

Bylaws of the Lower Columbia Association of REALTORS®, Inc.

Article I – Name

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

Section 2. REALTORS®. Inclusion and retention of the registered collective Membership Mark REALTORS® in the name of the Association shall be governed by the Constitution and Bylaws of the National Association of REALTORS® as from time to time amended.

Article II – Objectives

The objectives of the Association are:

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

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

Section 3. To provide a unified medium for real estate owners and those engaging 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 Washington 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: all counties in the State of Washington.

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 Board agrees to protect and safeguard the property rights of the National Association in the terms.

Article IV – Membership

Section 1. There shall be eight 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 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 Washington 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 engages in the real estate business in connection with the same office, or any other offices within the jurisdiction of the board in which one of the firm's principals holds REALTOR® membership, shall be required to

hold REALTOR® membership unless otherwise qualified for Institute Affiliate Membership as described in Section 1(b) of Article IV.

NOTE: REALTOR® members may obtain membership in a "secondary" association in Washington or 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 National Association of REALTORS® Constitution and Bylaws. Such individuals shall enjoy all of the rights, privileges and obligations of REALTOR® membership (including compliance with the Code of Ethics) EXCEPT: Obligations related to Board mandated education, meeting attendance or indoctrination classes or other similar requirements; the right to use the term REALTOR® in connection with their franchise organization's name; and the right to hold elective office in the local association, state association and national association.

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

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

qualifications for REALTOR® membership established in Article V, Section 2, of the Bylaws.

b) Institute Affiliate Members. Institute Affiliate members shall be individuals who hold a professional designation awarded by an Institute, Society, or Council affiliated with the National Association of REALTORS® that addresses a specialty area other than residential brokerage or individuals who otherwise hold a class of membership in such Institute, Society or Council that confers the right to hold office. Any such individual, if otherwise eligible, may elect to hold REALTOR® or REALTORS-ASSOCIATE® membership, subject to payment of applicable dues for such membership.

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

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

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

f) Student Members. Student members shall be individuals who are seeking an undergraduate or graduate degree with a specialization or major in real estate at institutions of higher learning, and who have completed at least two (2) years of college and at least one (1) college level course in real estate, but are not engaged in the real estate profession on their own account or not associated with an established real estate office.

g) Lifetime Members. Lifetime members shall be REALTOR® members who have been recognized by the Board of Directors of the Association as individuals who have fulfilled long and distinguished membership in the Association for a minimum of thirty (30) consecutive years and have met requirements as set forth from time to time by the Board of Directors.

h) Washington Association of REALTORS® President. The President of the Washington Association of REALTORS®, if not otherwise a member of the Association, shall be a non- dues paying member of the Lower Columbia Association of REALTORS® during their term of office. The Washington Association of REALTORS® President shall not have the right to vote or hold elective office in the Association, but shall, when given the authority by the Association, cast the number of votes allowed as the Association's voting delegate at the Delegate Body meeting of the National Association of REALTORS®.

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

Section 2. Qualification.

a) An applicant for REALTOR® membership who is a sole proprietor, partner, corporate officer, or branch manager of a real estate firm shall supply evidence satisfactory to the membership committee that he 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, Rules and Regulations of the Association, the Bylaws of the state Association, the Constitution, Bylaws and Code of Ethics of the National Association of REALTORS[®], and shall pass such reasonable and non-discriminatory written examination therein as may be required by the committee and shall agree that if elected to membership, will abide by such Constitution, Bylaws, Rules and Regulations, and Code of Ethics.

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

b) Individuals who are actively engaged in the real estate profession other than sole proprietors, partners, corporate officers, or branch 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 sales person'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, the Constitution and Bylaws and Code of Ethics of the National Association of REALTORS[®], and shall pass such reasonable and non-discriminatory written examination therein as may be required by the membership committee and shall agree in writing that if elected to membership, will abide by such Constitution, Bylaws, Rules and Regulations, and the Code of Ethics.

c) The Board/Association will also consider the following in determining an applicant's qualifications for REALTOR[®] membership:

1. All final findings of Code of Ethics violations and violations of other membership duties in any other Association within the past three (3) years.
2. Pending ethics complaints (or hearings).
3. Unsatisfied discipline pending.
4. Pending arbitration requests (or hearings).
5. Unpaid arbitration awards or unpaid financial obligations to any other Association or Association MLS.

