

**BYLAWS
of the
North Texas Commercial Association of REALTORS[®], Inc.
(October 19, 2004)**

ARTICLE I - NAME

Section 1. Name. The name of this organization shall be the North Texas Commercial Association of REALTORS[®], Inc., (hereinafter referred to as the “Association”).

Section 2. REALTORS[®]. Inclusion and retention of the Registered Collective Membership Mark REALTORS[®] in the name of the Association shall be governed by the Constitution and Bylaws of the National Association of REALTORS[®] (hereinafter referred to as the “National Association”) 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 commercial 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.

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

Section 4. To further the interests of real property ownership.

Section 5. To unite those engaged in the real estate profession in this community with the Texas Association of REALTORS[®] (hereinafter referred to as the “Texas Association”) and the National Association, 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, those individuals authorized to use the terms REALTOR[®] and REALTORS[®] as licensed, prescribed, and controlled by the National Association.

ARTICLE III - JURISDICTION

Section 1. The territorial jurisdiction of the Association as a Member of the National Association shall include the counties of the north Texas area as shown on Exhibit "A" attached hereto and made a part hereof.

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

ARTICLE IV - MEMBERSHIP

Section 1. There shall be six (6) classes of Members as follows:

(a) **REALTOR[®] Members.** REALTOR[®] Members shall be:

(1) Individuals who, as sole proprietors, partners, limited liability company principals (members, managers or officers), 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, or financing, building, developing or subdividing real estate, and who maintain or are associated with an established real estate office in the State of Texas or a state contiguous thereto. All persons who are partners in a partnership, principals in a limited liability company, officers in a corporation, or branch office managers who are actively engaged in the real estate profession within the State of Texas 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 this Association or another association or board of REALTORS[®] within the State of Texas 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, limited liability company or corporation, whose business activity is substantially all commercial, only those principals actively engaged in the real estate business in connection with the same office, or any other offices within the jurisdiction of the board in which one of the firm's principals holds REALTOR[®] membership, shall be required to hold REALTOR[®] membership unless otherwise qualified for Institute Affiliate Membership as described in Section 1(b) of Article IV.

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

(3) Franchise REALTOR Membership. Corporate officers (who may be licensed or unlicensed) of a real estate brokerage franchise organization with at least one hundred fifty (150) franchisees

located within the United States, its insular possessions and the commonwealth of Puerto Rico, elected to membership pursuant to the provisions in the NAR Constitution and Bylaws. Such individuals shall enjoy all of the rights, privileges and obligations of REALTOR membership (including compliance with the Code of Ethics) except: obligations related to 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.

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

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

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

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

(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, governmental or other similar organizations, but are not engaged in the real estate profession on their own account or in association with an established real estate business.

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

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

ARTICLE V - QUALIFICATION AND ELECTION OF MEMBERS

Section 1. Application.

An application for membership shall be made in such manner and form as may be prescribed by the Board of Directors and made available to anyone requesting it. The application form shall contain among the statements to be signed by the applicant (1) that applicant agrees as a condition to membership to thoroughly familiarize himself with the Code of Ethics of the National Association, the Constitutions, Bylaws, and Rules and Regulations of the Association, the Texas Association and National Association, and if elected a Member, will abide by the Constitutions and Bylaws and Rules and Regulations of the Association, Texas Association and National Association, and if a REALTOR[®] will abide by the Code of Ethics of the National Association including the obligation to arbitrate controversies arising out of real estate transactions as specified by Article 14 of the Code of Ethics, and as further specified in the Code of Ethics and Arbitration Manual of the National Association, 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

An applicant for REALTOR[®] Membership who is a principal, partner, or corporate officer, or branch office manager of a real estate firm shall supply evidence satisfactory to the Association that he or she is actively engaged in the real estate profession, and maintains a current, valid Texas 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 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 Texas Association, and the Constitution and Bylaws and Code of Ethics of the National Association, and shall pass such reasonable and nondiscriminatory written examination thereon as may be required by the Association, and shall agree that if elected to membership, he or she will abide by such Constitution, Bylaws, Rules and Regulations, and Code of Ethics.

