

**BYLAWS OF THE
SAN FRANCISCO REAL ESTATE BOARD**

A California Corporation Organized February 16, 1905 Doing Business As

SAN FRANCISCO ASSOCIATION OF REALTORS®

(As Amended October 24, 2025)

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ARTICLE I
Name

SECTION 1. **Name.** The name of this organization shall be the San Francisco Association of REALTORS®, hereinafter referred to as the "Association".

SECTION 2. **REALTORS®.** Inclusion and retention of the term REALTOR® 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
Offices

SECTION 1. **Principal Office.** The principal office for the transaction of the business of the Association shall be situated within the boundaries of the City and County of San Francisco at such location as shall be determined by the Board of Directors.

SECTION 2. **Other Offices.** Other offices, branches or subordinate offices may at any time be established by the Board of Directors at any place or places where the Association is authorized to do business.

ARTICLE III
Objects

The objects of the Association are:

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

SECTION 2. To promote and maintain high ethical 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 interest of home and other real property ownership.

SECTION 5. To unite those engaged in the real estate profession in this community with the California 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 who are authorized to use the terms REALTOR® and REALTORS® as licensed, prescribed and controlled by the National Association of REALTORS®.

ARTICLE IV Jurisdiction

SECTION 1. The territorial jurisdiction of the Association, as a member of the National Association of REALTORS[®], shall include San Francisco, Daly City, Brisbane and Colma.

SECTION 2. Territorial jurisdiction is defined to mean the right and duty to control the use of the terms REALTOR[®] and REALTORS[®] subject to the conditions set forth in these Bylaws and those of the National Association of REALTORS[®], in return for which the Association agrees to protect and safeguard the property right of the National Association in the terms.

ARTICLE V Membership

SECTION 1. **Classes of Members.** The Association shall have six classes of members, to wit: REALTOR[®], Designated REALTOR[®], Institute Affiliate, Affiliate, Honorary and Emeritus.

SECTION 2. **REALTOR[®] Members.** REALTOR[®] members, whether primary or secondary shall be:

- (a) 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 California 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 REALTOR[®] within the state or a state contiguous thereto unless otherwise qualified for Institute Affiliate membership as described in Section 3 of this Article V. In the case of a real estate firm, partnership, or corporation, whose business activity is substantially all commercial, only those principals actively engaged in the real estate business in connection with the same office, or any other offices within the jurisdiction of the board in which one of the firm's principals holds REALTOR[®] membership, shall be required to hold REALTOR[®] membership unless otherwise qualified for Institute Affiliate Membership as described in Section 3 of Article V.
- (b) 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 VI.
- (c) 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.

- (d) Designated REALTOR® Members. Each firm 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 VIII 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 VI, Section 2, of the Bylaws.
- (e) Corporate Officers. 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: 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.

SECTION 3. 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.

SECTION 4. Affiliate Members. Affiliate members shall be real estate owners and other individuals who, or companies which, while not engaged in the real estate profession as defined in Sections 2 and 3 of this Article, have interests requiring information concerning real estate, and are in sympathy with the objectives of the Association. With the approval of the Board of Directors of the Association, Affiliate members may hold more than one Affiliate membership.

SECTION 5. Honorary Members. The Board of Directors by a unanimous vote of the directors present at any regular meeting may elect as an Honorary member any member who is not engaged in the real estate profession and who has rendered distinguished service to the real estate profession, to the Association or the public. The local dues amount shall be waived.

SECTION 6. Emeritus Members. Emeritus membership is offered through the National Association of REALTORS®. In addition to the required forty (40) years of REALTOR® membership, applications submitted in the years 2015 through 2019 will require proof of one (1) year of service at the local, state or National Association level; applications submitted in 2020 and beyond will require proof of one (1) year of service at the National Association level. Upon NAR approval of the application, the local dues amount shall be waived and will not take effect until the following “dues season”.)

SECTION 7. Memberships Not Transferable. A membership in the Association is personal and shall not be transferable, voluntarily or otherwise.

SECTION 8. Resignations of Members. 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 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. Should any REALTOR® member who is an officer in a corporation or a partner in a partnership resign, then the other officers in such corporation or the other partners in such partnership shall withdraw their REALTOR® memberships, in the event the resigning officer or partner remains active in such corporation or partnership.

SECTION 9. Reapplications. If a member resigns from the Association or otherwise causes membership to terminate with an ethics complaint pending, that Board of Directors may condition the right of the resigning member to reapply for membership upon the applicant’s certification that he/she/they will submit to the pending ethics proceeding and will abide by the decision of the hearing panel. If a member resigns or otherwise causes membership to terminate, the duty to submit to arbitration continues in effect even after membership lapses or is terminated, provided that the dispute arose while the former member was a REALTOR®. (See ARTICLE VII, SECTION 4)

ARTICLE VI

Application, Qualification and Election

SECTION 1. Application. 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:

- (a) That applicant agrees, as a condition of membership, to thoroughly familiarize himself/herself/themselves with the Code of Ethics of the National Association of REALTORS®, the Constitutions, Bylaws, and Rules and Regulations of the Association, and the State and National Associations and, if elected a member, will abide by the Constitutions, Bylaws, and Rules and Regulations of the Association, and the 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 Association, as from time to time amended; and

- (b) The applicant shall, with the form of application, have access to a copy of the Code of Ethics, Constitutions, Bylaws, and Rules and Regulations referred to above.

SECTION 2. Qualification.

- (a) An applicant for REALTOR® membership who is a principal, partner, corporate officer, or branch office manager of a real estate firm shall supply evidence satisfactory to the Chief Executive Officer (or duly authorized designee) that he/she/they 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 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), and shall agree that if elected to membership, he/she/they will abide by such Constitution, Bylaws, Rules and Regulations, and Code of Ethics.
- (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, and shall agree that if elected to membership, he/she/they will abide by such Constitution, Bylaws, Rules and Regulations, and Code of Ethics.

SECTION 3. Election.

The procedure for election to membership shall be as follows:

- (a) The Chief Executive Officer (or duly authorized designee) shall determine whether the applicant meets the qualifications as described in Section 2 (a) above and is applying for the appropriate class of membership.

