



BYLAWS

OF THE

YAKIMA ASSOCIATION OF REALTORS®

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Approved by the

NATIONAL ASSOCIATION OF REALTORS®

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ARTICLE I

Name

- Section 1.1** **The name of this organization** shall be the Yakima Association of REALTORS®, Incorporated, hereinafter referred to as the "Association".
- Section 1.2** **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

- Section 2.1** **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 2.2** **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 2.3** **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 2.4** **To further** the interest of home and other real property ownership.
- Section 2.5** **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 2.6** **To designate**, for the benefit of the public, those individuals authorized to use the terms "REALTOR®" and "REALTORS®" as licensed, prescribed, and controlled by the NATIONAL ASSOCIATION OF REALTORS®.

ARTICLE III
Jurisdiction

Section 3.1 **The territorial jurisdiction** of the Association as a Member Association of the NATIONAL ASSOCIATION OF REALTORS® shall include all of Yakima County, Washington lying North and West of the following: Beginning at the intersection of the western boundary of Yakima County and the Township line between Townships 8 and 9 North, E.W.M., thence East following said Township Line to its intersection with the Range line between Ranges 20 and 21, E.W.M., thence North along said Range Line to its intersection with the Township Line between Townships 11 and 12 North, E.W.M., thence East to its intersection with the East Boundary Line of Yakima County, as allocated by the Board of Directors of the National Association.

Section 3.2 **Territorial jurisdiction** is defined to mean: The right and duty to control the use of the terms REALTOR® and REALTORS®, subject to the conditions set forth in these Bylaws and those of the NATIONAL ASSOCIATION OF REALTORS®, in return for which the Association agrees to protect and safeguard the property rights of the National Association in the terms.

ARTICLE IV
Membership

Section 4.1 **There shall be five classes of members as follows:**

Section 4.1a **REALTOR® Members.** REALTOR® Members, whether primary or secondary, shall be:

(a) **Individuals** who, as sole proprietors, partners, corporate officers, or branch office managers, are engaged actively in the real estate profession, including buying, selling, exchanging, renting or leasing, managing, appraising for others for compensation, counseling, building, developing or subdividing real estate and who maintain or are associated with an established real estate office located 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 4.1(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 4.1 (b) of Article IV.

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

Section 4.1b (b) **Individuals** who are engaged in the real estate profession other than as sole proprietors, partners, corporate officers, or branch office managers and are associated with a REALTOR® Member and meet the qualifications set out in Article V.

Section 4.1c (c) **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 board, state association and National Association.

Section 4.1d (d) **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.

Section 4.1e (e) **Designated REALTOR® Members.** Each firm shall designate in writing one REALTOR® Member who shall be responsible for all duties and obligations of Membership including the obligation to arbitrate pursuant to Article 17 of the Code of Ethics and the payment of Association dues as established in Article 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 5.2, of the Bylaws.

- Section 4.1f** (f) **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 Yakima Association of REALTORS® during their term of office. The W.A.R. 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®.
- Section 4.2** **Institute Affiliate Members.** Institute Affiliate members shall be individuals who hold a professional designation awarded by a qualified 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 vote or hold office. Any such individual, if otherwise eligible, may elect to hold REALTOR® membership, subject to payment of applicable dues for such membership.
- Section 4.3** **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. Affiliate Membership shall also be granted to individuals licensed or certified to engage in real estate practice who, if otherwise eligible, do not elect to hold REALTOR® membership in the Association, provided the applicant is engaged exclusively in a specialty of the real estate business other than brokerage of real property, and who are not associated with a firm engaged in brokerage of real property.
- Section 4.4** **Public Service Members.** Public Service Members shall be individuals who are interested in the real estate profession as salaried employees of educational, public utility, governmental or other similar organizations, but are not engaged in the real estate profession on their own accounts or in association with an established real estate office.
- Section 4.5** **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.