(b) Individuals who are actively engaged in the real estate profession other than as sole proprietors, partners, corporate officers, or branch office managers in order to qualify for REALTOR Membership, shall at the time of application, be associated either as an employee or as an independent contractor with a Designated REALTOR Member of the Board or a Designated REALTOR Member of another Board (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 Board, the Bylaws of the State Association, and the Constitution and Bylaws and Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS, and shall pass such reasonable and nondiscriminatory written examinations thereon as may be required by the Membership Committee and shall agree in writing that if elected to membership he will abide by such Constitution, Bylaws, Rules and Regulations, and the Code of Ethics.

Section 2. Election.

The procedure for election to membership shall be as follows:

(a) The Chief Staff Executive or designee shall determine whether the applicant is applying for the appropriate class of membership. The Membership Committee may investigate the qualifications of the applicant for membership, and shall conduct all proceedings with strict attention to the principles of due process and compliance with the Bylaws of the Association.

(b) The Board of Directors shall review the qualifications of the applicant and the recommendations of the Chief Staff Executive or designee and then vote on the applicant's eligibility for membership. If the applicant receives a majority vote of the Board of Directors, he or she shall be declared elected to membership and shall be advised by written notice.

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

(e) If the Board of Directors determines that the application should be rejected, it shall record its reasons with the Chief Staff Executive or designee. If the Board of Directors believes that denial of membership to the applicant may become the basis of litigation by the applicant, it may specify that denial shall become effective upon entry in a suit by the Association for declatory judgement by a court of competent jurisdiction of a final judgement declaring that the rejection violates no rights of the applicant.

Section 3. New Member Code of Ethics Orientation.

(a) 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 one hundred eighty (180) 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 4. 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 Texas Association, the National Association, or any other recognized educational institution or provider which meets the learning objectives and minimum criteria established by the National Association 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.

Section 5. Status Changes.

(a) A REALTOR[®] who changes the conditions under which he or she holds membership shall be required to provide written notification of such change to the Association within thirty (30) days. A REALTOR[®] (non-principal) who becomes a principal in the firm with which he or she has been licensed or, alternatively, becomes a principal in a new firm which will be comprised of REALTOR[®] principals, may be required to satisfy any previously unsatisfied membership requirements applicable to REALTOR[®] (principal) Members but shall, during the period of transition from one status of membership to another, be subject to all of the privileges and obligations of a REALTOR[®] (principal). If the REALTOR[®] (non-principal) does not satisfy the requirements established in these Bylaws for the category of membership to which he or she has transferred within sixty (60) days of the date he or she advised the Association of such change in status, his or her 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 60 days of the date the Association is advised of the disaffiliation with the current firm, membership will terminate automatically unless otherwise so directed by the Board of Directors.

(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 calendar year.

ARTICLE VI- PRIVILEGES AND OBLIGATIONS

Section 1. Privileges of Members. The privileges and obligations of Members shall be specified in these Bylaws and in the Association Rules and Regulations.

Section 2. Sanctions of Members. 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 National 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 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 Association, the Texas Association, and the National Association.

Section 3. Authorized Disciplines. 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 National Association, provided that the discipline imposed is consistent with the discipline authorized by the Professional Standards Committee of the National Association as set forth in the Code of Ethics and Arbitration Manual of the National Association.

Section 4. Resignations of Members.

(a) Resignations of Members shall become effective when written resignation notice is received by the Board of Directors, provided, however, that if any Member submitting a resignation is indebted to the Association for dues, fees, fines, or other assessments of the Association or any of its services, departments, divisions, or subsidiaries, the Association may stipulate that the right of the resigning Member to reapply for membership shall be contingent upon payment in full of all such monies owed.