- (b) The Board of Directors shall review the recommendations of the Chief Executive Officer (or duly authorized designee) and then vote on the applicant's eligibility for membership. If the applicant receives a majority vote of the Board of Directors, he/she/they 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/their behalf, to be represented by counsel, and to make such statements as he/she/they 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 record the proceedings.
- (d) If the Board of Directors determines that the application should be rejected, it shall record its reasons with the Chief Executive Officer (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.
- (e) The Board of Directors may grant "provisional" membership to an applicant in instances where the applicant for membership has unsatisfied discipline pending in another 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 unsatisfied discipline has been resolved or if such matters are not resolved within six (6) months from the date that provisional membership is approved. At the time of reconsideration, if the Board of Directors determines that the individual has not satisfactorily resolved the unsatisfied discipline, at the discretion of the Board of Directors, membership may be terminated.

SECTION 4. New Member Code of Ethics 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 NAR 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 25 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 5. Continuing Member 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 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 association, CAR or NAR which meets the learning objectives and minimum criteria established by NAR 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 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. Continuing Fair Housing Training. Effective January 1, 2025, through December 31, 2027 and for successive three year period 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 State 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 7. New Member Fair Housing Orientation. 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 State 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 25 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.

ARTICLE VII Privileges and Obligations

SECTION 1. General Privileges. The privileges and obligations of members, in addition to those otherwise provided in these Bylaws, shall be specified in this article.

SECTION 2. Violations of Bylaws. 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, as well as Association Rules and Regulations not inconsistent with these Bylaws, after a hearing as provided in the Code of Ethics and Arbitration Manual of the Association. Although members other than REALTOR® members 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 to conduct their business and professional practices accordingly. Further, members other than REALTOR® members may, upon recommendation of the Membership Committee, or upon recommendation by a hearing panel of the Professional Standards Panel, 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 term REALTOR® or REALTORS® and the real estate industry, or for conduct that is inconsistent with or adverse to the objectives and purposes of the Association, the State Association, and the National Association of REALTORS®.

SECTION 3. Discipline. 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. Resignation with Pending Arbitration or Disciplinary Hearing. If a member resigns from the Association or otherwise causes membership to terminate with a disciplinary 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 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 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 REALTOR®.

SECTION 5. REALTOR® Members. REALTOR® members, whether primary or secondary, in good standing are entitled to vote and to hold elective office in the Association and may use the term REALTOR®. For purposes of this section, the term "good standing" means the member satisfies the "Obligations of REALTOR® Members", is current with all financial and disciplinary obligations to the Association and MLS, has completed any new member requirements, and complies with NAR's trademark rules.

SECTION 6. Institute Affiliate Members. Institute Affiliate members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors consistent with the Constitution and Bylaws of the National Association of REALTORS®.

SECTION 7. Affiliate Members. Affiliate members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors consistent with the Constitution and Bylaws of the National Association of REALTORS®.

SECTION 8. Honorary Members. Honorary members shall have rights and privileges prescribed by the Board of Directors consistent with the Constitution and Bylaws of the National Association of REALTORS®, including voting rights.

SECTION 9. Emeritus Members. Emeritus membership shall confer only the right to attend meetings and participate in discussions.

SECTION 10. Certification by REALTOR®. On a quarterly basis, Designated REALTOR® members of the Association shall certify to the Association, 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 VIII, Section 1(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 30 days of the date of affiliation or severance of the individual.

SECTION 11. 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 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 or President-Elect, they may not participate in the proceedings and shall be replaced by the Immediate Past President or, alternatively, by another member of the Board of Directors selected by the highest-ranking officer not named in the complaint.

NOTE: Suggested procedures for processing complaints of harassment are available online at www.realtors.org or from the Member Policy Department. (Amended 5/08)

ARTICLE VIII

Dues, Assessments and Other Debts

SECTION 1. Fixing of Dues and Assessments. The annual dues of members shall be as follows:

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

defined in 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.

- (2) 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 1(a) (1) hereof) provided that such licensee is not otherwise included in the computation of dues payable by the principal, partner, or corporate officer of the entity.

A REALTOR® with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR® for consideration on a substantially exclusive basis shall annually file with the Association on a form approved by the Association a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers and are not engaged in listing, selling, leasing, renting, managing, counseling, appraising or arranging financing for 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®. 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 approved by the association, a list of the MLO licensees and certify that the listed licensees (1) have a MLO license or endorsement, (2) are not engaged in real estate licensed activities except those for which an MLO is required, and (3) are not participants or subscribers in any Multiple Listing Service. 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 of the Designated REALTOR®.

The exemption for any licensee included on the certification forms shall automatically be revoked upon the individual being engaged in real estate licensed activities (listing, selling, leasing, renting, managing, counseling or appraising other than referrals, providing services for which a real

estate license is required, other than those for which an MLO license is required, or being a participant or subscriber of any Multiple Listing Service, 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® membership in the Association. However, membership dues shall not be prorated if the licensee held REALTOR® membership during the preceding calendar year.

- (3) The annual dues of each REALTOR® member other than the Designated REALTOR® shall be in such amount as established annually by the Board of Directors.
- (b) 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®.
- (c) Affiliate Members. The annual dues of each Affiliate member shall be in such amount as established annually by the Board of Directors. Dues may not exceed two and one-half times the amount established pursuant to Article II, Section 1(a) of the National Association's Bylaws for REALTOR® Members.
- (d) The dues and/or assessments of each member shall be established in such amount(s) as will recover for the Association a reasonable and proportionate share of the Association's cost of providing services to its members. They shall be in an amount sufficient to enable the Association to meet its financial obligations, including payment of all dues by the Association annually to the California Association of REALTORS® and the National Association of REALTORS®, with which the San Francisco Association is affiliated. Dues and assessments shall be equal for all members of each class, but the Board of Directors may, in its discretion, set different dues and assessments for each class.

SECTION 2. Payment of Dues and Assessments. Dues and assessments shall be payable by the member at such times and in such manner as may be determined by the Board of Directors. Each member is obligated to pay the dues and assessments so fixed. 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 VIII, Section (a)(1)) 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 30 days of the notice of termination.