6. Any misuse of the term REALTOR® or REALTORS® in the name of the applicant's firm.

"Provisional" membership may be granted in instances where ethics complaints or arbitration requests (or hearings) are pending in other associations or where the applicant for membership has unsatisfied discipline pending in another Association (except for violations of the Code of Ethics, see Article V, Section 2(a) NOTE (provided all other qualifications for membership have been satisfied). Associations may reconsider the membership status of such individuals when all pending ethics and arbitration matters (and related discipline) have been resolved or if such matters are not resolved within six (6) months from the date that provisional membership is approved. Provisional members shall be considered REALTORS® and be subject to all the same privileges and obligations of REALTOR® membership.

If a member resigns from another Association with an ethic's complaint or arbitration request pending, the Association may condition membership on the applicant's certification that he/she will submit to the pending ethics or arbitration proceedings (in accordance with the established procedures of the Association to which the applicant has made application) and will abide by the decision of the hearing panel.

Section 3 – Election

The procedure for election to membership shall be as follows.

a) The chief staff executive (or duly authorized designee) shall determine whether 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 for membership within 90 days from the association's receipt of their application, membership may, at the discretion of the board of directors, be terminated. In such instances, dues shall be returned to the individual less a prorated amount to cover the number of days the individual received association services and any application fee. The board of directors shall vote on the applicant's eligibility for membership. If the applicant receives a majority vote of the

board of directors, he/she shall be declared elected to membership and shall be advised by written notice.

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

d) If the board of directors determines that the application should be rejected, it shall record its reasons with the chief staff executive (or duly authorized designee). If the board of directors believes that denial of membership to the applicant may become the basis of litigation and a claim of damage by the application, it may specify that denial shall become effective upon entry in a suit by the association for declaratory judgment by a court of competent jurisdiction of a final judgment declaring that the rejection violates no rights of the applicant.

Section 4 - New Member Training

a) Code of Ethics Training. 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 sixty (60) days of the date of application (or, alternatively, the date that provisional membership will be granted) will result in denial of the membership application or termination of provisional membership.

b) Fair Housing Training. Applicants for REALTOR® membership and provisional REALTOR® members 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. This requirement does not apply to applications for REALTOR® membership or provisional members who have completed

comparable orientation in another association, provided that REALTOR® membership has been continuous, or that break in membership is for one (1) year or less. Failure to satisfy this requirement within 90 days of the date of application (or, alternatively, the date that provisional membership was granted), will result in denial of the membership application or termination of provisional membership.

Section 5 - Continuing Member Training.

a) Continuing Code of Ethics Training. Effective January 1, 2019 through December 31, 2021 and for successive three (3) year periods thereafter, each REALTOR® member of the Association (with the exception of REALTOR® members granted Emeritus status by the National Association) shall be required to complete biennial code of 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 three (3) year cycle shall not be required to complete additional ethics training until a new three (3) year cycle commences.

Failure to satisfy the required periodic Code of Ethics training shall be considered a violation of a membership duty. Failure to meet the requirement in any three (3) year cycle will result in suspension of membership for the first two (2) months (January & February) of the year following the end of any three (3) 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.

b) Continuing Fair Housing Training. Effective January 1, 2025, through December 31, 2027 and for successive three (3) year periods thereafter, each REALTOR® member of the association (with the exception of REALTOR® members granted 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 REALTOR® 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. 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 (3) 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 (3) year cycle will result in suspension of membership for the first two (2) months (January & February) of the year following the end of any three (3) year cycle or until the requirement is met, whichever occurs sooner. On March 1 of that year, the membership of a member who is still suspended as of that date will be automatically terminated.

Section 6. Status Changes.

a) A REALTOR® who changes the conditions under which he 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 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 changes in status, their new membership application will terminate automatically unless otherwise so directed by the Board of Directors.

A REALTOR® or REALTOR-ASSOCIATE®, (where applicable) who is transferring their license from one firm comprised of REALTOR® principals to another firm comprised of REALTOR® principals shall be subject to all of the privileges and obligations of membership during the period of transition. If the transfer is not completed within thirty (30) days of the date the Association is advised of disaffiliation with the current firm, membership will terminate automatically unless otherwise so directed by the Board of Directors. (The Board of Directors, at its discretion, may waive any qualification which the applicant has already fulfilled in accordance with the Associations Bylaws.)

