

Bylaws of the
Pending REALTORS® Association, Inc.

Adopted:

Article I – Name

Section 1. Name. The name of this organization shall be the _____ Pending New Name _____, Inc., hereinafter referred to as the "association".

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

Article II – Objectives

The objectives of the association are:

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

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

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

Section 4. To further the interests of home and other real property ownership.

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

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

Article III – Jurisdiction

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

The Cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk, Virginia Beach, Newport News, Hampton, Poquoson and Windsor, Virginia; and the Counties of Southampton and Isle of Wight, the County of York, Virginia and any other towns or cities situated therein, except the town of Yorktown and the Bruton District, York County.

Section 2. Territorial jurisdiction is defined to mean:

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

Article IV – Membership

Section 1. There shall be six (6) classes of members, as follows.

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

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

In the case of a real estate firm, partnership, or corporation, whose business activity is substantially all commercial, only those principals actively engaged in the real estate business in connection with the same office, or any other offices within the jurisdiction of the association in which one of the firm's principals holds REALTOR® membership, shall be required to hold REALTOR® membership unless otherwise qualified for Institute Affiliate membership, as described in Section 1(b) of Article IV. (Amended 1/05)

NOTE: REALTOR® members may obtain membership in a "secondary" association in another state.

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

(3) Franchise REALTOR® Membership. Corporate officers (who may be licensed or unlicensed) of a real estate brokerage franchise organization with at least one hundred fifty (150) franchisees located within the United States, its insular possessions and the commonwealth of Puerto Rico, elected to membership pursuant to the provisions in the NAR Constitution and Bylaws. Such individuals shall enjoy all of the rights, privileges, and obligations of REALTOR® membership (including compliance with the Code of Ethics) except: obligations related to association-mandated education, meeting attendance, or indoctrination classes or other similar requirements; the right to use the term REALTOR® in connection with their franchise organization's name; and the right to hold elective office in the local association, state association, and National Association. (Adopted 1/96)

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

(5) Designated REALTOR® Members. Each firm (or office in the case of firms with multiple office locations) shall designate in writing one REALTOR® member who shall be responsible for all duties and obligations of membership, including the obligation to arbitrate (or to mediate if required by the association) pursuant to Article 17 of the Code of Ethics and the payment of association dues as established in Article X of the Bylaws. The "Designated REALTOR®" must be a sole proprietor, partner, corporate officer, or branch office manager acting on behalf of the firm's principal(s), and must meet all other qualifications for REALTOR® membership established in Article V, Section 2 of the Bylaws. (Amended 11/11)

(b) (Institute Affiliate Members. Institute Affiliate members shall be individuals who hold a professional designation awarded by an Institute, Society, or Council affiliated with the NATIONAL ASSOCIATION OF REALTORS® that addresses a specialty area other than residential brokerage or individuals who otherwise hold a class of membership in such Institute, Society, or Council that confers the right to hold office. Any

such individual, if otherwise eligible, may elect to hold REALTOR® or REALTOR-ASSOCIATE® membership, subject to payment of applicable dues for such membership. (Amended 1/02)

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

Article V – Qualification and Election

Section 1. Application

(a) An application for membership shall be made in such manner and form as may be prescribed by the board of directors and made available to anyone requesting it. The application form shall contain among the statements to be signed by the applicant (1) that applicant agrees as a condition to membership to thoroughly familiarize himself/herself with the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, the Constitutions, Bylaws, and Rules and Regulations of the association, the State and National Associations, and if elected a member, will abide by the Constitutions and Bylaws and Rules and Regulations of the association, State and National Associations and, if a REALTOR® member, will abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, including the obligation to arbitrate (or to mediate if required by the association) controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics, and as further specified in the Code of Ethics and Arbitration Manual of the NATIONAL ASSOCIATION OF REALTORS®, as from time to time amended, and (2) that applicant consents that the association, through its membership committee or otherwise, may invite and receive information and comment about applicant from any member or other persons, and that applicant agrees that any information and comment furnished to the association by any person in response to the invitation shall be conclusively deemed to be privileged and not form the basis of any action for slander, libel, or defamation of character. The applicant shall, with the form of application, have access to a copy of the Bylaws, Constitution, Rules and Regulations, and Code of Ethics referred to above. (Amended 11/11)

Section 2. Qualification

(a) An applicant for REALTOR® membership who is a sole proprietor, partner, corporate officer, or branch office manager of a real estate firm shall supply evidence satisfactory to the association, through its membership committee or otherwise, that he/she is actively engaged in the real estate profession, and maintains a current, valid real estate broker's or salesperson's license or is licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property, has a place of business within the state or a state contiguous thereto (unless a secondary member), has no record of recent or pending bankruptcy, has no record of official sanctions involving unprofessional conduct, agrees to complete a course of instruction covering the Bylaws and rules and regulations of the association, the Bylaws of the State Association, and the Constitution and Bylaws and Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, and shall pass such reasonable and nondiscriminatory written examination thereon, as may be required by the committee, and shall agree that if elected to membership, he/she will abide by such Constitution, Bylaws, rules and regulations, and Code of Ethics. (Amended 1/05)

NOTE 1: One or more of the requirements for REALTOR® membership set forth above in Article V, Section 2(a) may be deleted at the association's discretion. However, associations may NOT adopt membership qualifications more rigorous than specified in the Membership Qualification Criteria for REALTOR® Membership, approved by the board of directors of the National Association.