SECTION 3. Nonpayment of Dues, Assessments and Other Debts. If dues, assessments, fees, fines, or other debts including amounts owed to the Association or the Association's Multiple Listing Service are not paid within one (1) month after the due

date, the nonpaying member shall be suspended. Two (2) months after the due date, membership of the nonpaying member shall be terminated. A former member who has had his/her/their membership terminated for nonpayment of dues, assessments, fees, fines, or other debts duly levied in accordance with 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 4. Application Fee. The Board of Directors shall have the right to establish, in addition to the dues herein provided for, such application fee as shall be payable by any class of member. The application fee for a REALTOR® applicant shall not exceed three times the annual base dues a REALTOR® member. If one partner of a partnership or one officer of a corporation is a REALTOR® member who has paid the full application fee, the Board of Directors may provide for a lesser application fee to be paid by such an applicant for REALTOR® membership who is a partner in the same partnership or an officer in the same corporation. If a REALTOR® member who has paid such a lesser application fee leaves such partnership or corporation, but wishes to remain a REALTOR® member of this Association, he/she/they shall pay, within thirty days following the termination of his/her/their association with such partnership or corporation, the full application fee then currently in effect for REALTOR® members, unless he/she/they becomes a partner of a different partnership or officer of a different corporation wherein one partner or officer is a REALTOR® member and has paid the full application fee.

ARTICLE IX Voting

SECTION 1. Voting Rights. The voting rights of the Association shall vest in the REALTOR® members in good standing.

SECTION 2. Method of Voting. All elections of directors, ratification of action or actions taken at meetings of REALTOR® members, as provided in Section 4 of Article X hereof, voting upon the Articles of Incorporation or the Bylaws of the Association, and voting upon other matters required by law, shall be by mail, with the use of a secret written ballot in a form approved by the Board of Directors, or by electronic voting. Unless superseded by electronic voting, the Secretary shall mail a properly prepared ballot to each member of the Association in good standing who is entitled to vote at least fifteen days prior to the date for the closing of voting set by the Board of Directors. Unless superseded by electronic voting, an Election Committee consisting of three REALTOR® members shall be appointed by the President with the approval of the Board of Directors to verify, open and tabulate the ballots.

Unless superseded by electronic voting, after marking his/her/their ballot to indicate his/her/their vote, each REALTOR® member voting shall enclose the ballot in a sealed envelope marked "Ballot" which shall be supplied together with the ballot, and said sealed envelope shall be placed in another envelope which shall be signed by the voting member and which shall be mailed to the Association addressed to it at a post office box number which shall be designated by the Board of Directors and set forth on each ballot prepared

and mailed by the Secretary as above provided. Only ballots received in said post office box prior to 12:00 noon on the day set for the closing of voting shall constitute valid votes and be counted. Unless superseded by electronic voting, one or more members of the Election Committee shall be present at the post office box designated as above provided at 12:00 noon on the day set for the closing of voting and shall at that time receive the ballots and transfer them to the principal office of the Association where the Election Committee shall proceed to verify all signatures on ballot envelopes and after verification, count the valid ballots and tabulate the vote. The Election Committee shall immediately thereafter transmit to the Secretary the results of their tabulation along with all the ballots. The Secretary then shall publish the results of the voting to the membership.

Nothing contained in these Bylaws shall preclude the Board of Directors, or their designee(s) from adopting electronic voting procedures that otherwise comply with California law and National Association of REALTORS® and/or California Association of REALTORS® mandates.

SECTION 3. Ratification of REALTOR® Members. When a vote is taken to obtain the ratification of REALTOR® members of action or actions taken at a meeting of REALTOR® members concerning matters on which the membership is competent to act, it shall be by mail as provided herein, unless superseded by electronic voting, and a majority of the votes cast shall govern the Association upon the matter submitted, if and provided that no less than one-half of the REALTOR® membership votes thereon. The Board of Directors shall make reasonable provisions to prescribe, fix and determine the form of the question, matter or proposition to be referred to the REALTOR® members and the time within which such vote shall be cast.

SECTION 4. Cumulative Voting. Voting shall not be cumulative.

ARTICLE X Meetings

SECTION 1. Annual Meetings. An annual meeting shall be held during the last quarter of each calendar year, the time and date of which shall be established by the Board of Directors.

SECTION 2. Meetings. Meetings may be called by the President or by any six members of the Board of Directors and must be called by the President if so directed by the Board of Directors or if there is filed with him/her/them a written request for such meeting signed by ten percent or more of the REALTOR® members setting forth the purpose of such meeting.

SECTION 3. Notices 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 4. Quorum. Twenty percent of the REALTOR® members shall constitute a quorum for any meeting of REALTOR® members. A majority of the REALTOR® members

present, in person at any meeting while a quorum is in attendance, shall be sufficient to act except where otherwise provided by law, the Articles of Incorporation or the Bylaws of the Association. Action or action concerning matters on which the REALTOR® members are competent to act taken at any meeting of REALTOR® members shall be ratified before enactment by a vote of the REALTOR® members in accordance with the provisions of Article IX herein.

ARTICLE XI Directors

SECTION 1. Powers of Directors. Subject to the limitations of the Articles of Incorporation, the Bylaws and any and all laws of the State of California, all corporate powers shall be under the direction of, and the business and affairs of the Association shall be directed by, the Board of Directors. Without prejudice to such general powers but subject to the same limitations, it is hereby expressly declared that the Board of Directors, in addition to the powers conferred on the Board of Directors elsewhere in these Bylaws, shall have the following powers, to wit:

FIRST. To select and remove all the officers, agents and employees of the Association, prescribe such powers and duties for them as may not be inconsistent with law, the Articles of Incorporation or the Bylaws, fix their compensation and require from them security for faithful service.

SECOND. To conduct, manage and control the business and affairs of the Association, and to make such rules and regulations as they may deem best therefor not inconsistent with law, the Articles of Incorporation or the Bylaws of the Association.

THIRD. To change the principal office for the transaction of the business of the Association from one location to another within the same county; to fix and locate from time to time one or more subsidiary offices of the Association within or without the State of California as provided in Article II, Section 2, herein; to designate any place within or without the State of California for the holding of any meeting or meetings; to adopt, make and use a corporate seal, and to prescribe the forms and methods of issuance of certificates of membership and membership cards.

FOURTH. To borrow money and incur indebtedness for the purposes of the Association and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor. No obligations in excess of the sum of \$2,000, other than for a regularly budgeted item included in the annual budget as adopted by the Board of Directors, shall be incurred without the vote of two-thirds of the members of the Board of Directors present at any meeting while a quorum is in attendance.