(b) Designated REALTOR[®] Members shall notify the Association of all individuals who are currently issued a Texas real estate license and who are employed by or affiliated with them as Independent Contractors (Licensees). Designated REALTOR[®] Members shall also notify the Association when a Licensee ceases affiliation with said Designated REALTOR[®]

Member. Each notification shall be in writing and shall be received in the Association's office within thirty (30) days after the commencement or cessation of such affiliation.

(c) In the event a REALTOR[®] Member, other than a Designated REALTOR[®] Member, terminates his or her affiliation with a Designated REALTOR[®] Member (either temporarily or otherwise) then, in such event, the membership of said REALTOR[®] Member in the Association shall cease until such time as said REALTOR[®] member is again affiliated with a Designated REALTOR[®] Member as set forth in Article V, Section 2 (a) and (b) of these Bylaws.

Section 5. Reapplication Condition. If a Member resigns from the Association or otherwise causes membership to terminate with an ethics complaint pending, the Board of Directors may stipulate that the right of the resigning Member to reapply for membership shall be contingent upon the applicant's certification that he or she will submit to the pending ethics proceeding and will abide by the decision of the hearing panel.

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

Section 6. Rights of REALTOR[®] Members.

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

(a) If a Designated REALTOR[®] Member is a sole proprietor in a firm, a partner in a partnership, a principal in a limited liability company, an officer in a corporation, or a branch office manager, and is suspended or expelled, the firm, partnership, limited liability company or corporation shall not use the terms REALTOR[®] or REALTORS[®] in connection with its business during the period of suspension, or until readmission to REALTOR[®] membership, or unless connection with the firm, partnership, limited liability company or corporation is severed, or management control is relinquished, whichever may apply. The membership of all other principals, partners, corporate officers or branch office managers 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, limited liability company or corporation is severed, or unless the REALTOR[®] who is suspended or expelled removes himself or herself from any form or degree of management control of the firm for the term of the suspension or until readmission to membership, whichever may apply. Removal of an individual from any form or degree of management control must be certified to the Association by the Member who is being suspended or expelled and by the individual who is assuming management control, and the signatures of such certification must be notarized. In the event the suspended or expelled Member is so certified to have relinquished all form or degree of management control of the firm, the membership of other partners, limited liability company principals, corporate officers, branch office managers and other individuals affiliated with the

firm shall not be affected, and the firm, partnership, limited liability company 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 of a real estate firm, providing no management control is exercised. Further, the membership of REALTORS[®] other than principals who are employed or affiliated as independent contractors with the disciplined Member shall suspend or terminate during the period of suspension of the disciplined Member or until readmission of the disciplined Member, or unless connection of the disciplined Member with the firm, partnership, limited liability company or corporation is severed, or management control is relinquished, or unless the REALTOR[®] Member(s) (non-principal(s)) elects to sever their connection with the Designated REALTOR[®] Member and affiliate with another Designated REALTOR[®] Member in good standing in the Association, whichever may apply.

If a REALTOR[®] Member other than the Designated REALTOR[®] Member is suspended or expelled, the use of the terms REALTOR[®] or REALTORS[®] by the firm, partnership, limited liability company or corporation shall not be affected.

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

Section 7. Rights of 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.

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

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

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

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

Section 12. Certification by REALTOR. “Designated” REALTOR Members of the Board shall certify to the Board during the month of October on a form provided by the Board, a complete listing of all individuals licensed or certified in the REALTOR’s office(s) and shall designate a primary Board for each individual who holds membership. Designated REALTORS shall also identify any non-member licensees in the REALTOR’s office(s) and if Designated REALTOR dues have been paid to another Board based on said non-member licensees, the Designated REALTOR shall identify the Board to which dues have been remitted. These

declarations shall be used for the purposes of calculating dues under Article X, Section 2 (a) of the Bylaws. "Designated" REALTOR Members shall also notify the Board of any additional individual(s) licensed or certified with the firm(s) within 30 days of the date of affiliation or severance of the individual

Section 13. Change of Address. A REALTOR[®] Member who changes the address of such REALTOR's principal place of business or the address of any branch office of such REALTOR[®] shall, within thirty (30) days of each such change of address, notify the Association in writing of the new address.