NOTE 2: Article IV, Section 2, of the NAR Bylaws prohibits Member Boards from knowingly granting REALTOR® or REALTOR-ASSOCIATE® membership to any applicant who has an unfulfilled sanction pending which was imposed by another association of REALTORS® for violation of the Code of Ethics. (Adopted 1/01)

(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, shall complete a course of instruction covering the Bylaws and rules and regulations of the association, the Bylaws of the State Association, and the Constitution and Bylaws and Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, and shall pass such reasonable and nondiscriminatory written examinations thereon as may be required by the membership committee, and shall agree in writing that if elected to membership he/she will abide by such Constitution, Bylaws, rules and regulations, and the Code of Ethics. (Amended 5/07)

Section 3. Election The procedure for election to membership shall be as follows:

(a) The chief staff executive officer (or duly authorized designee) shall determine whether the applicant is applying for the appropriate class of membership. If the association has adopted provisional membership, applicants for REALTOR® membership may be granted provisional membership immediately upon submission of a completed application form and remittance of applicable association dues and any application fee. Provisional members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of membership. Provisional membership is granted subject to final review of the application by the board of directors.

(b) If the board of directors determines that the individual does not meet all of the qualifications for membership as established in the association's Bylaws, or, if the individual does not satisfy all of the requirements of membership (for example, completion of a mandatory orientation program) within ninety (90) days from the association's receipt of their application, membership may, at the discretion of the board of directors, be terminated. The board of directors shall vote on the applicant's eligibility for membership. If the applicant receives a majority vote of the board of directors, he/she shall be declared elected to membership and shall be advised by written notice.

(c) The board of directors may not reject an application without providing the applicant with advance notice of the findings, an opportunity to appear before the board of directors, to call witnesses on his/her behalf, to be represented by counsel, and to make such statements as he/she deems relevant. The board of directors may also have counsel present. The board of directors shall require that written minutes be made of any hearing before it or may electronically or mechanically record the proceedings.

(d) If the board of directors determines that the application should be rejected, it shall record its reasons with the chief staff executive 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. (Adopted 1/98, Amended 1/05, Amended 1/17).

Section 4. New Member Code of Ethics & Fair Housing Orientation Applicants for REALTOR® membership and provisional REALTOR® members (where applicable) shall complete an orientation program on the Code of Ethics of not less than two (2) hours and thirty (30) minutes of instructional time. This requirement does not apply to applicants for REALTOR® membership 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 ninety (90) days of the date of application (or, alternatively, the date that provisional membership was granted), will result in denial of the membership application or termination of provisional membership. 1(Amended 11/24)

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.

NOTE: Orientation programs must meet the learning objectives and minimum criteria established from time to time by the NATIONAL ASSOCIATION OF REALTORS®. (Adopted 1/01)

Section 5. REALTOR® Code of Ethics & Fair Housing Training Each REALTOR® member of the association (with the exception of REALTOR® members granted REALTOR® Emeritus status by the National Association) shall be required to complete ethics training of not less than two (2) hours and thirty (30) minutes of instructional time. This requirement will be satisfied upon presentation of documentation that the member has completed a course of instruction conducted by this or another association, the State Association of REALTORS®, the NATIONAL ASSOCIATION OF REALTORS®, or any other recognized educational institution or provider which meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS® from time to time. REALTOR® members who have completed training as a requirement of membership in another association and REALTOR® members who have completed the New Member Code of Ethics Orientation during any two (2)-year cycle shall not be required to complete additional ethics training until a new two (2)-year cycle commences. (Amended 5/16).

All NATIONAL ASSOCIATION OF REALTORS required education shall follow the current guidelines established by the NATIONAL ASSOCIATION OF REALTORS®. Failure to satisfy the required periodic ethics training shall be considered a violation of a membership duty. Failure to meet the requirement will result in suspension of membership for the first two months (January and February) of the year following the end of any Code of Ethics 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. (Adopted 1/01, Amended 11/08, Amended 11/2014).

Effective January 1, 2025, through December 31, 2027 and for successive three-year periods thereafter, each REALTOR® member of the association (with the exception of REALTOR® members granted REALTOR® Emeritus status by the National Association) shall be required to complete Fair Housing training of not less than two (2) hours of instructional time. This requirement will be satisfied upon presentation of documentation that the

member has completed a course of instruction conducted by this or another REALTOR® association, the 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. (Amended 11/24)

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. (Amended 11/24)

Section 6. Status Changes

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

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

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

(c) Dues shall be prorated from the first day of the month in which the member is notified of election by the board of directors and shall be based on the new membership status for the remainder of the year (Amended 1/05).