FIFTH. To cause an audit of the books of the Association to be made at least annually by a Certified Public Accountant, and to bond the President, Treasurer, Chief Executive Officer and employees of the Corporation in such amounts and with a company selected by the Board of Directors.

SIXTH. To suspend or expel a member or members of the Association for a violation or violations of the Articles of Incorporation, Bylaws, Rules and Regulations, and to discipline REALTOR® members for violations of the Code of Ethics of the National Association of REALTORS®.

SECTION 2. Number and Qualifications of Directors. The authorized number of directors of the Association shall be sixteen and shall consist of the following:

- Two (2) REALTOR® or Designated REALTOR® member directors elected from a brokerage with between one and seventy-five REALTOR® members (based on the number of members at the time of the first meeting of the Nominating Committee);
- Two (2) REALTOR® or Designated REALTOR® member directors elected from a brokerage with more than seventy-five REALTOR® members (based on the number of members at the time of the first meeting of the Nominating Committee);
- One (1) REALTOR® or Designated REALTOR® member director elected from an office located in Daly City;
- Seven (7) REALTOR® or Designated REALTOR® member directors elected at-large;
- One (1) affiliate member director elected at-large;
- One (1) REALTOR® or Designated REALTOR® member director appointed by the President, subject to the approval of the Board of Directors. The director so appointed shall not have voting rights unless he/she/they otherwise meets the qualifications set forth in the bylaws to be a nominee for election as a director. The term of appointment shall be one year although the director may serve a second term; and
- Two (2) directors appointed by the President, subject to the approval of the Board of Directors. The directors so appointed shall be Designated REALTORS® (a sole proprietor, partner, corporate officer or branch office manager acting on behalf of the firm's principal(s)) or qualified to be a Designated REALTOR®. One director shall be appointed from an office with between one and twenty-five REALTOR® members and the other director shall be appointed from an office with more than twenty-five REALTOR® members. At no time shall the president appoint more than one director from the same company or the same company as the President.

The number of sixteen (16) directors shall be increased accordingly by the addition of a President and/or President-Elect elected in the manner provided in Article XII, Section 9, of these Bylaws; provided, however, that any such person is not then already serving as an elected or appointed director of the Association.

The number of directors shall also be increased accordingly if (a) the Treasurer elected by the Board of Directors, is not serving as a director of the Association and/or if (b) the immediate Past President is not serving as a director of the Association.

SECTION 3. Terms of Office of Members of Board of Directors. Terms of office of directors, other than the directors who serve because of the fact that they are either: (a) The Treasurer; or (b) The President or President-Elect elected in the manner provided in Article XII, Section 9, of these Bylaws, shall be for three calendar years following their

election and until the election and qualification of their respective successors. Directors shall be elected each year as hereinafter provided to fill the vacancies created by the expiration of terms of office of those directors whose terms expire on December 31 next succeeding, and the terms of office of all directors so elected shall commence on the first day of January following such election. If a director has completed two consecutive terms or a single term and is not reelected, the director shall not be eligible for reelection for a period of three years, provided, however, that a director who serves because of the fact that he/she/they is (a) the Treasurer; or (b) the President or President-Elect elected in the manner provided in Article XII, Section 9 of these Bylaws may serve regardless of having completed previous thereto two consecutive terms as a director.

SECTION 4. Nomination of Directors. Prior to the first day of June of each year, the President, with the approval of the Board of Directors, shall appoint a Nominating Committee of ten members. The Nominating Committee shall be comprised of REALTOR® members who have served either as an officer of the Association or as a chair of an Association committee, or as a member of an Association committee for a minimum of two years. No members of the incumbent Board of Directors shall serve on said committee. The Nominating Committee, in evaluating the qualifications of prospective director nominees, shall consider such matters as the length of membership in the Association and service on Association's committees. Each nominee must have served as a member of at least one committee. Not later than the third Tuesday in July of each year the said Nominating Committee shall file in writing with the Secretary its nomination for directors. In each category in which a director or directors is/are to be elected, a minimum of two more candidates than the number of vacancies to be filled shall be nominated. The Secretary shall immediately post and keep posted until the date set for the closing of voting, on the bulletin board of the Association, a copy of the report of the Nominating Committee and shall mail a copy thereof to each member at least ten days prior to the date for the closing of nominations as hereinafter provided.

One-hundred REALTOR® members may nominate a REALTOR® member candidate for director of the REALTOR® membership class. A duplication of signatures on any candidates will be accepted when this method of nomination is being used. Any such nominations must be submitted in writing and filed with the Secretary of the Association prior to 12:00 noon on the first Tuesday in August, at which time nominations for candidates for election to the Board of Directors shall close. If a petitioned candidate qualifies for more than one category of directorship, he or she must select the category in which to run for election/reelection. Immediately following the first Tuesday in August and not less than ten days before the date set for the closing of voting, the Secretary shall post and keep posted, until such date, on the bulletin board of the Association, all additional nominations, if any, made in accordance with the provision thereof.

Election of directors shall be as provided in Article IX, Section 2, of these Bylaws. The REALTOR® members receiving the highest number of votes in their respective categories shall be elected to fill the vacancies on the Board of Directors.

SECTION 5. Removal of Directors. In the event that a director is deemed to be incapable of fulfilling the duties for which elected, but will not resign from office voluntarily, the

director may be removed from office under the following procedure:

- (a) A petition requiring the removal of a 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 disqualified from further service. Upon receipt of the petition, and not less than twenty days or more than forty-five 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 director and to render a decision on such petition.
- (b) The special meeting shall be noticed to all voting members at least ten 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 6. Vacancies. Any vacancy on the Board of Directors shall be filled by a majority of the remaining directors though less than a quorum by the appointment of the REALTOR® member receiving the highest number of votes next to the successful nominee in the same director category in the immediately preceding election. If that person cannot, for any reason, serve as a director, the Nominating Committee shall recommend a nominee to be considered for appointment by the Board of Directors at their next ensuing meeting. Each director so appointed shall hold office for the unexpired term of his/her/their predecessor and until the qualification of his/her/their successor, or in the event the vacancy occurs through an increase in the number of directors until election of and qualification of his/her/their successor. A vacancy in the Board of Directors shall be deemed to exist in the event of the death, resignation or removal of any director, or if a director changes his/her/their status from one class of membership to another class, or if a director shall fail to attend two consecutive regular meetings of the Board of Directors or three such meetings within a calendar year, or if the number of directors be increased by amendment of these Bylaws. Any such vacancy shall be filled by a REALTOR® member from the class of membership necessary to constitute the Board as hereinabove provided in Section 2 of this Article XI.