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

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

Article VI – Privileges and Obligations

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

Section 2. Violation 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 and Association Rules and Regulations consistent with these Bylaws, after a hearing as provided in the Code of Ethics and Arbitration Manual of the Board. Although members other than REALTORS® are not subject to the Code of Ethics or 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 non-discriminatory basis, reflects adversely on the terms REALTOR® or REALTORS® and the real estate industry, or for conduct that is inconsistent with or adverse to the objectives and purposes of the local Association, the State Association, and the National Association of REALTORS®.

Section 3. Violation of Membership Duties. 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 of Members. 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. Resignation of Members with Pending Ethics Complaint. 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 ethic 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[®].

Section 6. REALTOR[®] Members.

a) Privileges of REALTOR[®] Members. REALTOR[®] members, whether primary or secondary, in good standing whose are entitled to vote and hold elective office in the association and may use the term REALTOR[®]. For the 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.

b) Obligations of REALTOR[®] Members. 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 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 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.

a) If a REALTOR® member is a sole proprietor in a firm, a partner in a partnership, or an officer in a Corporation and is suspended or expelled, the firm, partnership, or Corporation shall not use the terms REALTOR® or REALTORS® in connection with its business during the period of suspension, or until readmission to REALTOR® membership or unless a connection with the firm, partnership, or corporation is severed, whichever may apply. The membership of all the 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, or unless the REALTOR® member (non- principal) elects to sever his connection with the REALTOR® and affiliate with another REALTOR® member in good standing in the Association, 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.

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

Section 7. Institute Affiliate Members. 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 associations multiple listing services.

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

Section 9. Public Service Members. Public Service members shall have the rights and privileges and be subject to obligations prescribed by the Board of Directors.

Section 10. Honorary Members. Honorary members shall confer only the right to attend meetings and participate in discussions.

Section 11. Student Members. Student members shall have the rights and privileges and be subject to obligations prescribed by the Board of Directors.

Section 12. Lifetime Members. Lifetime members shall have the same rights and privileges as REALTOR® members as defined in Article VI, Section 6.

Section 13. Certification by REALTOR®. Designated REALTOR® members of the Association shall certify to the Association during the month of March on a form provided by the Association, a complete listing of all individuals licensed or certified in the REALTOR® office(s) and shall designate a primary Association for each individual who holds membership. Designated REALTORS® shall also identify and non-member licensees in the REALTOR® offices(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 notify the Association of any additional individual(s) licensed or certified with the firm(s) within ten (10) days of the date of affiliation or severance of the individual.

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

or, alternatively, by another member of the Board of Directors selected by the highest-ranking officers not named in the complaint.

NOTE: Suggested procedures for processing complaints of harassment are available online at Nar.Realtor.

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, 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 by this reference is incorporated into these Bylaws, provided, however, that any provision deemed inconsistent with state law shall be deleted or amended to comply with state law.

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

Section 3. The responsibility of the Association and Association members relating to the enforcement of the Code of Ethics, the disciplining of members, the arbitration of disputes and the organization and procedures incident thereto, shall be consistent with the cooperative professional standards enforcement agreement entered into by the Association, which by this reference is made 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 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 of the Board of Directors after a hearing as provided for in the association's Code of Ethics and Arbitration Manual.

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

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

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

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

Article IX – State and National Memberships

Section 1. The Association shall be a member of the National Association of REALTORS® and the Washington Association of REALTORS®. By reason of the Association's membership, each REALTOR® member of the member Association shall be entitled to membership in the National Association of REALTORS® and the Washington Association of REALTORS® without further payment of dues. The Association shall continue as a member of the State and National Associations, unless 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 (1) 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 Regulation and policies of the National Association of REALTORS® and the Washington Association of REALTORS®.

Article X – Dues and Assessments

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

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

a) The annual dues of each Designated REALTOR® members shall be in such amount as established annually by the Board of Directors, and the state and national portion of the annual dues shall be such amount as is determined by Washington Association of REALTORS® and the National Association of REALTORS® upon recommendation of the Board of Directors, plus an equal amount times the number of real estate salesperson and licensed or certified appraisers who (1) are employed by or affiliated as independent contractors, or who are otherwise directly or indirectly licensed with such REALTOR® member, and (2) are not REALTOR® members of any Board in the state or a state contiguous thereto or Institute Affiliate members of the Association. In calculating the dues payable to the Association by a Designated REALTOR® member, non-member licensees as defined in Section 2(a) (1) and (2) of this Article shall not be included in the computation of dues if the DR 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 board.