Article VI – Privileges and Obligations

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

Section 2. Any member of the association may be reprimanded, fined, placed on probation, suspended, or expelled by the board of directors for a violation of these Bylaws and association rules and regulations consistent with these Bylaws, after a hearing as provided in the Code of Ethics and Arbitration Manual of the association. Although members other than REALTORS® are not subject to the Code of Ethics, nor its enforcement by the association, such members are encouraged to abide by the principles established in the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and conduct their business and professional practices accordingly. Further, members other than REALTORS® may, upon recommendation of the membership committee, or upon recommendation by a hearing panel of the professional standards committee, be subject to discipline as described above, for any conduct, which in the opinion of the board of directors, applied on a nondiscriminatory basis, reflects adversely on the terms REALTOR® or REALTORS®,

and the real estate industry, or for conduct that is inconsistent with or adverse to the objectives and purposes of the local association, the State Association, and the NATIONAL ASSOCIATION OF REALTORS®.

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

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

Section 5. If a member resigns from the association or otherwise causes membership to terminate with an ethics complaint pending, the complaint shall be processed until the decision of the association with respect to disposition of the complaint is final by this association (if respondent does not hold membership in any other association) or by any other association in which the respondent continues to hold membership. If an ethics respondent resigns or otherwise causes membership in all Boards to terminate before an ethics complaint is filed alleging unethical conduct occurred while the respondent was a REALTOR®, the complaint, once filed, shall be processed until the decision of the association with respect to disposition of the complaint is final. In any instance where an ethics hearing is held subsequent to an ethics respondent's resignation or membership termination, any discipline ratified by the board of directors shall be held in abeyance until such time as the respondent rejoins an association of REALTORS®.

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

Section 6. REALTOR® members, whether primary or secondary, in good standing, are entitled to vote on matters requiring a vote of members under the articles of incorporation of the association or these Bylaws and may use the terms REALTOR® and REALTORS®. 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, has completed any new member requirements, and complies with NAR's trademark rules. Members in good standing who meet the further requirements of Article XI may also hold elective office in the association.

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, the NATIONAL ASSOCIATION OF REALTORS®, as well as the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, including the duty to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics, and in accordance with the procedures set forth in the Code of Ethics and Arbitration Manual of this association.

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 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. (Amended 1/22)

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

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

(b) In any action taken against a REALTOR® member for suspension or expulsion under Section 6(a) hereof, notice of such action shall be given to all REALTORS® employed by or affiliated as independent contractors with such REALTOR® member and they shall be advised that the provisions in Article VI, Section 6(a) shall apply.

(c) All REALTOR® Members must have a current, valid real estate broker's or salesperson's license or appraiser's certification or license issued by the appropriate state agency.

(d) In the event that the license or certification of a REALTOR® member is no longer current and valid, REALTOR'S® membership will be automatically suspended and all rights and privileges of membership suspended. Such suspension will become effective immediately upon confirmation from the appropriate state agency that the REALTOR'S® license or certification is not current and valid.

(e) Upon the suspension of a REALTOR'S® membership under Section 5 (d), (Article VI) the Board of Directors at a regular or special meeting may at its discretion and by majority vote elect to: 1. Allow the suspension to remain in effect until the license or certification is current and valid at which time reinstatement would become automatic

(f) If a REALTOR® whose membership is suspended under Section 5 (d), Article VI is also the Principal Broker of a member firm, the membership of all REALTORS® in that firm will likewise be suspended until such time as a principal broker whose license or certification is current and valid is appointed. At that time membership will automatically be reinstated for those REALTOR® members of that firm, provided their licensees or certifications are current and valid.

Section 7. Institute Affiliate Members. Institute Affiliate members shall have rights and privileges and be subject to obligations prescribed by the board of directors consistent with the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS®.

NOTE: Local associations establish the rights and privileges to be conferred on Institute Affiliate members except that no Institute Affiliate member may be granted the right to use the term REALTOR®, REALTOR-ASSOCIATE®, or the REALTOR® logo; to serve as president of the local association; or to be a participant in

the local association's multiple listing service. (Amended 1/02)

Section 8. Affiliate Members. Affiliate members shall have rights and privileges and be subject to obligations prescribed by the board of directors.