SECTION 7. Meetings of Board of Directors. Meetings of the Board of Directors shall be held at such place as may be designated from time to time by resolution of the directors. In the absence of such designation, meetings shall be held at the principal office of the Association. Regular meetings of the Board of Directors shall be held at such a time as shall be determined by the Board of Directors but shall be held not less than once a month except in the months of July and August. Notice of such regular meetings need not be given.

SECTION 8. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President or by any three directors. Written notice of the time, place and purposes of special meetings shall be delivered

personally to directors or sent to each director by email or mail, addressed to the last address as is shown by the records of the Association. In case such notice is mailed, it shall be deposited in the United States Mail at San Francisco at least forty-eight hours prior to the time for the holding of the meeting. Such mailing or delivery as above provided shall be due, legal and personal notice to such director.

SECTION 9. Quorum and Number of Directors Required to Act. A majority of the entire membership of the Board of Directors shall constitute a quorum for the transaction of business except to adjourn as hereinafter provided. A majority of the Board of Directors present at any meeting while a quorum is in attendance shall be sufficient to act except where otherwise provided by law, the Articles of Incorporation or the Bylaws of the Association.

SECTION 10. Adjournment. In the absence of a quorum, a majority of directors present at any directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors.

SECTION 11. Notice of Adjournment. Notice of the time and place for holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned and be not more than thirty days thereafter.

SECTION 12. Action of Directors without a Meeting. Voting by electronic transmission shall be deemed a valid method of voting. Voting in this manner shall be permitted only when, in the discretion of the President, it is required to enable the Association to take timely action on a pending issue. Materials explaining the issue and presenting pro and con arguments shall be provided to the directors prior to any such vote. In voting upon an issue by electronic transmission, directors shall have the option of taking action on the issue or requesting that a meeting be held to discuss the issue. A meeting shall be held whenever two or more directors request it. A quorum of the directors is required for action to be taken on any issue.

SECTION 13. Waiver of Notice. Any transactions of any meeting of the Board of Directors shall be as valid as though a meeting had been duly and properly called, if a quorum be present, and if, either before or after the meeting, each of the directors not present, sign a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

ARTICLE XII Officers

SECTION 1. Officers. The officers of the Association shall be a President, a Chief Executive Officer, a President-Elect, a Secretary and a Treasurer. The office of Chief Executive Officer and Secretary may be held by the same person.

SECTION 2. Designation and Election of Officers. Within fourteen days after each annual election of directors, the persons then serving as members of the Board of

Directors shall hold a meeting in accordance with a call therefor to be issued by the President or by any three such persons, and shall choose the officers hereinabove mentioned to act for the next ensuing calendar year and until the election and qualification of their respective successors. At any such meeting a majority of the entire membership of the Board of Directors shall constitute a quorum and the vote of a majority of those present while such quorum is in attendance shall be sufficient to act.

SECTION 3. Composition of Officers. Each of the officers hereinabove mentioned, other than the Chief Executive Officer and the Secretary, must be a REALTOR® member of the Association when serving on the Board of Directors at the time of his/her/their choice and during his/her/their entire term of office.

SECTION 4. Compensation of Officers. No officer or director, other than the Chief Executive Officer and the Secretary, shall receive compensation for his/her/their services as such. Nothing herein shall prevent an officer or director from accepting appointment from the Association as an appraiser or as an arbitrator and from receiving compensation therefor, subject to the provisions of the San Francisco Association of REALTORS® Code of Ethics and Arbitration Manual, referred to in Article XIV, Section 1, of these Bylaws.

SECTION 5. Re-election of Officers. No member shall be elected to the same office twice, except that this provision shall not apply (a) to the Chief Executive Officer or (b) in the event that the President becomes incapacitated during his or her term and the immediate Past President is elected to serve the remainder of the incapacitated president's remaining term, fully subject to the President returning and resuming office for the remainder of his or her remaining term in the event he or she regains the capacity to serve before that term expires. The Treasurer shall be permitted to serve in that capacity for no more than two terms.

SECTION 6. Vacancies. A vacancy in any of the above-mentioned offices shall be filled in the manner prescribed by these Bylaws for the original selection of such officer.

SECTION 7. Removal of Officers. In the event that an officer is deemed to be incapable of fulfilling the duties for which elected, but will not resign from office voluntarily, the officer may be removed from office under the procedures set forth in Article XI, Section 6, of these Bylaws.

SECTION 8. President. The President shall be the Chairman of the Board of Directors of the Association and shall preside at its meetings, all meetings of members and those of the Executive Committee. Except as otherwise provided below, the President shall appoint all committees subject to the confirmation of the Board of Directors and shall be an Ex-Officio member of all committees except the Nominating Committee, Grievance Committee, Professional Standards Panel and special committees unless otherwise provided by the resolution of the Board of Directors creating the same. The President shall perform all other duties usual to the duties of a Chairman of the Board but no day-to-day administrative or other duties handled by the Chief Executive Officer and the Association's administrative staff.

SECTION 9. President-Elect. The President-Elect shall perform the duties of the President in the event of his/her/their absence or disability, shall be an Ex-Officio member of all committees except the Nominating Committee, Grievance Committee, Professional Standards Panel and special committees unless otherwise provided by the resolution of the Board of Directors creating the same, and shall perform such other duties as may be delegated to him/her/them by the Board of Directors or the President. In the absence of unforeseen events, the President- Elect shall succeed to the presidency, subject to election thereto, in the year following his/her/their holding of that office. However, should a director be elected to the office of President-Elect during the second year of his/her/their term of office as a director to serve in that capacity during the last year of such term, or should he/she/they be elected to that office during the third year of his/her/their second consecutive term of office as a director to serve in that capacity during the year following the normal expiration of his/her/their term as a director, he/she/they shall not be eligible to run for reelection in the next regularly scheduled election. If elected as President-Elect for the year following the normal expiration of his/her/their term as a director, he/she/they shall also serve as a director during his/her/their term of office as President- Elect. If while he/she/they is President-Elect he/she/they is then elected as President, he/she/they shall also serve as a director during his/her/their term of office as President. The title of President-Elect shall be preceded by the year the holder of that office serves as President-Elect.