1) For the purpose of this section, a REALTOR® member of a member Association shall be held to be any member who has a place or places of business within the state or a contiguous state thereto and who, as a principal, partner, corporate officer or branch 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 a REALTOR®, or by any entity in which the REALTOR® has direct or indirect ownership interest and which is engaged in other aspects of the real estate business except as provided for in SECTION 2 (a) (1) hereof provided that such licensee is not otherwise included in the computation of dues payable by the principal, partner or 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 upon request annually file with the association on a form approved by the association a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers and are not engaged in listing, selling, leasing, managing, counseling or appraising real property. The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR® filing the form for purposes of this section and shall not be included in calculating the annual dues of the Designated REALTOR®. Designated REALTORS® shall notify the association within three (3) business days of any change in status of licenses in a referral firm.

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.

b) REALTOR® Members. The annual dues of individual REALTOR® members shall be increased annually based on the Consumer Price Index or an amount established by the Board of Directors.

c) Institute Affiliate Members. The annual dues of each Institute Affiliate Member shall be as established in Article II of the bylaws of the National Association of REALTORS®
NOTE: The Institute, Societies and Councils of the National Association shall be responsible for collecting and remitting dues the National Association for Institute Affiliate members. (\$105.00). The National Association shall credit \$35.00 to the account of a local association for each Institute Affiliate member whose office address is within the assigned territorial jurisdiction of that association, provided, however, if the office location is also within the territorial jurisdiction of a Commercial Overlay Board (COB), the \$35.00 amount will be credited to the COB, unless the Institute Affiliate Member directs that the dues be distributed to the other board. The National Association shall also credit \$35.00 to the account of State associations for each Institute Affiliate Member whose office address is located within the territorial jurisdiction of the state association. Local and state associations may not establish any additional entrance, initiation fees of dues for Institute Affiliate Members, but may provide service packages to which Institute Affiliate Members may voluntarily subscribe.

d) Affiliate Members. The annual dues of each Affiliate member shall be in such amount as established annually by the Board of Directors.

e) Public Service Members. The annual dues of each Public Service Member shall be in such amount as established annual by the Board of Directors.

f) Honorary Members. Dues payable, if any, shall be at the discretion of the Board of Directors.

g) Student Members. Dues payable, if any, shall be at the discretion of the Board of Directors.

h) Lifetime Members. The annual dues of each Lifetime member shall include the State Association and National Association portions of the membership dues. The local portion of membership dues are waived for Lifetime members.

Section 3. Dues Payable. Dues for all members shall be payable annually in advance on the first day of January. Payment of dues is the responsibility of the individual member or Affiliate member office manager, and all invoices for annual dues shall be sent directly to the individual member or affiliate member office manager. Dues for new members shall be computed from the date of application and granting of provisional membership.

a) In the event a licensed REALTOR®, or licensed or certified appraiser, who holds REALTOR® membership is dropped for nonpayment of association dues, and the

individual remains with the Designated REALTOR® 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 licensee. Dues shall be calculated from the first day of the current fiscal year and are payable within thirty (30) days of the notice of termination.

Section 4. Nonpayment of Financial Obligations. If dues, fees, fines, or other assessments including amounts owed to the Association are not paid within one month after the due date, the nonpaying member is subject to suspension at the discretion of the Board of Directors. A late fee of \$5 per day will be added to the amount due, excluding weekends and holidays. 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 membership terminated for nonpayment of dues, fees, fines, or other assessments duly levied in accordance with the provisions of these Bylaws or the provisions of other Rules and Regulations of the Board or any of its services, departments, division 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. Deposit All moneys 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.

Section 6. Expenditures. The Board of Directors shall administer the day to day finances of the Association. Capital expenditures in excess of (\$1000) may not be made unless authorized by a majority vote of the Board of Directors.

Section 7. Notice of Dues, Fees, fines, Assessments and other financial obligations of members. All dues, fees, fines, assessments or other financial obligations to the Association shall be noticed to the delinquent Association member in writing setting forth the amount and due date.

