect and shall perform such other duties as the Board of Directors may designate.

(b) **Immediate Past President.** The Immediate Past President shall provide advice and counsel to the President, and if both the President and President-Elect are absent, shall preside at meetings of the Association and the Board of Directors.

(c) **Secretary.** The Secretary shall keep the minutes of the meetings of the Board of Directors and of the members, shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law. The Secretary shall determine whether there is a quorum at meetings. It shall be the particular duty of the Secretary to keep the records of the Association and to carry on all necessary correspondence with the NATIONAL ASSOCIATION OF REALTORS® and the Texas Association of REALTORS®.

(d) **Treasurer.** The Treasurer shall keep and maintain all financial records of the Association, shall be responsible for the Association's funds, shall make such reports as the Board of Directors may require and shall develop an annual budget

Section 3. Board of Directors. The governing body of the Association shall be a Board of Directors consisting of the elected officers, the Immediate Past President of the Association, and at least three (3) but not more than twenty (20) elected REALTOR® Members of the Association. Within such range, the number of Directors shall be, from time to time, determined by the Board of Directors. Directors shall be elected to serve for terms of three (3) years, except that at organization, one-third of the elected Directors shall be elected for terms of one (1), two (2), and three (3) years, respectively, or for lesser terms as may be necessary to complete the first fiscal year. Thereafter, as many Directors shall be elected each year as are required to fill vacancies.

Section 4. Election of Officers and Directors.

(a) At least two (2) months before the annual election, a Nominating Committee will be formed consisting of the President-Elect and four (4) members appointed by the President-Elect with the approval of the Board of Directors. The members appointed to the Nominating Committee must be either REALTOR® Members or Institute Affiliate Members. The Nominating Committee shall select one candidate for each office and each place to be filled on the Board of Directors. Each candidate must be a REALTOR® Member or Institute Affiliate Member in good standing with the Association. The report of the Nominating Committee shall be sent to each member eligible to vote at least three (3) weeks preceding the election.

Additional candidates for the offices to be filled may be placed in nomination by petition signed by at least 15% of the REALTOR® Members or Institute Affiliate Members eligible to vote. The petition shall be filed with the Secretary at least two (2) weeks before the election. The Secretary shall send notice of such additional nominations to all members eligible to vote before the election. Members of the Nominating Committee may not be elected as an officer or Director (except for the President-Elect, who will become the new President).

(b) The election of Officers and Directors shall take place at the annual meeting or at a meeting earlier in the year as designated by the Board of Directors. Election shall be by ballot or electronic means, unless there are no contested positions, in which case election may be made by voice vote or a show of hands. If there is a ballot, then the ballot shall contain the names of all candidates and the offices for which they are nominated. Voting may be accomplished by a signed and dated written proxy, in which event the person voting the proxy will furnish the original proxy for verification purposes and provide a copy of the proxy to the Association office.

(c) The President, with the approval of the Board of Directors, shall appoint an Election Committee of three (3) members to conduct the election. The members of the Election Committee must be either REALTOR® Members or Institute Affiliate Members. In case of a tie vote, the issue shall be determined by lot.

Section 5. Vacancies. Vacancies among the officers and the Board of Directors shall be filled by a simple majority vote of the Board of Directors until the next annual election.

Section 6. Removal of Officers and Directors. In the event that an officer or Director is deemed to be incapable of fulfilling the duties for which elected, but will not resign from office voluntarily, the officer or Director may be removed from office under the following procedure.

(a) A petition requiring the removal of an officer or Director and signed by not less than one-third of the voting Membership or a majority of all Directors shall be filed with the president, or if the president is the subject of the petition, with the next-ranking officer, and shall specifically set forth the reasons the individual is deemed to be disqualified from further service.

(b) Upon receipt of the petition, and not less than twenty (20) days or more than forty-five (45) days thereafter, a special meeting of the voting Membership of the Association shall be held, and the sole business of the meeting shall be to consider the charge against the officer or Director, and to render a decision on such petition.