Section 9. Calculation of Individuals. For the purpose, among others, of calculating dues under Article X, Section 2(a) of the Bylaws, the number of real estate salespersons and licensed or certified appraisers who are employed by or affiliated as independent contractors, or who are otherwise directly or indirectly licensed with each REALTOR® member will be determined by one of the following procedures:

(a) Certification by VAR Licensee Report. Each April, the association shall calculate the number of real estate salespersons and licensed or certified appraisers who are employed by or affiliated as independent contractors, or who are otherwise directly or indirectly licensed with each REALTOR® member by reference to the Virginia Association of REALTORS® licensee report as provided by the Department of Professional and Occupational Regulation in conjunction with the Virginia Real Estate Board, so long as the VAR licensee report continues to contain information equivalent to or greater than that required to be certified in Section 9(b), as determined by the association in its sole discretion. In the event that (1) the VAR licensee report is no longer provided, or (2) the association determines in its sole discretion that the VAR licensee report no longer contains the requisite information, the calculation shall be made based on the certification set forth in Section 9(b).

(b) Certification by REALTOR®. "Designated" REALTOR® members of the association shall certify to the association during the month of April on an electronic form provided by the association, a complete listing of all individuals licensed or certified in the REALTOR®'s office(s) and shall designate a primary association for each individual who holds membership. Designated REALTORS® shall also identify any non-member licensees in the REALTOR®'s office(s) and if Designated REALTOR® dues have been paid to another association based on said non-member licensees, the Designated REALTOR® shall identify the association to which dues have been remitted. These declarations shall be used for purposes of calculating dues under Article X, Section 2(a) of the Bylaws. "Designated" REALTOR® members shall also notify the association of any additional individual(s) licensed or certified with the firm(s) within thirty (30) days of the date of affiliation or severance of the individual.

Article VII – Professional Standards and Arbitration

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

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

Section 3. The responsibility of the association and association members relating to the enforcement of the Code of Ethics, the disciplining of members, the arbitration of disputes, and the organization and procedures incident thereto, shall be consistent with the cooperative professional standards enforcement agreement entered into by the association, which by this reference is made a part of these Bylaws.

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

Section 1. Use of the terms REALTOR® and REALTORS® by members shall, at all times, be subject to the provisions of the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS® and to the Rules and Regulations prescribed by its board of directors. The association shall have the authority to control, jointly and in full cooperation with the NATIONAL ASSOCIATION OF REALTORS®, use of the terms within its jurisdiction. Any misuse of the terms by members is a violation of a membership duty and may subject members to disciplinary action by the board of directors after a hearing as provided for in the association's Code of Ethics and Arbitration Manual. (Amended 5/06)

Section 2. REALTOR® members of the association shall have the privilege of using the terms REALTOR® and REALTORS® in connection with their places of business within the state or a state contiguous thereto so long as they remain REALTOR® members in good standing. No other class of members shall have this privilege. (Amended 1/96).

Section 3. A REALTOR® member who is a principal of a real estate firm, partnership, or corporation may use the terms REALTOR® and REALTORS®, only if all the principals of such firm, partnership, or corporation who are actively engaged in the real estate profession within the state or a state contiguous thereto are REALTOR® members or Institute Affiliate members, as described in Section 1(b) of Article IV.

- (a) In the case of a REALTOR® member who is a principal of a real estate firm, partnership, or corporation whose business activity is substantially all commercial, the right to use the term REALTOR® or REALTORS® shall be limited to office locations in which a principal, partner, corporate officer, or branch office manager of the firm, partnership, or corporation holds REALTOR® membership. If a firm, partnership, or corporation operates additional places of business in which no principal, partner, corporate officer, or branch office manager holds REALTOR® membership, the term REALTOR® or REALTORS® may not be used in any reference to those additional places of business. (Amended 1/01)

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

Article IX – State and National Memberships

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

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

Section 3. The association adopts the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and agrees to enforce the Code among its REALTOR® members. The association and all of its members agree to abide by the Constitution, Bylaws, Rules and Regulations, and policies of the National Association and the Virginia Association of REALTORS®.

Article X – Dues and Assessments

Section 1. Application Fee. The board of directors may adopt an application fee for REALTOR® membership in reasonable amount, not exceeding three (3) times the amount of the annual dues for REALTOR® membership, which shall be required to accompany each application for REALTOR® membership and which shall become the property of the association upon final approval of the application. (Amended 1/02)

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

(a) DESIGNATED REALTOR® Members. The annual dues of each Designated REALTOR® member shall be in such amount as established annually by the board of directors, plus an additional amount to be established annually by the board of directors times the number of real estate salespersons and licensed or certified appraisers who (1) are employed by or affiliated as independent contractors, or who are otherwise directly or indirectly licensed with such REALTOR® member, and (2) are not REALTOR® members of any association in the state or a state contiguous thereto or Institute Affiliate members of the association. In calculating the dues payable to the association by a Designated REALTOR® member, non-member licensees as defined in (1) and (2) of this paragraph shall not be included in the computation of dues if the Designated REALTOR® has paid dues based on said non-member licensees in another association in the state or a state contiguous thereto, provided the Designated REALTOR® notifies the association in writing of the identity of the association to which dues have been remitted. In the case of a Designated REALTOR® member in a firm, partnership, or corporation whose business activity is substantially all commercial, any assessments for non-member licensees shall be limited to licensees affiliated with the Designated REALTOR® (as defined in (1) and (2) of this paragraph) in the office where the Designated REALTOR® holds membership, and any other offices of the firm located within the jurisdiction of this association. (Amended 1/05).