SECTION 10. Secretary. The Secretary shall keep or cause to be kept at the principal office of the Association a book of minutes of all meetings of directors and members. The Secretary shall keep or cause to be kept at the principal office of the Association the membership book showing the names of the members, their addresses and their classes of membership. In any case where membership has been terminated, such fact shall be recorded in the membership book, together with the date upon which the membership ceased. Unless otherwise provided by act of the Board of Directors, the Secretary, together with the President, shall sign all certificates of membership of the Association.

SECTION 11. Treasurer. The Treasurer shall, by virtue of his/her/their office, serve as Chairman of the Budget and Finance Committee of the Association and shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transactions of the Association. All monies received by the Association for any purpose shall be deposited to the credit of the Association in a financial institution or institutions selected by resolution of the Board of Directors. He/She/They shall, together with such other officers or persons as may be designated by the Board of Directors, sign all checks drawn in the name of the Corporation. If, for any reason, the Treasurer is unavailable for such signature, any other officer of the Association may sign on his/her/their behalf. Candidates for election as Treasurer must have served as a director for a minimum of one year.

SECTION 12. Chief Executive Officer. The Chief Executive Officer of the Association shall be the salaried official of the Association. He/She/They shall be the chief administrative officer and general manager of the Association, subject to the approval of the Board of Directors, and the head of staff. The Chief Executive Officer shall have sole authority to administer, supervise and manage the entire staff, including but not limited to

hiring and firing, structuring of roles and responsibilities of the staff and management of staff, and shall perform such other duties as may be delegated to him, her or them by the Board of Directors, the Executive Committee or, consistent with the resolutions and declared policies of the Board of Directors and Association and to implement same, the President and all other duties usual to the office. The Chief Executive Officer also shall have authority to maintain and enhance products and services offered by the Association and make decisions concerning the day-to-day operation of the Association consistent with Association existing policies. The Chief Executive Officer shall not be actively engaged in the real estate business.

SECTION 13. Conflicts of Interest. The presence of a director or officer who is (a) directly or indirectly a party in a contract or transaction with the Association or (b) a director or officer of any other association, corporation, partnership or other organization that is directly or indirectly a party in a contract or transaction with the Association or (c) has some financial interest in any other association, corporation, partnership or other organization that is directly or indirectly a party in a contract or transaction the Association, may be counted in determining whether a quorum is present, but such director or officer shall have an affirmative obligation to inform the other members of the Board of Directors in writing of any potential conflict of interest in advance of any discussion or deliberation on any matter in which such conflict may arise and to absent himself, herself or themselves from discussion, deliberation and any vote on such matter.

ARTICLE XIII Committees

SECTION 1. Executive Committee. The Executive Committee shall consist of the following: the President, the President-Elect, the Treasurer and the Chief Executive Officer and the immediate Past President. In addition, the President may appoint two additional members from the Board of Directors who have a record of involvement in Association committees, subject to the approval of the Board of Directors. The Executive Committee may have authority to act for the Board of Directors in carrying out the policies and activities of the Association between meetings of the Board of Directors and shall review and make recommendations on items appearing on the agendas for Board of Directors meetings, including recommendations of the Association's committees. The committee also may conduct such activities as may from time to time be assigned to it by the Board of Directors. The President shall act as chair of the Executive Committee.

SECTION 2. Budget and Finance Committee. The Budget and Finance Committee shall consist of seven members, including the Treasurer, with four to constitute a quorum. The members of the committee shall be appointed by the President, subject to confirmation by the Board of Directors, for three-year terms, one-third of the members of the first committee so appointed being designated for one-year terms, one-third for two-year terms and one-third for three-year terms. The President shall appoint an alternate member of the committee, subject to confirmation by the Board of Directors, in the event a committee member is elected Treasurer. The term of the alternate member shall coincide with that of the Treasurer during the period the Treasurer is serving as a member of the committee. It shall be the responsibility of the Budget and Finance Committee, prior

to the second meeting of the Board of Directors of each calendar year, to prepare a budget for the calendar year and submit it to the Board of Directors for its approval or modification at such meeting and to undertake any other activities assigned to it by the Board of Directors.

SECTION 3. Multiple Listing Service Committee. In order to make possible the orderly correlation and dissemination of listing information to participating real estate brokers so that they may better serve the buying and selling public, the Association shall maintain for the use of its participants a Multiple Listing Service (“MLS”) that is operated under the authority of the San Francisco Association of REALTORS® and subject to the SFARMLS Rules and Regulations as adopted by its Board of Directors. The purpose of the Multiple Listing Service is to promote competition among authorized Participants and Subscribers, to provide an orderly mechanism for the accumulation, correlation and dissemination of listing information, and to enable authorized Participants to prepare appraisals, analyses, and other valuations of real property for bona fide clients and the public.

Any REALTOR® of this or any other Association who is a principal, partner, corporate officer, or branch office manager acting on behalf of a principal, without further qualification, except as otherwise stipulated in these bylaws, shall be eligible to participate in Multiple Listing upon agreeing in writing to conform to the rules and regulations thereof and to pay the costs incidental thereto. However, under no circumstances is any individual or firm, regardless of membership status, entitled to MLS “membership” or “participation” unless they hold a current, valid real estate broker’s license or are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property.

A nonmember applicant for MLS participation who is a principal, partner, corporate officer, or branch office manager acting on behalf of a principal, shall supply evidence satisfactory to the membership committee that he/she/they has no record of recent or pending bankruptcy; has no record of official sanctions involving unprofessional conduct; agrees to complete a course of instruction (if any) covering the MLS rules and regulations and computer training related to MLS information entry and retrieval, and shall pass such reasonable and non-discriminatory written examination thereon as may be required by the MLS; and shall agree that if elected as a participant, he/she/they will abide by such rules and regulations and pay the MLS fees and dues, including the nonmember differential (if any), as from time to time established.