ARTICLE VII - PROFESSIONAL STANDARDS AND ARBITRATION

Section 1. Governing Manual. 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, as amended from time to time, which is by this reference incorporated into these Bylaws, provided, however, that any provision deemed inconsistent with state law shall be deleted or amended to comply with state law.

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

Section 3. Cooperative Professional Standards Enforcement Agreement. 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 any cooperative professional standards enforcement agreement that may be entered into by the Association, which by this reference is made a part of these Bylaws.

ARTICLE VIII - USE OF THE TERMS REALTOR[®] AND REALTORS[®]

Section 1. Authorized Use. 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 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, use of the terms within its jurisdiction.

Section 2. Limitations on Use. 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. Qualification of Use.

(a) Except as provided in Section 3(b) of this Article VIII, a REALTOR[®] Member who is a principal of a real estate firm, partnership, limited liability company or corporation may use the terms REALTOR[®] and REALTORS[®] only if all the principals of such firm, partnership, limited liability company, 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 or Institute Affiliate Members as described in Section 1(b) of Article IV.

(b) In the case of a REALTOR[®] member who is a principal of a real estate firm, partnership, limited liability company, 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, limited liability company, or corporation holds REALTOR[®] membership. If a firm, partnership, limited liability company 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 Prohibition. Institute Affiliate Members shall not use the terms REALTOR[®] or REALTORS[®], nor the imprint of the emblem seal of the National Association.

ARTICLE IX - STATE AND NATIONAL MEMBERSHIPS

Section 1. State and National Associations. The Association shall be a member of the National Association and the Texas Association. By reason of the Association's membership, each REALTOR[®] Member of the Association shall be entitled to membership in the National Association and the Texas Association without further payment of dues. The Association shall continue as a member of the Texas Association and National Association, unless by a majority vote of all of its REALTOR[®] Members, decision is made to withdraw, in which case the Texas Association and National Association shall be notified at least one month in advance of the date designated for the termination of such membership.

Section 2. Ownership of Service Marks. The Association recognizes the exclusive property rights of the National Association 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. Adoption of Code. The Association adopts the Code of Ethics of the National Association and agrees to enforce the Code of Ethics among its REALTOR[®] Members. The Association and all of its Members agree to abide by the Constitution, Bylaws, Rules and Regulations, and policies of the National Association and the Texas Association.

ARTICLE X - DUES AND ASSESSMENTS

Section 1. Application Fee. The Board of Directors may adopt an application fee for REALTOR[®] Membership in reasonable amount, not exceeding three times the amount of the annual Association 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. The Board of Directors may adopt an application fee for Affiliate Membership in an amount as determined by the Board of Directors but not in excess of the annual dues for Affiliate Members.