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

(2) A REALTOR® with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR® for consideration on a substantially exclusive basis shall annually file with the association on a form approved by the association a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers and are not engaged in listing, selling, leasing, renting, managing, counseling, or appraising real property. The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR® filing the form for purposes of this section and shall not be included in calculating the annual dues of the Designated REALTOR®. Designated REALTORS® shall notify the association within three (3) days of any change in status of licensees in a referral firm.

The exemption for any licensee included on the certification form shall automatically be revoked upon the individual being engaged in real estate licensed activities (listing, selling, leasing, renting, managing, counseling, or appraising real property) other than referrals, and dues for the current fiscal year shall be payable.

Membership dues shall be prorated for any licensee included on a certification form submitted to the association who during the same calendar year applies for REALTOR® or REALTOR-ASSOCIATE® membership in the association. However, membership dues shall not be prorated if the licensee held REALTOR® or REALTOR-ASSOCIATE® membership during the preceding calendar year. (Amended 11/09 and 11/14)

(b) REALTOR® Members. The annual dues of REALTOR® members other than the Designated REALTOR® shall be as established annually by the board of directors. (Amended 1/05)

(c) Institute Affiliate Members. The annual dues of each Institute Affiliate member shall be as established in Article II of the Bylaws of the NATIONAL ASSOCIATION OF REALTORS®.

(d) Affiliate Members. The annual dues of each Affiliate member shall be as established annually by the board of directors. (Amended 1/05)

Section 3. Dues Payable. Dues for all members shall be payable annually in advance on the first day of January. Dues for new members shall be computed from the first day of the month in which a member is notified of election and shall be prorated for the remainder of the year. (Amended 1/05)

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

Section 4. Nonpayment of Financial Obligations. If dues, fees, fines, or other assessments, including amounts owed to the association or the association's multiple listing service are not paid within one (1) month after the due date, the nonpaying Member is subject to suspension at the discretion of the board of directors. Two (2) months after the due date, membership of the nonpaying member may be terminated at the discretion of the board of directors. Three (3) months after the due date, membership of the nonpaying Member shall automatically terminate unless within that time the amount due is paid. However, no action shall be taken to suspend or expel a member for nonpayment of disputed amounts until the accuracy of the amount owed has been confirmed by the board of directors. A former

member who has had his/her membership terminated for nonpayment of dues, fees, fines, or other assessments duly levied in accordance with the provisions of these Bylaws or the provisions of other rules and regulations of the association or any of its services, departments, divisions, or subsidiaries may apply for reinstatement in a manner prescribed for new applicants for membership, after making payment in full of all accounts due as of the date of termination.

Section 5. Deposits and Expenditures. Deposits and expenditures of funds shall be in accordance with policies established by the board of directors. (Amended 1/05)

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

Section 7. The dues of REALTOR® members who are REALTOR® Emeriti (as recognized by the National Association), past presidents and past treasurers of the National Association or recipients of the Distinguished Service Award shall be as determined by the board of directors. (Amended 11/2013)

NOTE: A Member Board's dues obligation to the National Association is reduced by an amount equal to the amount which the association is assessed for a REALTOR® member, times the number of REALTOR® Emeriti

(as recognized by the National Association), past presidents and past treasurers of the National Association, and recipients of the Distinguished Service Award of the National Association who are REALTOR® members of the association. The dues obligation of such individuals to the local association should be reduced to reflect the reduction in the association's dues obligation to the National Association. The association may, at its option, choose to have no dues requirement for such individuals except as may be required to meet the association's obligation to the State Association with respect to such individuals. Member Boards should

Article XI – Officers and Directors

Section 1. Officers. At organization, the officers shall be appointed and shall be a president, a president-elect, a vice president, and a treasurer. At organization, the office of vice president shall be filled by a Peninsula member of the organization and shall automatically ascend to president-elect the following governance year, the remaining officer positions shall be Southside members. At organization, the officer positions shall be appointed with the Southside members filling the remaining officer positions of president, president-elect, and treasurer. Thereafter, the officers shall be elected by the board of directors pursuant to the procedure in Article XI, Section 4(d) for terms of one year, with the exception of the treasurer, who serves a two-year term and may run for a second consecutive two-year term. The president-elect shall automatically become president on January 1st following their term as president-elect. The immediate past-president and the chief staff executive officer also shall be officers of the association. The chief staff executive shall be a non-voting officer.