Section 8. REALTOR® Emeriti. 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.

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® member of the association. The dues obligation of such individuals to the local association should be reduced to reflect the deduction in the association 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 obligations to the state association with respect to such individual. Member board should determine whether the dues payable by the association to the state associated are reduced with respect to such individuals. It should be noted that this does not affect a Designated REALTOR®'s dues obligation to the association with respect to those licensees employed by or affiliated with the Designated REALTOR® who are not members of the local association.

Article XI – Officers and Directors

Section 1. Officers. The elected officers of the Association shall be President, Vice President, President-Elect, a Secretary and a Treasurer. The Secretary and Treasurer may be the same person. The person elected to the position of President- Elect must have served on a REALTOR® Board of Directors prior to election.

The President shall be elected one year in advance and during the year following the election shall be called President-Elect. The members shall not vote for the office of President but shall vote for and elect a President-Elect.

When a member has served a full term as President-Elect, that member automatically becomes President for a full term with all the obligations of that office.

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 Secretary to keep records of the Association and to carry on all necessary correspondence with the National Association of REALTORS® and the Washington Association of REALTORS®.

Section 3. Board of Directors. The governing body of the Association shall be a Board of Directors consisting of the elected officers, the Immediate Past President, or if unable or unwilling to serve, a Director appointed by the officers, the Association's state director(s) and at least three (3) local directors elected from the VOTING members of

the Association. The Board of Directors shall have the authority to authorize additional directorships as deemed appropriate for the business of the Board. Directors shall be elected to serve for terms of up to three years. As many Directors shall be elected each year as are required to fill vacancies or to fill new directorships as authorized by the Board of Directors. Any voting member of the Association may, if otherwise qualified, be elected to the Board of Directors.

Section 4. Election of Officers and Directors.

a) At least two (2) months before the annual election, a Nominating Committee of at least five (5) REALTOR® members with a minimum of four (4) years REALTOR® membership shall be appointed by the Board of Directors. The nominating committee shall compile a list of at least one candidate for each position to be filled on the Board of Directors.

b) The report of the Nominating Committee shall be mailed or electronically transmitted to each member eligible to vote at least three (3) weeks preceding the election. Additional candidates for the positions to be filled may be made by written request for three (3) weeks prior to the election period.

c) Elections shall be by electronic ballot, and all votes shall be cast electronically. The Association Executive shall distribute election ballots to each member eligible to vote to each member's email address on file. The ballot shall contain the names of all qualified candidates and the positions for which they are nominated. The election period shall remain open for at least two weeks.

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

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

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

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

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

Section 7. Association Executive. There shall be an Association Executive, appointed by the Board of Directors, who shall be the chief administrative officer of the Association. The Association 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.

Article XII – Meetings

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

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

Section 3. Other Meetings. Meetings of the members may be held at other times as the Board of Directors may determine, or upon written request of at least 20% of the members eligible to vote.

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

Section 5. Quorum. A quorum for the transaction of business shall consist of a majority of the members present and eligible to vote.

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

Section 7. Action without Meeting. Unless specifically prohibited by the articles of incorporation, any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if 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 Association Executive to be filed in the corporate records. The action taken shall be effective when all the Directors have approved the consent unless the consent specifies a different effective date.

Article XIII – Committees

Section 1. Standing Committees. The Board of Directors shall appoint from among the REALTOR® members the following standing committees:

- Bylaws & Policy
- Membership
- Education
- Government Affairs
- Budget and Finance
- Fair Housing
- Community Service
- Events
- Nominations & Elections
- Annual Awards

Section 2. Special Committees. The Board of Directors shall appoint special Committees as deemed necessary.

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

Section 4. President. The President may be an ex-officio member of all standing committees at their discretion and shall be notified of their meetings.

Section 5. Action without Meeting. Any committee may act by unanimous consent in writing without a meeting. The consent shall be evidenced by one or more written

approvals, each of which sets forth the action taken and bears the signature of one or more of the members of the committee.

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

Article XIV – Fiscal and Elective Year

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

Article XV – Rules of Order

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

Article XVI – Amendments

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

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

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

Article XVII – Dissolution

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

Article XVIII – Official Publication

Section 1. The Association shall publish e-mail updates as the official publication. Members shall supply an email address for the purpose of receiving Association information. Members are responsible for adjusting spam filters to allow these emails to be delivered.