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

(a) REALTOR Members. The annual dues of each Designated REALTOR Member shall be in such amount as established annually by the Board of Directors, plus an additional amount to be established annually by the Board of Directors times the number of real estate salespersons and licensed or certified appraisers who (1) are employed by or affiliated as independent contractors, or who are otherwise directly or indirectly licensed with such REALTOR Member, and (2) are not REALTOR Members of any Board in the state or a state contiguous thereto or Institute Affiliate Members of the Board. In calculating the dues payable to the Board by a Designated REALTOR Member, non-member licensees as defined in (1) and (2) of this paragraph shall not be included in the computation of dues if the Designated REALTOR has paid dues based on said non-member licensees in another Board in the state or a state contiguous thereto, provided the Designated REALTOR notifies the Board in writing of the identity of the Board to which dues have been remitted. In the case of a Designated REALTOR Member in a firm, partnership, or corporation whose business activity is substantially all commercial, any assessments for non-member licensees shall be limited to licensees affiliated with the Designated REALTOR (as defined in (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 Board shall be held to be any Member who has a place or places of business within the state or a state contiguous thereto and who, as a principal, partner, corporate officer, or branch office manager of a real estate firm, partnership, or corporation, is actively engaged in the real estate profession as defined in Article III, Section 1, of the Constitution of the NATIONAL ASSOCIATION OF REALTORS. An individual shall be deemed to be licensed with a REALTOR if the license of the individual is held by the REALTOR, or by any broker who is licensed with the REALTOR, or by any entity in which the REALTOR has a direct or indirect ownership interest and which is engaged in other aspects of the real estate business (except as provided for in Section 2 (a) (1) hereof) provided that such licensee is not otherwise included in the computation of dues payable by the principal, partner, corporate officer, or branch office manager of the entity.

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 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) The Board of Directors may establish different local Association dues amounts for REALTOR[®] Members which are dependent upon but not limited to such factors as location of Member's principal office in relation to the location of the office of the Association.

(c) **Institute Affiliate Memberships.** The annual dues of each Institute Affiliate Member shall be as established in Article II of the Bylaws of the National Association.

(d) **Other Categories of Membership.** The dues of each Affiliate and Honorary Member shall be in such amount as established annually by the Board of Directors.

Section 3. Dues Payable. Dues for all Members shall be payable annually in advance on the first day of January of each year and are not refundable. Dues shall be computed from the date of application and granting of provisional membership.

(a) In the event a licensee who holds REALTOR[®] membership is dropped for nonpayment of Association dues, and the licensee remains with the Designated REALTOR[®] Member, the dues obligation of the Designated REALTOR[®] Member (as set forth in Article X, Section 2 (a)) will be increased to reflect the addition of a non-member licensee. Dues shall be calculated from the first day of the current fiscal year and are payable within thirty (30) days of the notice of termination.

Section 4. Nonpayment of Financial Obligations. If dues, fees, fines, or other assessments including amounts owed to the Association are not paid within one (1) month after the due date, the nonpaying Member is subject to suspension at the discretion of the Board of Directors. Two (2) months after the due date, membership of the nonpaying Member may be terminated at the discretion of the Board of Directors. Three (3) months after the due date, membership of the nonpaying Member shall automatically terminate unless within that time the amount due is paid. However, no action shall be taken to suspend or expel a Member for nonpayment of disputed amounts until the accuracy of the amount owed has been confirmed by the Board of Directors. A former Member who has had his or her membership terminated for nonpayment of dues, fees, fines, or other assessments duly levied in accordance with the provisions of these Bylaws or the

provisions of other Rules and Regulations of the Association or any of its services, departments, divisions or subsidiaries may apply for reinstatement in a manner prescribed for new applicants for membership, after making payment in full of all accounts due as of the date of termination.

Section 5. Deposit. Deposits and expenditures of funds shall be in accordance with policies established by 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 twenty-five percent (25%) of all funds of the Association may not be made unless authorized by a majority vote of REALTOR[®] members eligible to vote who are present at a meeting called for such purpose.

Section 7. Notice of Dues, Fees, Fines, Assessments, and Other Financial Obligations of Members. Invoices for dues, fees, fines, assessments, and other financial obligations to the Association shall be sent to Association Members setting forth the amount owed and due date.

Section 8. REALTOR[®] Emeriti. 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.

Section 9. Increases in Dues and Fees.

(a) The Board of Directors shall be authorized to increase or decrease dues, fees, fines, assessments, or other financial obligations of Members. Any increase of dues and/or fees exceeding twenty percent (20%) of the current dues and/or fees in one calendar year shall be approved by majority vote of the REALTOR[®] Member present and qualified to vote at a meeting called for such purpose.