Section 2. Duties of Officers. The duties of the officers shall be such as their titles, by general usage, would indicate and such as may be assigned to them by the board of directors. It shall be the particular duty of the chief staff executive officer to keep the records of the association and to carry on all necessary correspondence with the NATIONAL ASSOCIATION OF REALTORS® and the Virginia Association of REALTORS®. (Amended 1/05)

Section 3. Board of Directors. Effective July 1, 2026, the governing body of the association shall be a board of directors consisting of the appointed officers defined as the vice-president, treasurer, president-elect, president and immediate past president, with the Peninsula representative filling the position of vice-president. Effective January 1st, 2027, the Peninsula vice-president shall automatically ascend to the position of president-elect. The election for the open officer positions, held prior to the governance elective year for 2028, shall be open to any member qualified to serve as an officer. Thereafter, the only positions to automatically ascend are the positions of president-elect to president and president to immediate past-president.

At organization, the governing body of the association shall be the five (5) officers of the board and in 2026, ten (10) directors shall be appointed by the joint boards of the Southside and Peninsula. Effective January 1st, 2027, the board shall be comprised of two (2) elected REALTOR® members of the association, one each per the geographic areas of the Southside and Peninsula, and eight of the remaining appointed directors. In year 2028, the board shall consist of four (4) elected directors, two from each area and six (6) appointed directors, and in year 2028, 10 elected directors, six (6) from the Southside and four (4) from the Peninsula. Thereafter, as many directors shall be elected each year as are required to fill vacancies and the director composition shall consist of six (6) Southside director seats and four (4) Peninsula director seats.

(a) Term Limits. No director shall serve for more than two (2) consecutive three (3)-year terms. (Adopted 1/05)

(b) No more than three (3) REALTORS® from the same real estate firm may simultaneously serve on the Board of Directors Adopted 11/09)

Section 4. Election of Officers and Directors.

(a) At least two (2) months before the annual meeting of the membership, applications for nomination to serve on the board of directors shall be available electronically to the membership.

(b) Any member in good standing may nominate a qualified candidate to stand for election, for any place

to be filled on the board of directors. A member may nominate himself or herself to stand for election. To be a qualified candidate, the member must be a REALTOR® member of the association, who is in good standing, and whose dues are paid for the current year. Notwithstanding the foregoing or anything else to the contrary in these Bylaws, no member (whether or not otherwise in good standing) is eligible to stand for election to a director position in the association if such member has been found in violation the Code of Ethics in the five (5) years preceding the election in question. Nominations shall be submitted electronically via an online application form. The organization's credentials committee shall vet all nominated candidates under a procedure defined in the organization's policy manual to determine eligibility for the election slate. A list of all nominees shall be mailed or, where permitted by state law, electronically transmitted to each member eligible to vote at least three (3) weeks preceding the election.

(c) The election of directors shall take place in September of each year, electronically, in accordance with procedures established by the board of directors, as set forth in the Policy Manual of the association.

(d) Within twenty (20) days after the close of the board of directors election the sitting board of directors, along with the newly elected directors for the ensuing year, shall meet for the purpose of nominating and electing officers for the ensuing leadership year. The officers to be elected will be the president elect, the vice president, the treasurer (if the term of the sitting treasurer is expiring pursuant to Article XI, Section 1), and any others that are needed to fill vacancies in the elected officer positions for the ensuing year (such as a sitting president-elect who cannot or will not assume the presidency for the ensuing year). The officers shall be elected from the body of outgoing, incoming and sitting directors. Only directors with one (1) full year of previous board service, (a full year of board service is defined as a term beginning in January) are eligible for election to an officer position.

No member (whether or not otherwise in good standing) is eligible to stand for election to an officer position in the association if such member has been found in violation the Code of Ethics in the five (5) years preceding the election in question. No Affiliate Member or Institute Affiliate Member shall be eligible to hold office in the association. The election of officers may be conducted by electronic means, in accordance with procedures established by the board of directors. (Adopted 1/05)

(e) The president, with the approval of the board of directors, shall appoint an election committee of three (3) REALTOR® members to oversee the pull of the electronic count of votes of the director election. In case of a tie vote, the issue shall be determined by lot.

Section 5. Vacancies. Vacancies occurring during the terms of the officers and the directors shall be filled by a simple majority vote of the board of directors until the next annual election.

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

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

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

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

Section 7. Chief Staff Executive. There shall be a chief staff executive, appointed by the board of directors, who shall be the chief administrative officer of the association. The chief staff executive shall have the authority to hire,

supervise, evaluate and terminate other staff, if any, and shall perform such other duties as prescribed by the board of directors. (Adopted 1/05)

Article XII – Meetings

Section 1. Annual Meetings. The annual meeting of the association shall be held during September (of each year, the date, place, and hour to be designated by the board of directors. (Amended 1/05)

Section 2. Meetings of Directors. The board of directors shall designate a regular time and place of meetings. Absence from two (2) regular meetings without an excuse deemed valid by the board of directors shall be construed as resignation. A quorum for the transaction of business shall be a majority of the board of directors, except as may otherwise be required by state law. (Amended 05/2013)

Section 3. Other Meetings. Meetings of the members may be held at other times as the president or the board of directors may determine, or upon the written request of at least 10% of the members eligible to vote.