ARTICLE V
Qualification and Election

Section 5.1

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

Section 5.2
Section 5.2a

Qualification

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 Board through its Membership Committee or otherwise 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 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 will abide by such Constitution, Bylaws, Rules and Regulations, and Code of Ethics.

NOTE 2: Article IV, Section 4.2, of the NAR Bylaws prohibits Member Boards from knowingly granting REALTOR® 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.

Section 5.2b

(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 committee and shall agree in writing that if elected to membership he will abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, and by the Constitution, Bylaws, and Rules and Regulations of the local Association, State Association, and the National Association.

Section 5.2c

(c) The 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.

“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 5.2(a) NOTE 2) 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 months from the date that provisional membership is approved. Provisional members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of REALTOR® membership.

If a member resigns from another association with an ethics 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 proceeding (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 5.3
Section 5.3a

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

(a) **Applicants for REALTOR® membership** shall 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 subsequent review of the application by the Board of Directors. 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 125 days from the association's receipt of their application, membership may, at the discretion of the Board of Directors, be terminated.

Section 5.3b

(b) **Dues shall be computed** from the date of application and shall be non-refundable unless the association's Board of Directors terminates the individual's membership in accordance with subsection (a) above. In such instances, dues shall be returned to the individual less a prorated amount to cover the number of days that the individual received association services and any application fee.

Section 5.3c

(c) **The Board of Directors** may not terminate any provisional membership without providing the provisional member with advance notice, an opportunity to appear before the Board of Directors, to call witnesses on his behalf, to be represented by counsel, and to make such statements as he 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.

Section 5.3d

(d) **If the Board of Directors determines** that provisional membership should be terminated, it shall record its reasons with the Chief Staff Executive. If the Board of Directors believes that termination of provisional membership may become the basis of litigation and a claim of damage by a provisional member, it may specify that termination shall become effective upon entry in a suit by the Board for a declaratory judgment by a court of competent jurisdiction of a final judgment declaring that the termination violates no rights of the individual.

Section 5.4

New Member Code of Ethics Orientation: Applicants for REALTOR® membership and provisional REALTOR® members (where applicable) shall complete an orientation program on the Code of Ethics of not less than two hours and thirty 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 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.

Note: Orientation programs must meet the learning objectives and minimum criteria established from time to time by the NATIONAL ASSOCIATION OF REALTORS®.

Section 5.5

Continuing Member Code of Ethics Training: Effective January 1, 2001, through December 31, 2004, and for successive four year periods thereafter, each REALTOR® member of the association shall be required to complete quadrennial ethics training of not less than two hours and thirty 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 four year cycle shall not be required to complete additional ethics training until a new four year cycle commences.

Failure to satisfy this requirement shall be considered a violation of a membership duty for which REALTOR® membership shall be suspended until such time as the training is completed.

Members suspended for failing to meet the requirement for the first four (4)-year cycle (2001 through 2004) will have until December 31, 2005 to meet the requirement. Failure to meet the requirement by that time will result in automatic termination of membership. Failure to meet the requirement for the second (2005 through 2008) cycle and subsequent four (4)-year cycles will result in suspension of membership for the first two months (January and February) of the year following

the end of any four (4)-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 5.6
Section 5.6a

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 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 30 days of the date they advised the Board of their change in status, their new membership application will terminate automatically unless otherwise so directed by the Board of Directors.

A REALTOR® who is transferring 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 30 days of the date the board is advised of the disaffiliation with the current firm, membership will terminate automatically unless otherwise so directed by the Board of Directors.

Section 5.6b

(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.

Section 5.6c

(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 6.1

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

Section 6.2

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 Board Rules and Regulations not inconsistent with these Bylaws, after a

hearing as provided in the *Code of Ethics and Arbitration Manual* of the Association. Although Members other than 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 6.3 **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 6.4 **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 6.5 **If a Member resigns from the Association** or otherwise causes membership to terminate with an ethics complaint pending, that Board of Directors may condition the right of the resigning Member to reapply for membership upon the applicant's certification that he/she will submit to the pending ethics proceeding and will abide by the decision of the hearing panel.