Article XIX – Indemnification

Section 1. Representatives of Association. The grant of indemnification in section 3 shall apply to each person who serves in a representative capacity for the Association. A person who serves in a representative capacity for the Association shall be defined as any person who is or was a director or officer of the Association or who, while a director or officer of the Association, is or was serving at the request of the Association as a director, officer, employee or agent of this or another Association or of a partnership, joint venture, trust, other enterprise or employee benefit plan.

Section 2. Proceedings. The grant of indemnification in section 3 shall apply to each person who serves in a representative capacity for the Association, and who was or is made a party to any proceeding or is threatened to be made a party to any proceeding or is involved (including without limitation, as a witness) in any proceeding. Proceedings for which persons may be indemnified pursuant to section 3 shall mean threatened, pending or completed actions, suits or proceedings, whether formal or informal, civil, criminal, administrative or investigative and for which the person is involved as a result of that person's service in a representative capacity for the Association.

Section 3. Grant of Indemnification. The Association shall indemnify and hold harmless any person serving in a representative capacity for the Association from and against all expense, liability and loss (including attorney's fees, costs, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) reasonably incurred or suffered by such person

in connection with any proceeding, and such indemnification shall continue as to a person who has ceased to serve in a representative capacity and shall incur to the benefit of his or her heirs, executors and administrators.

Section 4. Limitations on indemnification. No indemnification shall be provided under section 3 to any person to the extent that such indemnification would be prohibited by law, nor, except as provided in section 6 with respect to proceedings seeking to enforce rights to indemnification, shall the Association indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person except where such proceeding (or part thereof) was authorized by the Board of Directors.

Section 5. Advancement of Expenses. The right to indemnification conferred in section 3 shall include the right to be paid by the Association the expenses incurred in defending any such proceeding in advance of its final disposition, except where the Board of Directors shall have adopted a resolution expressly disapproving such advancement of expenses.

Section 6. Right to enforce Indemnification. If a claim under section 3 is not paid in full by the Association within 60 days after a written claim has been received by the Association, or if a claim for expenses incurred in defending a proceeding in advance of its final disposition authorized under section 5 is not paid within 20 days after a written claim has been received by the Association, the claimant may at any time thereafter bring suit against the Association to recover the unpaid amount of the claim and, to the extent successful in whole or in part, the claimant shall be entitled to be paid also expense of prosecuting such claim. The claimant shall be presumed to be entitled to indemnification hereunder upon submission of a written claim (and, in an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition, upon tendering the required undertaking to the Association), and thereafter the Association shall have the burden of proof to overcome the presumption that the claimant is so entitled. It shall be a defense to any such action (other than an action with respect to expenses authorized under section 5) that the claimant has not met the standards of conduct which make it permissible hereunder or under law for the Association to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Association. Neither the failure of the Association (including its Board of Directors, independent legal counsel) to have made a determination prior to the commencement of such action that indemnification or reimbursement or advancement of expenses to the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth herein or under law nor (except as provided in section 5) and actual determination by the Association (including the Board of Directors, independent legal counsel) that the

claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

Section 7. Non-Exclusivity. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in the section shall be valid to the extent consistent with applicable law.

Section 8. Insurance and Other Security. The Association may maintain insurance, at its expense, to protect itself and any individual who is or was a director, officer, employee or agent of the Association or another Association, partnership, joint venture, trust or other enterprise against any liability asserted against or incurred by the individual in that capacity or arising from his or her status as an officer, director, agent or employee, whether or not the Association would have the power to indemnify such person against the same liability under law. The Association may enter into contracts with any director or officer of the Association in furtherance of the provisions of this section and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this article.

Section 10. Amendment or Modification. This section may be altered or amended at any time as provided in these Bylaws, but no such amendment shall have the effect of diminishing the rights of any person who is or was an officer or director as to any acts or omissions taken or omitted to be taken prior to the effective date of such amendment.

Section 11. Effect of Section. The rights conferred by this section shall be deemed to be contract rights between the Association and each person who is or was a director or officer. The Association expressly intends each such person to rely on the rights conferred hereby in performing his or her respective duties on behalf of the Association.