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

Section 5. Quorum for Membership Meetings. A quorum for the transaction of business at general and/or special meetings of the membership shall consist of 1% of the members eligible to vote, except as may otherwise be required by state law. (Amended 05/2013)

Section 6. Electronic Transaction of Business. To the fullest extent permitted by law, the board of directors or membership may conduct business by electronic means in accordance with procedures established by the board of directors, as set forth in the Policy Manual of the association. (Adopted 1/05)

Section 7. Action without Meeting. Unless specifically prohibited by the articles of incorporation, any action required or permitted to be taken at a meeting of the board of directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors. The consent shall be evidenced by one or more written approvals, each of which sets forth the action taken and bears the signature of one or more directors. All the approvals evidencing the consent shall be delivered to the chief staff executive officer to be filed in the corporate records. The action taken shall be effective when all the directors have signed one or more counterparts of the consent unless the consent specifies a different effective date. (Adopted 1/05)

Article XIII – Committees

The standing Committees of the Association shall be as approved by the Board of Directors and consistent with the Association Strategic Plan.

Section 1. Standing Committees. The president shall appoint from among the REALTOR® members, subject to confirmation by the board of directors, the following standing committees, with the exception of the executive committee which shall be comprised of the officers of the board of directors:

- Grievance committee
- Executive committee, which shall be chaired by the elected president
- Budget & finance committee which shall be chaired by the elected treasurer
- Government affairs committee

Section 2. Special Committees. The president shall appoint, subject to confirmation by the board of directors,

special committees, to serve a term of one year as deemed necessary.

Section 3. Organization. All committees, subcommittees, workgroups, or presidential advisory groups shall be of such size and shall have duties, functions, and powers as assigned by the president or the board of directors except as otherwise provided in these Bylaws.

Section 4. Ex-Officio. The president shall be the chair of the executive committee and be an ex-officio member of all other standing committees and shall be notified of their meetings. The President-elect and Chief Executive officer shall also be ex-officio committee members.

Section 5. Action without Meeting. Any committee may act by unanimous consent in writing without a meeting. The consent shall be evidenced by one or more written approvals, each of which sets forth the action taken and bears the signature of one or more of the members of the committee. The action taken shall be effective when all the committee members have signed one or more counterparts of the consent unless the consent specifies a different effective date. (Adopted 1/05)

Section 6. Attendance by Telephone. Members of a committee may participate in any meeting through the use of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Such participation shall be at the discretion of the president and shall constitute presence at the meeting. (Adopted 1/05)

Article XIV – Fiscal and Elective Year

Section 1. The fiscal year of the association shall be a calendar year. (Amended 1/05)

Section 2. The elective year of the association shall be a calendar year. (Adopted 1/05)

Article XV – Rules of Order

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

Article XVI – Amendments

Section 1. These Bylaws may be amended by a majority vote of the members present and qualified to vote at any meeting at which a quorum is present, provided the substance of such proposed amendment or amendments shall be plainly stated in the call for the meeting.

(a) When Bylaws amendments are mandated by NAR policy, these Bylaws may be automatically amended to reflect the mandate as of the effective date of the mandatory policy authorized by the NATIONAL ASSOCIATION OF REALTORS®. The association shall provide notice of that change in a regular or special membership communication. (Adopted 1/05)

Section 2. Notice of all meetings at which amendments are to be considered shall be mailed or emailed to every member eligible to vote at least ten (10) days prior to the meeting.

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

Article XVII – Dissolution

Section 1. Upon the dissolution of this association, the board of directors, after providing for the payment of

all obligations, shall distribute any remaining assets to the Virginia (state) Association of REALTORS® or, within its discretion, to any other non-profit tax-exempt organization. (Amended 1/05)

ARTICLE XVIII – Association Sponsored Organizations

Section 1. The Association shall sponsor and provide such supportive services as the Board of Directors may from time to time approve for the local Chapters of the NATIONAL ASSOCIATION OF REALTORS® Societies, Institutes and Councils located within the Local Association's area of jurisdiction.

ARTICLE XIX – Indemnification

Section 1. Indemnification of Directors and Officers. Except as provided in section 2 of this Article, the Association shall indemnify every individual made a party to a proceeding because they are or were a director or officer against liability incurred in the proceeding if: (i) they conducted themselves in good faith, and (ii) they believed, in the case of conduct in their official capacity with the Association, that their conduct was in its best interest and, in all other cases, that their conduct was at least not opposed to its best interests (or in the case of conduct with respect to an employee benefit plan, that their conduct was for a purpose to be in the interest of the participants of and beneficiaries of the plan); and (iii) they had no reasonable cause to believe in the case of any criminal proceeding, that his conduct was unlawful.