Section 6.5a **(a) If a member resigns** or otherwise causes membership to terminate, the duty to submit to arbitration continues in effect even after membership lapses or is terminated, provided that the dispute arose while the former member was a REALTOR®.

Section 6.6 **REALTOR® Members.**

- Section 6.6a** (a) **Only REALTOR® Members**, whether primary or secondary, in good standing whose financial obligations to the Association are paid in full, shall be entitled to vote and to hold elective office in the Association.
- Section 6.6b** (b) **Only REALTOR® Members may use the term "REALTOR®" or REALTORS®**, which use shall be subject to the provisions of Article VIII.
- Section 6.6c** (c) **REALTOR® Members have the primary responsibility** to safeguard and promote the standards, interests and welfare of the Association and the real estate profession.
- Section 6.6d** (d) **If a REALTOR® Member is a sole proprietor in a firm**, a partner in a partnership, or an officer of a corporation, and is suspended or expelled, the firm, partnership, or corporation of which he is a principal shall not use the terms "REALTOR®" or "REALTORS®" in connection with its business during the period of his suspension, or until readmission to REALTOR® Membership, or unless connection with the firm, partnership, or corporation is severed, or management control is relinquished, whichever may apply. The membership of all other principals, partners, or corporate officers shall suspend or terminate during the period of suspension of the disciplined Member, or until readmission of the disciplined Member, or unless connection of the disciplined Member with the firm, partnership, or corporation is severed, or unless the REALTOR® who is suspended or expelled removes himself from any form or degree of management control of the firm for the term of the suspension or until readmission to membership, whichever may apply. Removal of an individual from any form or degree of management control must be certified to the Association by the Member who is being suspended or expelled and by the individual who is assuming management control, and the signatures of such certification must be notarized. In the event the suspended or expelled Member is so certified to have relinquished all form or degree of management control of the firm, the membership of other partners, corporate officers, or other individuals affiliated with the firm shall not be affected, and the firm, partnership, or corporation may continue to use the terms REALTOR® and REALTORS® in connection with its business during the period of suspension or until the former Member is readmitted to membership in the Association. The foregoing is not intended to preclude a suspended or expelled Member from functioning as an employee or independent contractor, providing no management control is exercised. Further, the membership of REALTORS® other than principals who are employed 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 management control is relinquished, 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 other than a sole proprietor in a firm, partner in a partnership, or officer of a corporation is suspended or expelled, the use of the term REALTOR® or REALTORS® by the firm, partnership, or corporation shall not be affected.

- Section 6.6e** (e) **In any action taken against a REALTOR® Member** for suspension or expulsion under Section 6.6(d) 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 6.6(d) shall apply.
- Section 6.7** **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®.
- Section 6.8** **Affiliate Members.** Affiliate Members shall have such privileges and rights and be subject to such obligations as may be prescribed by the Board of Directors.
- Section 6.9** **Public Service Members.** Public Service Members shall have such privileges and rights and be subject to such obligations as may be prescribed by the Board of Directors.
- Section 6.10** **Honorary Members.** Honorary Members shall have no rights except the right to attend meetings and participate in discussions, and shall impose no obligations.
- Section 6.11** **Certification by REALTOR®.** "Designated" REALTOR® Members of the Association shall certify to the Association during the month of January, on a form provided by the Association, a complete listing of all individuals licensed or certified in the REALTOR®'s office(s) and shall designate a primary Association for each individual who holds membership. Designated REALTORS® shall also identify any non-member licensees in the REALTORS®'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 10.2(a) of the Bylaws. "Designated" REALTOR® Members shall also notify the Association of any additional individual(s) licensed with the firm(s) within 30 days of the date of affiliation or severance of the individual.
- Section 6.12** **Harassment.** Any member of the Association may be reprimanded, placed on probation, suspended or expelled for harassment of an Association or MLS