(b) In the event the Texas Association and/or the National Association increases or decreases the Association's dues, the Board of Directors may likewise increase or decrease the total dues of Association Members, as the case may be, in an amount equal to such increase or decrease by the Texas Association and/or the National Association.

Section 10. Special Fees and Assessments. Any special fee or assessment levied against the entire Membership shall be considered a portion of the twenty percent (20%) limitation provided in Article X, Section 9(a).

Section 11. Waiver of Dues. The Board of Directors may waive, suspend, or modify the requirements for payment of dues and other monies due the Association.

ARTICLE XI - OFFICERS AND DIRECTORS

Section 1. Officers. The Officers of the Association shall be: a President, a President-Elect, a Secretary/Treasurer and Executive Vice President. Each Officer shall be elected, with the exception of the Executive Vice President, for a term of one (1) year beginning on the 1st of January of the year next succeeding such election. The Executive Vice President shall be selected by, responsible to, and shall serve at the sole discretion of, a majority of the voting members of the Board of Directors. The Executive Vice President shall be subject to termination by a majority vote of the voting members of the Board of Directors.

Section 2. Duties of Officers. The duties of the Officers shall be such as their titles, by general usage, would indicate and such as may be assigned to them by the Board of Directors. It shall be the particular duty of the Chief Staff Executive or designee to keep the records of the Association and to carry on all necessary correspondence with the National Association and the Texas Association. The Secretary/Treasurer shall serve as chairperson of the Budget and Finance Committee.

(a) **Qualifications.** At organization, the Nominating Committee shall have the discretion to designate the Officers of the Association for the first three (3) years of operation of the Association. Thereafter, the following qualifications shall apply:

(1) The President shall be a REALTOR[®] Member who has served as President-Elect during all or a portion of the preceding year.

(2) The President-Elect shall be a REALTOR[®] Member who has served as an Officer or Director for at least twelve (12) consecutive months during the sixty (60) months immediately preceding his or her term of office.

(3) The Secretary/Treasurer shall be a REALTOR[®] Member having served as Director for at least twelve (12) consecutive months during the sixty (60) months immediately preceding his or her term of office.

(4) The Executive Vice President shall be the chief administrative Officer of the Association and perform such duties as prescribed by the Board of Directors.

Section 3. Board of Directors.

(a) **Composition of the Board.** The governing body of the Association shall be a Board of Directors consisting of: the elected Officers; the immediate Past President; nine (9) REALTOR[®] Members and one (1) Affiliate Member of the Association; the Regional Vice President of Region 7, or his or her appointee, of the Institute of Real Estate Management; the President or Presidential Appointee of the North Texas CCIM Chapter of the Commercial Investment Real Estate Institute; and the President or Presidential Appointee of the North Texas Chapter of the Society of Industrial and Office REALTORS[®]. The Board of Directors may invite the President of any board/association located within the jurisdiction of the Association to serve as an ex-officio, non-voting member of the Board.

(b) **Terms.** REALTOR[®] Members of the Board of Directors shall be elected to serve for terms of three (3) years, except that at organization, one-third (1/3rd) of the elected Directors shall be elected for terms of one (1), two (2), and three (3) years, respectively, or for lesser terms as may be necessary to complete the first fiscal year. Thereafter, as many Directors shall be elected each year as are required to fill vacancies. The Affiliate Member of the Board of Directors shall be elected to serve for a term of two (2) years. The Immediate Past President of the Association shall serve for a one-year term.

The Regional Vice President of Region 7, or his or her appointee, of the Institute of Real Estate Management, the President or Presidential Appointee of the North Texas CCIM Chapter of the Commercial Investment Real Estate Institute, and the President or Presidential Appointee of the North Texas Chapter of the Society of Industrial and Office REALTORS[®] shall serve for terms of one year.

(c) **Qualifications.** Effective for terms beginning 1996, each Director shall be a Member in good standing for the two (2) years immediately preceding his or her term of office.