Section 2. Indemnification Not Permitted. The Association shall not indemnify any individual against their gross negligence or willful misconduct or against their liability incurred by him/her in any proceeding charging improper personal benefit to them, whether or not by or in the right of the Association or involving action in their official capacity, in which they was adjudged liable by a court of competent jurisdiction on the basis that personal benefit was improperly received by them.

Section 3. Effect of Judgment or Conviction. The termination of a proceeding by judgment, order, settlement, or conviction is not, of itself, determinative that an individual did not meet the standard of conduct set forth in 1 of this Article or that the conduct of such individual constituted gross negligence or willful misconduct.

Section 4. Determination and Authorization. Unless ordered by a court of competent jurisdiction, any indemnification under 1 of this Article shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the individual is permissible in the circumstances because: (i) they met the standards of conduct set forth in 1 of this Article and with respect to a proceeding by or in the right of the Association, they is fairly and reasonably entitled to indemnification in view of all the relevant circumstances even though they was judged liable; and (ii) the conduct of such individual did not constitute gross or willful misconduct. Such determination shall be made: (i) by the Board of Directors of the Association by a majority vote of a quorum consisting of Directors not at the time parties to the proceeding; or (ii) if such a quorum cannot be obtained, by majority vote of a committee duly designated by the President and approved by the Board of Directors (in which designated Directors who are parties may participate), consisting solely of two (2) or more Directors not at the time parties to the proceeding; or (iii) by special legal counsel selected by the Board of Directors or its committee in the manner heretofore provided or, if such a quorum of the Board of Directors cannot be obtained and such a committee cannot be designated, selected by a majority vote of the Board of Directors (in which selection Directors who are parties may not participate). Authorization of indemnification, evaluation as to reasonableness of expense and determination and authorization of advancements for expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by those selecting such counsel.

Section 5. Advance for Expenses. The Association may pay for or reimburse the reasonable expense incurred by any individual who is a party to a proceeding in advance of final disposition of the proceeding if: (i) they furnished the Association a written statement of his good faith belief that they have met the standard of conduct described in paragraph 1 of this Article and a written undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that indemnification of such individual in the specific case is not permissible; and (ii) a determination is made that the facts then known to those making the determination

would not preclude indemnification under this Article. An undertaking furnished to the Association in accordance with the provisions of this shall be an unlimited general obligation of the individual furnishing the same but need not be secured and may be accepted by the Association without reference to financial ability to make repayment.

Section 6. Indemnification of Employees and Agents. The Association may, but shall not be required to, indemnify the advance expenses to employees and agents of the Association to the same extent as provided in the Article with respect to Directors and Officers.

Section 7. Definitions. In this Article:

(a) "Directors" and "Officer" mean an individual who is or was a Director or Officer of the Association, as the case may be, or who, while a Director or Officer of the Association is or was serving at the Association's request as a Director, Officer, partner, trustee, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or enterprise. A Director or Officer shall be considered to be serving an employee benefit plan at the Association's request if his duties to the Association also impose duties on, or otherwise involve services by him to the plan or to participants in or beneficiaries of the plan.

(b) "Individual" includes, unless the context requires otherwise, the estate, heirs, executors, personal representatives, and administrators of an individual.

(c) "Association" means the Name Pending Association of REALTORS®, Inc. or a domestic or foreign predecessor entity of the Association in a merger or other transaction in which the predecessor's existence ceased upon the consummation of the transaction.

(d) "Expenses" includes but not limited to counsel fees.

(e) "Liability" means the obligation to pay a judgment, settlement, penalty, fine, including any excise tax assessed with respect to an employee benefit plan, or reasonable expenses incurred with respect to a proceeding.

(f) "Official capacity" means: (i) when used with respect to a Director, the office of Director in the Association; (ii) when used with respect to an Officer, the office in the Association held by him; or (iii) when used with respect to an employee or agent, the employment or agency relationship undertaken by him on behalf of the Association. "Official capacity" does not include the service of any foreign or domestic corporation or other partnership, joint venture, trust, employee benefit plan or other enterprise.

(g) "Party" includes an individual who was or is threatened to be made a defendant or respondent in a proceeding.

(h) "Proceeding" means any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal.

Section 8. Provisions Not Exclusive. As authorized by the Virginia Nonstock Corporation Act, the provisions of this Article are in addition to and not in limitation of the specific powers of a corporation to indemnify Directors and Officers set forth therein. If any provisions of this article shall be adjudicated invalid or unenforceable by a court of competent jurisdiction, such adjudication shall not be deemed to invalidate or otherwise affect any provision hereof or any power of indemnity which the Association may have under the Virginia Nonstock Corporation or other laws of the Commonwealth of Virginia.