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

ARTICLE VII

Professional Standards and Arbitration

- Section 7.1** **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 by this reference is made a part of these Bylaws, provided, however, that any provision deemed inconsistent with state law shall be deleted or amended to comply with state law. The *Code of Ethics and Arbitration Manual* of the NATIONAL ASSOCIATION OF REALTORS® as modified to conform to Washington State law is adopted as the *Code of Ethics and Arbitration Manual* of the Association and shall be considered a part of its Policy Manual. The Policy Manual of the Association shall in the future be deemed to be amended and changed whenever said *Code of Ethics and Arbitration Manual* is amended or changed by the National Association.
- Section 7.2** **It shall be the duty and responsibility of every REALTOR®** Member of this Association to abide by the Constitution and Bylaws and the Rules and Regulations of the Association, the Constitution and Bylaws of the State Association, the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS®, and to abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, including the duty to arbitrate controversies arising out of real

estate transactions as specified by Article 17 of the Code of Ethics, and as further defined and in accordance with the procedures set forth in the *Code of Ethics and Arbitration Manual* of this Association as from time to time amended.

Section 7.3 **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 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 Term "REALTOR®" and "REALTORS®"

Section 8.1 **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.

Section 8.2 **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 8.3 **A REALTOR® Member who is a principal of a firm,** partnership, or corporation may use the terms "REALTOR®" or "REALTORS®" only if all of 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 of the Association.

Section 8.3a **(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 8.4 **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 9.1 **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 Yakima 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 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 9.2 **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 9.3 **The Association hereby 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 Washington Association of REALTORS®.

ARTICLE X

Dues and Assessments

Section 10.1 **Application Fee:** The Board of Directors may adopt an application fee for REALTOR® membership in a reasonable amount, 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 10.2
Section 10.2a

Dues: The annual dues of Members shall be as follows.

(a) 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 (calculated from issue date of license with REALTOR® Member during the current fiscal year) 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 Section 10.2(a)(1) of this Article shall not be included in the computation of dues if the Designated REALTOR® has paid dues 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 identify of the Association to which dues have been remitted. In the case of a Designated REALTOR® Member ins 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.

Section 10.2a.1

(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 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 which is engaged in other aspects of the real estate business provided that such licensee is not otherwise included in the computation of dues payable by the principal, partner, or corporate officer of the entity.

A REALTOR® with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR® for consideration on a substantially exclusive basis shall annually file with the Association on a form approved by the Association a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers

and are not engaged in listing, selling, leasing, 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®.

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

Section 10.2b (b) **The annual dues of each REALTOR® member** other than the Designated REALTOR® shall be in such amount as established annually by the Board of Directors.

Section 10.2c (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 Institutes, Societies and Councils of the National Association shall be responsible for collecting and remitting dues to the National Association for Institute Affiliate Members (\$75.00). The National Association shall credit \$25.00 to the account of a local association for each Institute Affiliate Member whose office address is within the assigned territorial jurisdiction of that association, provided, however, if the office location is also within the territorial jurisdiction of a Commercial Overlay Board (COB), the \$25.00 amount will be credited to the COB, unless the Institute Affiliate Member directs that the dues be distributed to the other board. The National Association shall also credit \$25.00 to the account of state associations for each Institute Affiliate Member whose office address is located within the territorial jurisdiction of the state association. Local and state associations may not establish any additional entrance, initiation fees or dues for Institute Affiliate Members, but may provide service packages to which Institute Affiliate Members may voluntarily subscribe. (Amended 1/02)"

Section 10.2d (d) **Affiliate Members.** The annual dues of each Affiliate Member shall be in such amount as established annually by the Board of Directors.