Use of information developed by or published by an Association MLS is strictly limited to the activities authorized under a Participant's licensure(s) or certification and unauthorized uses are prohibited. Further, none of the foregoing is intended to convey participation or membership or any right of access to information developed by or published by an Association MLS where access to such information is prohibited by law. Use of information developed by or published by the MLS is strictly limited to activities authorized under a Participant's licensure or certification and the MLS Rules. Unauthorized uses are prohibited. Access to MLS data does not convey any ownership interest in the MLS database or its compilations as a whole.

The President shall appoint, as a standing committee, subject to confirmation by the

Board of Directors, a Multiple Listing Service Committee. The chair of the committee, in conjunction with the President, and subject to the approval of the Board of Directors, shall determine the number of committee members, which shall be no fewer than 10 and no more than 20. Committee members so named shall have demonstrated knowledge of the issues surrounding the operation of the MLS and shall serve two-year staggered terms to provide continuity from one year to the next. The activity shall be operated in accordance with the SFARMLS Rules & Regulations, subject to approval of the Board of Directors of the San Francisco Association of REALTORS®.

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

SECTION 4. Long Range Planning Committee. The President-Elect shall serve as chair of the Long-Range Planning Committee which shall consist of the following: the President, the Treasurer, the Chief Executive Officer, one past president and one other member of the Board of Directors. In addition, the chair may appoint two additional at-large members. Annually, the Long-Range Planning Committee shall develop, subject to approval by the Board of Directors, the Association's long-range plan which shall address Association operations for the next ensuing three-year period.

SECTION 5. Governmental Relations Committee. The Governmental Relations Committee shall consist of members who have demonstrated involvement and experience in political activity within the Association's jurisdiction. Committee members shall serve two-year staggered terms to provide continuity from one year to the next.

SECTION 6. Other Standing Committees. There shall be the following additional standing committees: Education, Grievance, Nominating, and Professional Standards Panel. The terms of the members appointed to each such committee, except members of the Grievance Committee and Professional Standards Panel (whose terms shall be determined in accordance with the provisions of the San Francisco Association of REALTORS® Code of Ethics and Arbitration Manual referred to in Article XIV, Section 1, of these Bylaws) shall be for one year or until the appointment and qualification of their successors. Initial recommendations for membership and chairmanship of each committee shall be made by the President to the Board of Directors at the first regular meeting of the Board of Directors after each annual election, which recommendations shall be accepted or rejected by the Board of Directors. In the event of rejection, substitution

for the rejected member shall be made by the Board of Directors.

SECTION 7. Special Committees/Task Forces. The President may appoint, subject to the approval of the Board of Directors, such special committees or task forces as he/she/they may deem necessary to fulfill the objectives of the Association.

SECTION 8. Procedure and Activities of Committees. Except as otherwise expressly provided, all committees shall be of such size and have such duties, functions and powers as may be assigned to them by the Board of Directors. Committee members who miss two consecutive meetings or three cumulative meetings in any calendar year may be removed from the committee at the discretion of the chair.

SECTION 9. Acts of Committees Subject to Approval of Board. The acts and decisions of each committee of the Association, with the exception of any tribunal serving as arbitrators selected from the Professional Standards Panel as provided in Article XIV, Section 1, of these Bylaws, shall at all times be subject to the approval of the Board of Directors and such other approval as may be required by the Bylaws. No act of any committee shall be binding on the Association until so approved except as herein otherwise provided.

ARTICLE XIV 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, the arbitration of disputes and the organization and procedures incidental thereto, shall be governed by the California Code of Ethics and Arbitration Manual, as published by the California Association of REALTORS®, which by this reference is made a part of these Bylaws. The provisions of said manual shall be amended only through a concurrence of two-thirds of the total membership of the Board of Directors at a regular or special meeting of the directors.

SECTION 2. Member Compliance with NAR and CAR Constitution, Bylaws, Policies, Rules, Regulations and REALTOR® Code of Ethics. It shall be the duty and responsibility of every REALTOR® member of this Association to safeguard and promote the standards, interests, and welfare of the Association and the real estate profession, and to protect against conduct that may cause a lack of public confidence in the real estate profession or in REALTORS®. REALTOR® members also must abide by the governing documents and policies of the Association, the State Association, and the National Association of REALTORS®, as well as the Code of Ethics of the National Association of REALTORS®, including the duty to mediate and arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics, and in accordance with the procedures set forth in the Code of Ethics and Arbitration Manual. Every REALTOR® member shall maintain a high level of integrity and adhere to the Association's membership criteria. Any violent act or threat of violence to a 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.

By becoming and remaining a member every REALTOR® member agrees that he/she/they and the corporation or firm for which he/she/they acts as a partner, officer or principal, will submit to arbitration by the Association's facilities 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 XV Use of 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 San Francisco 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 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® or 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 are REALTOR® members of a board within the state or a state contiguous thereto or Institute Affiliate Members as described in Section 3 of Article V.

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 of the National Association of REALTORS®.

ARTICLE XVI
Suspension and Expulsion of Members

SECTION 1. **Suspension.** Suspension of a REALTOR® member shall exclude such member and all REALTOR® members employed by said REALTOR® member or associated with said REALTOR® member as set forth in Section 2 of Article V of these Bylaws from any rights and privileges of the Association and from membership therein during the period of such suspension.

If a REALTOR® member is a principal in a firm, partnership or corporation and is suspended or expelled, the firm, partnership or corporation shall not use the terms REALTOR® or REALTORS® in connection with its business during the period of suspension, or until readmission to REALTOR® membership, or unless connection with the firm, partnership or corporation is severed, whichever may apply. The membership of all other principals, partners or corporate officers 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, whichever may apply. Further, the membership of REALTORS® other than principals who are employed by or affiliated as independent contractors with the disciplined member shall suspend or terminate during the period of suspension of the disciplined member or until readmission of the disciplined member or until connection of the disciplined member with the firm, partnership or corporation is severed, whichever may apply. If a REALTOR® member who is other than a principal in a firm, partnership or corporation is suspended or expelled, the use of the terms REALTOR® or REALTORS® by the firm, partnership or corporation shall not be affected.

In any action taken against a REALTOR® member for suspension or expulsion under Section 1 of Article XVI 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 Section 1 of Article XVI shall apply.

SECTION 2. **Expulsion.** Expulsion of a REALTOR® member shall exclude such member and all REALTOR® members employed by said REALTOR® member as set forth in Section 2 of Article V of these Bylaws from any rights and privileges of the Association and from membership therein.