(c) The special meeting shall be noticed to all voting Members at least ten (10) days prior to the meeting, and shall be conducted by the president of the Association unless the president's continued service in office is being considered at the meeting. In such case, the next-ranking officer will conduct the meeting of the hearing by the Members. Provided a quorum is present, a three-fourths vote of Members present and voting shall be required for removal from office.

Section 7. Chief Staff Executive. The Board of Directors may appoint a Chief Staff Executive as the chief administrative officer of the Association, with the authority to hire, supervise, evaluate and terminate other staff, if any, and perform such other duties as prescribed by the Board of Directors.

Article XII – Meetings

Section 1. Annual Meetings. The annual meeting of the Association shall be held during July of each year, the date, place, and hour to be designated by the Board of Directors.

Section 2. Meetings of Directors. The Board of Directors shall designate a regular time and place of meetings. Absence from three (3) regular meetings without an excuse deemed valid by the Board of Directors shall be construed as resignation.

Section 3. Other Meetings. Meetings of the Members may be held at other times as the president or the Board of Directors may determine, or upon the written request of at least 34% of the Members eligible to vote.

Section 4. Notice of Meetings. Written notice shall be given to every Member entitled to participate in the meeting at least one (1) week preceding all meetings. If a special meeting is called, it shall be accompanied by a statement of the purpose of the meeting.

Section 5. Quorum. A quorum for the transaction of business at a meeting of the Members shall consist of 10% of the Members eligible to vote. A quorum for the transaction of business of the Board of Directors shall be a minimum of 34% of the Directors eligible to vote.

Section 6. Electronic Transaction of Business. To the fullest extent permitted by law, the Board of Directors or Membership may conduct business by electronic means.

Section 7. Action without Meeting. Unless specifically prohibited by the Articles of Incorporation, any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors. The consent shall be evidenced by one or more written approvals, each of which sets forth the action taken and bears the signature of one or more Directors. All the approvals evidencing the consent shall be delivered to the Secretary to be filed in the corporate records. The action taken shall be effective when all the Directors have approved the consent unless the consent specifies a different effective date.

Article XIII – Committees

Section 1. Standing Committees. The president shall appoint from among the REALTOR® Members, subject to confirmation by the Board of Directors, the following standing committees:

- Executive*
- Membership
- Technology
- Government Affairs

**The members of the Executive Committee shall be the President, President-Elect, Immediate Past President, Secretary and Treasurer and one or two members to be elected at large from the Board of Directors, the number to be determined annually by the Board of Directors*

Additional standing committees may be established as considered appropriate by the Board of Directors.

Section 2. Special Committees. The president shall appoint, subject to confirmation by the Board of Directors, special committees as deemed necessary.

Section 3. Organization. All committees shall be of such size and shall have duties, functions, and powers as assigned by the president or the Board of Directors except as otherwise provided in these Bylaws.

Section 4. President. The president shall be an *ex-officio* Member of all standing committees and shall be notified of their meetings.

Section 5. Action without Meeting. Any committee may act by unanimous consent in writing without a meeting. The consent shall be evidenced by one or more written approvals, each of which sets forth the action taken and bears the signature of one or more of the Members of the committee.

Section 6. Attendance by Telephone. Members of a committee may participate in any meeting through the use of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Such participation shall be at the discretion of the president and shall constitute presence at the meeting.

Article XIV – Fiscal and Elective Year

Section 1. The fiscal year of the Association shall be January 1 to December 31.

Section 2. The elective year of the Association shall be January 1 to December 31.

Article XV – Rules of Order

Section 1. *Robert's Rules of Order*, latest edition, shall be recognized as the authority governing the meetings of the Association, its Board of Directors, and committees, in all instances wherein its provisions do not conflict with these Bylaws.