Section 10.2e (e) **Public Service Members.** The annual dues of each Public Service Member shall be in such amount as established annually by the Board of Directors.

Section 10.2f (f) **Honorary Members.** Dues payable, if any, shall be at the discretion of the Board of Directors.

- Section 10.3** **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 date of application and granting of provisional membership.
- Section 10.3a** **(a) In the event a sales licensee or licensed or certified appraiser** who holds REALTOR® membership is dropped for nonpayment of Board dues, and the licensee remains with the designated REALTOR®'s firm, the dues obligation of the "designated" REALTOR® (as set forth in Article X, Section 10.2 (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 30 days of the notice of termination.
- Section 10.4** **Non-Payment of Financial Obligations.** If dues, or other assessments including amounts owed to the Association or the Association's Multiple Listing Service 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. Two months after due date, membership of the nonpaying Member may be terminated at the discretion of the Board of Directors. Three months after 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, 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 the manner prescribed for new applicants for membership, after making payment in full of all accounts due as of the date of termination.
- Section 10.5** **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 10.6** **Expenditures:** The Board of Directors shall administer the finances of the Association but shall not incur an obligation in excess of \$2,500.00 without authorization by vote of a majority of a quorum as set forth in Article XII.
- Section 10.7** **Notice of Dues, Assessments, or Other Financial Obligations of Members.** All dues, 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 10.8 **The dues of REALTOR® Members who are REALTOR® Emeriti** (as recognized by the National Association), Past Presidents of the National Association or recipients of the Distinguished Service Award shall be as determined by the Board of Directors.

ARTICLE XI
Officers and Directors

Section 11.1 **Officers.** The elective officers of the Association shall be: a President, a President Elect, a Secretary/Treasurer. They shall be elected for terms of one year.

Section 11.2 **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 to keep the records of the Association and to carry on all necessary correspondence with the NATIONAL ASSOCIATION OF REALTORS® and the Washington Association of REALTORS®.

Section 11.3 **Board of Directors.** The governing body of the Association shall be a Board of Directors consisting of the elective officers, the immediate past president of the Board, and at least six but no more than eleven elected REALTOR® Members of the Association. Directors shall be elected to serve for terms of three years, or for such lesser terms as may be necessary to complete the fiscal year. Thereafter as many Directors shall be elected each year as are required to fill vacancies.

Section 11.3a **Term Limits.** No elected director shall serve for more than six consecutive years.

Section 11.4 **Election of Officers and Directors.**

Section 11.4a (a) **At least ninety days** before the annual election a nominating committee of at least five REALTOR® Members shall be appointed by the President with the approval of the Board of Directors. This committee shall be chaired by the Immediate Past President of the Association. In the event the Immediate Past President cannot assume this position, the chairman will be appointed by the President. The nominating committee shall select at least one candidate for each officer position and at least as many candidates as there are director positions to be filled on the Board of Directors. The report of the nominating committee shall be mailed or where permitted by state law, electronically transmitted to each REALTOR® Member eligible to vote at least fifteen days preceding the election. Additional candidates for the offices to be filled may be placed in nomination from the floor at the election meeting or by a petition signed by at least twenty percent of the REALTOR® Members eligible to vote. The petition shall be filed with the

Chief Staff Executive at least ten days before the election. The Chief Staff Executive shall send notice of such additional nominations to all REALTOR® Members eligible to vote before the election.