In the event of the expulsion of a REALTOR® member who is an officer of a corporation or a partner of a partnership, all of the other officers of said corporation or partners of said partnership, as the case may be, shall withdraw from the Association.

ARTICLE XVII

Miscellaneous

SECTION 1. Political Activities. The Association shall not become affiliated with any political party. No candidate for political office shall be endorsed by or on behalf of the Association unless and until such endorsement shall have first been approved by a two-thirds majority of the Board of Directors, or, in the alternative, the unanimous vote of the Board of Directors while a quorum is in attendance at a regular or special meeting of the directors for which the purpose of considering the endorsement of one or more candidates was set forth, and providing further that notice and call of any such meeting shall be sent to the general membership.

SECTION 2. Fiscal Year. The fiscal year of the Association shall be the calendar year. The term calendar year as herein used means a year commencing January 1st.

SECTION 3. Interpretation of Bylaws. In the case of any doubt or ambiguity in the interpretation of a Bylaw or any provision thereof, the Board of Directors shall have the right to determine the same and its decision shall be final. Any dispute arising over or in connection with any election shall be determined by the Board of Directors, whose decision shall be final and conclusive.

SECTION 4. Corporate Records. Membership lists, Bylaws and records of corporate proceedings shall be maintained by the Secretary of the Association at the principal office of the corporation and shall be open for inspection by members during such times as such office shall be open for business purposes.

SECTION 5. Indemnification of Agents. To the fullest extent permitted by law, the Association shall indemnify its directors, officers, employees, committee members or other agents, including persons formerly occupying any such position and persons serving at the request of the Association in any such position (collectively referred to as "agents"), against all expenses (which shall include attorneys' fees and any expenses of establishing a right to indemnification under this Bylaw), judgments, fines, settlements and other amounts actually and reasonably incurred by them (collectively referred to as "liability") in connection with any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Association (collectively referred to as "proceeding"), by reason of the fact that that person is the agent of the Association.

On written request to the Board of Directors by any person seeking indemnification under this Bylaw, the Board of Directors shall promptly determine whether the applicable standard of conduct set forth in this Bylaw has been met and, if so, the Board of Directors shall authorize indemnification. If the Board of Directors cannot authorize indemnification because the number of directors who are parties to the proceeding with respect to which indemnification is sought prevents the formation of a quorum of directors who are not parties to that proceeding, the matter shall be referred to the REALTOR® members. The REALTOR® members shall determine whether the applicable standard of conduct set forth in this Bylaw has been met and, if so, shall authorize indemnification.

The applicable standard of conduct for indemnification for liability incurred in any proceeding, other than an action by or in the right of the Association to procure a judgment in its favor, shall be that the person seeking indemnification acted in good faith and in a manner such person reasonably believed to be in the best interests of the Association, and in a criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The applicable standard of conduct for indemnification for any liability incurred in any proceeding by or in the right of the Association to procure a judgment in its favor shall be that the person seeking indemnification acted in good faith, in a manner such person believed to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances. Indemnification related to any proceeding by or in the right of the Association to procure a judgment in its favor shall be limited to amounts which the court in which the proceeding was brought shall determine.

To the fullest extent permitted by law and except as otherwise determined by the Board of Directors in specific instances, expenses incurred by a person seeking indemnification under this Bylaw in defending any proceeding covered by this Bylaw shall be advanced by the Association before final disposition of the proceeding, on receipt by the Association of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Association for those expenses. The Association shall have the right to purchase and maintain insurance to the fullest extent permitted by law on behalf of its agents in such capacity or arising out of the agent's status as such. The Association shall only indemnify persons under this Bylaw to the extent that the dollar amount of the liability incurred in connection with the incident giving rise to indemnification exceeds the policy limits of insurance coverage for such events, provided the policy limits paid by the insurer are made available to the agent.

ARTICLE XVIII Proceedings at Meetings

SECTION 1. Rules of Order and Conduct of Meetings. The latest edition of Robert's Rules of Order 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.

SECTION 2. Written Ballots. Upon the request of ten members present at any meeting of members, the Presiding Officer shall call for a written ballot on the question then under consideration at said meeting.

ARTICLE XIX Amendment of Bylaws

SECTION 1. Method of Amendment. The Bylaws of the Association may be amended in the following manner:

- (a) Amendments may be proposed by the Board of Directors, or twenty percent of

the REALTOR® members may present to the Secretary of the Association a proposed amendment or amendments to the Bylaws which shall be presented by the Secretary to the Board of Directors at its next regular meeting.

- (b) In the case of any amendment or amendments proposed in either of such ways, within thirty days after the meeting of the Board of Directors at which such amendment or amendments are proposed or presented, said amendment or amendments shall be submitted to the REALTOR® members of the Association in accordance with the provisions of Sections 2 and 3, Article IX hereof by the mailing of ballots which shall set forth the proposed amendment or amendments and the fact that the same is or are proposed by the Board of Directors or by REALTOR® members who shall be named in the ballots, as the case may be. The date for closing of voting shall be fifteen days after the mailing of such ballots.
- (c) If less than a quorum of the REALTOR® members votes on any amendment or amendments to these Bylaws, proposed either by the Board of Directors or the prescribed percentage of REALTOR® members, the Board of Directors shall have the right to approve the amendment or amendments provided that at least two-thirds of the REALTOR® members voting on said amendment or amendments voted in favor of their approval.
- (d) The approval of a two-thirds majority of the valid ballots cast shall be required to approve an amendment or amendments to these Bylaws, with the exception of Article XXI below, for which the approval of at least a majority of all REALTOR® members shall additionally be required.
- (e) Amendments to these Bylaws mandated by the National Association of REALTORS® shall become effective upon their approval by the Board of Directors of the San Francisco Association of REALTORS®.

ARTICLE XX Dissolution

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

ARTICLE XXI State and National Memberships

SECTION 1. The Association shall be a member of the National Association of REALTORS® and of the California Association of REALTORS®. By virtue of such membership, all of its REALTOR® members shall be entitled, without payment, to membership in the National Association of REALTORS® and the California Association of REALTORS®. The Association shall continue as a member of the State and National

Associations unless, by a majority vote of all of its REALTOR® members, a 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 right of the National Association of REALTORS® in the terms REALTOR® and REALTORS®. It shall forthwith 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 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 California Association of REALTORS®.