Article XVI – Amendments

Section 1. These Bylaws may be amended by the majority vote of the Members present and qualified to vote at any meeting at which a quorum is present, provided the substance of such proposed amendment or amendments shall be plainly stated in the call for the meeting, except that the Board of Directors may, at any regular or special meeting of the Board of Directors at which a quorum is present, approve amendments to the Bylaws which are mandated by NAR policy.

Section 2. Notice of all meetings at which amendments are to be considered shall be mailed to every Member eligible to vote at least one (1) week prior to the meeting.

Section 3. Amendments to these Bylaws affecting the admission or qualification of REALTOR® and Institute Affiliate Members, the use of the terms REALTOR® and REALTORS®, or any alteration in the territorial jurisdiction of the Association shall become effective upon their approval as authorized by the Board of Directors of the NATIONAL ASSOCIATION OF REALTORS®.

Article XVII – Dissolution

Section 1. Upon the dissolution of this Association, the Board of Directors, after providing for the payment of all obligations, shall distribute any remaining assets to the Texas Association of REALTORS® or, within its discretion, to any other non-profit tax exempt organization.

Article XVIII – Contracts, Deposits and Funds

Section 1. The Board of Directors may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances.

Section 2. The Treasurer shall prepare an annual budget for approval by the Board of Directors.

Section 3. All checks, drafts and other orders of payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall require a signature by only one officer if for an amount: (i) authorized by the approved annual budget, or (ii) otherwise authorized and approved in advance by the Board of Directors. No other expenditures or payments may be made by the Association.

Section 4. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies, or other depositories as the Board of Directors may approve.

Section 5. The Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes or for any specific or special purpose of the Association.

Article XIX – Indemnification of Officers and Directors

Section 1. To the maximum extent permitted by Article 1396-2.22A of the Texas Non-Profit Association Act (the “Act”), the Association shall indemnify any person who is or was a Director or officer of the Association against any and all judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses actually incurred by such person in connection with a proceeding (as defined in Article 1396-2.22A) because of that person's service or status as a Director or officer. Further, the Association shall pay or reimburse reasonable expenses incurred by a Director or officer who was, is or is threatened to be made a party in a proceeding, in advance of the final disposition of the proceeding, to the maximum extent permitted by Article 1396-2.22A; provided, however, that payment or reimbursement of expenses pursuant to the procedures set out in Section K of Article 1396-2.22A may be conditioned upon a showing, satisfactory to the Board of Directors in its sole discretion, of the financial ability of the officer or Director in question to make the repayment referred to in such Section. Further, the Association may indemnify, and may reimburse or advance expenses to or purchase and maintain insurance or any other arrangement on behalf of, any person who is or was a Director, officer, employee or agent of the Association, in connection with any liability asserted against such person because of such service or status, to such further extent, consistent with Article 1396-2.22A and other applicable law, as the Board of Directors may from time to time determine. The provisions of this Article XIX shall not be deemed exclusive of any other rights to which any such person may be entitled under any bylaw, agreement, insurance policy, or otherwise. No amendment, modification or repeal of this Article XIX shall in any manner terminate, reduce or impair the right of any person to be indemnified by the Association in accordance with the provisions of this Section as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Article XX – Notices and Other Communications

Section 1. Any notices or other communications to be delivered pursuant to these Bylaws may be given by personal delivery, facsimile, electronic mail or by regular mail addressed to the person to be notified at the last address shown in the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the person entitled thereto at such person's address as it appears on the records of the Association, with postage thereon paid. If transmitted by facsimile, notice is deemed to be delivered on successful transmission of the facsimile. If

transmitted by electronic mail, notice is deemed to be delivered when sent to the address as it appears on the records of the Association. All other notices shall be deemed delivered upon receipt by the addressee. Voting in elections authorized by these Bylaws may be accomplished by written ballot, voice vote, show of hands or electronic means, with such votes being transmitted by any method of communication authorized by this Article at the discretion of the Board of Directors.