- Section 11.4b** (b) **The election of officers and directors** shall take place at the annual meeting. Election shall be by ballot and all votes must be cast in person. The ballot shall contain the names of all candidates and the offices for which they are nominated. Each REALTOR® member shall be entitled to one vote for each officer position to be filled, and shall be entitled to one vote for as many director positions as are to be filled. Each candidate for an officer position receiving the highest number of votes shall be elected, and those candidates receiving the highest number of votes for the director positions to be filled shall be elected. Full term Director positions to be filled first.
- Section 11.4c** (c) **The President**, with the approval of the Board of Directors, shall appoint an election committee of three REALTOR® Members to conduct the election. In case of a tie vote, the issue shall be determined by lot.
- Section 11.4d** (d) **Not more than three REALTOR® Members** from the same office can hold in office either as an officer or director, in the Association during the same term, including the immediate Past President.
- Section 11.4e** (e) **To be eligible for nomination to the elective office of President**, the nominee shall have served as President Elect, having been elected to President Elect under Section 11.4 (a), Article XI.
- Section 11.4f** (f) **To be eligible for nomination to the elective office of President-Elect or Secretary-Treasurer**, the nominee shall have served at least one (1) year as a Director to the Yakima Association of REALTORS® within the preceding five-year span.
- Section 11.4g** (g) **To be eligible for nomination to the elective office of Director**, the nominee shall have served actively on REALTOR® committees or as a REALTOR® Director within the preceding 10 years.
- Section 11.5** **Vacancies.** Vacancies among the officers and the Board of Directors shall be filled by the Board of Directors until the next annual election and shall meet current election criteria.
- Section 11.6** **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:

- Section 11.6a** (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.
- Section 11.6b** (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.
- Section 11.6c** (c) **The special meeting shall be noticed** to all voting Members at least ten (10) days prior to the meeting, and shall be conducted by the President of the Association unless the President's continued service in office is being considered at the meeting. In such case, the next-ranking officer will conduct the meeting of the hearing by the Members. Provided a quorum is present, a three-fourths vote of Members present and voting shall be required for removal from office.
- Section 11.7 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 Board. 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.

ARTICLE XII

Meetings

- Section 12.1 Annual Meeting.** The annual meeting of the Association shall be held during the 9th month of each year, the place and hour to be designated by the Board of Directors.
- Section 12.2 Meetings of Directors.** The Board of Directors may designate a regular time and place of meeting. Absence from three-regular meetings without an excuse deemed valid by the Board of Directors shall be construed as resignation therefrom.
- Section 12.3 Other Meetings.** Meetings of the members may be held at such other times as the President or the Board of Directors may determine, or upon the written request of at least ten percent of the REALTOR® Members eligible to vote.

- Section 12.4** **Notice of Meetings.** Written notice shall be given to every member entitled to participate in the meeting at least five days preceding all meetings. If a Special Meeting, it shall be accompanied by a statement of the purpose of the meeting.
- Section 12.5** **Quorum.**
- Section 12.5a** (a) A **quorum** for the transaction of business at any regular or special meeting shall consist of twenty percent of the REALTOR® Members of the Association in good standing.
- Section 12.5b** (b) A **majority of the Board of Directors** shall constitute a quorum for the transaction of business at any Board of Directors meeting.
- Section 12.5c** (c) A **quorum for the transaction of business** at any committee meeting shall be a majority of the members of the committee.
- Section 12.6** **Electronic Transaction of Business.** To the fullest extent permitted by law, the Board of Directors or membership may conduct business by electronic means.
- Section 12.7** **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 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 13.1 **Standing Committees.** The President shall appoint, subject to confirmation by the Board of Directors, the following standing committees:

- | | |
|------------------------|------------------------|
| Association Operations | Government Affairs |
| Business Practices | Information Systems |
| Education | Professional Standards |
| Grievance | |

- Section 13.2** **Special Committees.** The President shall appoint, subject to confirmation by the Board of Directors, such special committees or task forces as he/she may deem necessary.
- Section 13.3** **Organization.** All committees shall be of such size and shall have such duties, functions and powers as may be assigned to them by the President or the Board of Directors, except as otherwise provided in these Bylaws.
- Section 13.4** **President.** The President shall be an ex-officio member of all committees and shall be notified of their meetings.
- Section 13.5** **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 the Chairman or Vice Chairman and one or more of the members of the committee.
- Section 13.6** **Attendance by Telephone.** Members of a committee may participate in any meeting through the use of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Such participation shall be at the discretion of the President and shall constitute presence at the meeting.

ARTICLE XIV

Fiscal and Elective Year

- Section 14.1** The fiscal and elective year of the Association shall be the calendar year.

ARTICLE XV

Rules of Order

- Section 15.1** **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 16.1** **These Bylaws may be amended** by a two-thirds majority vote of the REALTOR® Members present at any meeting at which a quorum is present, provided the substance of such proposed amendment or amendments shall be plainly stated in the

call for the meeting, except that the Board of Directors may, at any regular or special meeting of the Board of Directors at which a quorum is present, approve amendments to the Bylaws which are mandated by NAR policy. Article IX may be amended only by a majority vote of all REALTOR® members.

Section 16.2 **Notice by mail** of all meetings at which such amendments are to be considered shall be given to every REALTOR® Member at least five days prior to the time of meeting.

Section 16.3 **Amendments** to these Bylaws affecting the admission or qualification of REALTOR® Members, the use of the term "REALTOR®" or "REALTORS®", or any alteration in the territorial jurisdiction of the Association shall become effective upon their approval by the Board of Directors of the National Association of REALTORS®.

ARTICLE XVII

Dissolution

Section 17.1 **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 local United Way fund or, within its discretion to any other non-profit and tax exempt educational or charitable institution.

ARTICLE XVIII

Multiple Listing

Section 18.1 **Authority.** The Association of REALTORS® shall maintain for the use of its members a Multiple Listing Service, which shall be a lawful corporation of the state of Washington, all the stock of which shall be owned by the Yakima Association of REALTORS®.

Section 18.2 **Purpose.** Multiple Listing Service is: A Multiple Listing Service is a means by which authorized Participants make blanket unilateral offers of compensation to other Participants (acting as subagents, buyer agents, or in other agency or non-agency capacities defined by law); by which cooperation among participants is enhanced; by which information is accumulated and disseminated to enable authorized Participants to prepare appraisals, analyses, and other valuations of

real property for bona fide clients and customers; by which Participants engaging in real estate appraisal contribute to common data bases; and is a facility for the orderly correlation and dissemination of listing information so participants may better serve their clients and the public. Entitlement to compensation is determined by the cooperating broker's performance as a procuring cause of the sale (or lease).

Section 18.3 **Governing Documents.** The Board of Directors shall cause any Multiple Listing Service established by it pursuant to this Article to conform its corporate Charter, Constitution, Bylaws, Rules, Regulations, Policies, Practices, and Procedures at all times to the Constitution, Bylaws, Rules, Regulations, and Policies of the NATIONAL ASSOCIATION OF REALTORS®.

Section 18.4 **Participation.** Any REALTOR® Member of this or any other Association who is a principal, partner, corporate officer or branch manager acting on behalf of the principal, without further qualification, shall be eligible to participate in Multiple Listing upon agreeing in writing to conform to the Rules and Regulations thereof and to pay the costs incidental thereto. However, under no circumstances is any individual or firm, regardless of membership status, entitled to Multiple Listing Service "Membership" or "Participation" unless they hold a current, valid real estate broker's license and are capable of offering and accepting subagency or are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property. Use of information developed by or published by an Association Multiple Listing Service is strictly limited to the activities authorized under a Participant's licensure(s) or certification and unauthorized uses are prohibited. Further, none of the foregoing is intended to convey "Participation", or "Membership" or any right of access to information developed or published by an Association Multiple Listing Service where access to such information is prohibited by law.

Section 18.5 **Access to Comparable and Statistical Information.** Association Members who are actively engaged in real estate brokerage, management, mortgage financing, appraising, land development or building, but who do not participate in the MLS, are nonetheless entitled to receive, by purchase or lease, information other than current listing information that is generated wholly or in part by the MLS including "comparable" information, "sold" information, and statistical reports. This information is provided for the exclusive use of Association Members and individuals affiliated with Association Members who are also engaged in the real estate business and may not be transmitted, retransmitted, or provided in any manner to any unauthorized individual, office or firm except as otherwise specified in the MLS Rules and Regulations. Association members who receive such information, either as an Association service or through the Association's MLS, are

subject to the applicable provisions of the MLS Rules and Regulations whether they participate in the MLS or not.

ARTICLE XIX
Director Exculpation

Section 19.1 **Officer/Director Liability.** An Officer or Director (hereinafter referred to as a "Director") of the Association shall not be personally liable to the Association or its members for monetary damages for conduct as a Director, except for liability of the Director: (1) for acts or omissions which involve intentional misconduct by the Director or a knowing violation of law by the Director; (2) for conduct violating Section 23A.08.450 of the Washington Business Corporation Act; or (3) for any transaction from which the Director will personally receive a benefit in money, property or services to which the Director is not legally entitled. If the Washington Business Corporation Act is amended to authorize corporate action further eliminating or limiting the personal liability of Directors, then the liability of a Director of the Association shall be eliminated or limited to the fullest extent permitted by the Washington Business Corporation Act, as so amended. Any repeal or modification of the foregoing paragraph by the members of the Association shall not adversely affect any right or protection of a Director of the Association existing at the time of such repeal or modification.

ARTICLE XX
Indemnification of Officers and Directors

Section 20.1 **Right of Indemnification.** Each person who was or is made a party to or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, shall be indemnified and held harmless by the Association if that person is or was an Officer or Director of the Association. Likewise, a person shall be indemnified if, being or having been such an Officer or Director, he or she is or was serving at the request of the Association as an Officer, Director, employee or agent of another Association or of a partnership, joint venture, trust, or other enterprise, including service with respect to employee benefit plans. The person shall be indemnified whether the basis of a proceeding is an alleged action in an official capacity as an Officer, Director, employee, agent or in any other capacity while serving as an Officer, Director, employee or agent or in any other capacity. The Association shall indemnify and hold harmless to the full extent permitted by applicable law as then in effect, against all expenses, liability and loss

(including, without limitation, attorneys' fees, judgments, fines, ERISA, excise taxes, or penalties and amounts to be paid in settlement) actually or reasonably incurred or suffered by such person in connection therewith. Such indemnification shall continue as to a person who has ceased to be an Officer, Director, employee, or agent and shall inure to the benefit of that person's heirs, executors, and administrators. No indemnification shall be provided under Article XX to any such person if the corporation is prohibited by the non-exclusive provisions of the Washington Business Corporation Act or other applicable law as is then in effect from paying such indemnification. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the Association the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses in advance of the final disposition of a proceeding shall be made to or on behalf of an Officer or Director only upon delivery to the Association of an undertaking, by or on behalf of such Officer or Director, to repay all amounts so advanced if it shall ultimately be determined that such Officer or Director is not entitled to be indemnified under this Article or otherwise, which undertaking may be unsecured and may be accepted without reference to financial ability to make repayment.

Section 20.2

Effect on Other Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, Bylaws, agreement, or vote of shareholders or disinterested Directors or otherwise.

Section 20.3

Insurance. At its expense, the Association may maintain insurance to protect itself and any Officer, Director, employee or agent of the Association or of another association, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Association would have the power to indemnify such person against such expense, liability or loss under the Washington Business Corporation Act. The Association may enter into contracts with any Officer or Director of the Association in furtherance of the provisions of this Article and may create a trust fund, grant a security interest in, 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 20.4

Advance Payment. The Association may, by action of its Board of Directors from time to time, provide indemnification and pay expenses in advance of the disposition of a proceeding, to employees and agents of the Association with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of Officers and Directors of the Association or pursuant to rights granted pursuant to, or provided by, the Washington Business Corporation Act or otherwise.

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