(d) **Attendance.** Directors shall attend all regularly scheduled or called meetings of the Board of Directors. Unexcused absence of a Director from three (3) regularly scheduled or called Directors' meetings during a calendar year shall automatically terminate the Director's tenure of office. The Board of Directors shall elect, by majority vote, a new Director to serve the unexpired term. Excused absences shall be due only to personal or immediate family illness or absence for attendance at any industry or industry—related function, or such other policy as approved by the Board of Directors.

(e) **Quorum.** For purposes of conducting the business of the Board of Directors at a duly called or scheduled meeting, a majority of Directors eligible to vote shall constitute a quorum.

Section 4. Election of Officers and Directors.

(a) **Appointment of the Nominating Committee.** At least two (2) months before the annual election a Nominating Committee of seven (7) REALTOR[®] Members shall be appointed by the President with approval of the Board of Directors. The Immediate Past President shall serve as the chairperson of the Nominating Committee. Current Officers and Directors are not eligible to serve on the Nominating Committee, however, Officers may serve in an ex-officio capacity. No REALTOR[®] Member may serve on the Nominating Committee for more than two (2) consecutive terms. In the event the Immediate Past President is unable to serve, the Board of Directors shall appoint another Past President who shall serve as Chairperson and a voting Member. Members of the Nominating Committee may be considered for election as an Officer or Director.

(b) **Member Recommendations.** The Executive Vice President shall solicit by mail during the month of August of each year written recommendations from the REALTOR[®] Members for Nominees for Association Directors. Written recommendations for Nominees must

be received in the Association's office no later than the 10th day of September of each year. The Executive Vice President shall provide the Nominating Committee with written tabulation of results.

(c) **Duties.** The Nominating Committee shall review the Member recommendations and select one candidate for each office to be filled and one or more candidate(s) for each other place to be filled on the Board of Directors. The Nominating Committee shall obtain the acceptance of the nomination by each Nominee. Any Director who is nominated as an Officer shall vacate the current position effective at the end of the current year, and the Nominating Committee shall nominate a person to fill such vacancy. The Nominating Committee shall deliver the list of Nominees to the Executive Vice President no later than the 20th day of September of the current year. The Executive Vice President shall cause a list of said Nominees to be mailed to REALTOR[®] Members no later than the 30th day of September.

(d) **Members Nominations.** After notification to the REALTOR[®] Members of the list of Nominees, additional nominations of qualified Members may be made to the Nominating Committee no later than the 10th day of October, provided that each nomination shall be in writing and signed by not less than ten percent (10%) of the REALTOR[®] Members of the Association.

(e) **Uncontested Election Procedure.** In the event there is no contest for any position to be filled on the Board of Directors, the Member nominated shall be declared elected.

(f) **Contested Election Procedure.** The following procedure shall apply if the Nominating Committee has selected more candidates than the requisite number of positions to be filled or if additional nominees are received from the Members in accordance with above Article XI, Section 4(d).

(1) The Executive Vice President will mail, no later than the 25th day of October, to each REALTOR[®] Member qualified to vote, a mail ballot listing all Nominees, together with notification that said ballot must be received in the Association's office no later than the 10th day of November to be counted.

(2) The President shall appoint a Ballot Canvassing Committee of three (3) REALTOR[®] Members to canvass the ballots. The Ballot Canvassing Committee shall convene in the Association's office no later than the 15th day of November, and shall count all ballots that were received timely from REALTOR[®] Members qualified to vote. A tabulation of the votes cast for each Nominee shall be prepared, certified as correct by all Committee Members, and delivered to the President. The Nominee for each position receiving the most votes shall be elected. The President shall cause a list of the elected Officers and Directors to be posted in the Association's office as soon as the tabulation has been received and determined to be correct. The Executive Vice President shall then promptly send written notification to all REALTOR[®] Members of the elected results.

(3) If a tie vote occurs for an Association Office or Directorship, the Executive Vice President will mail, within five (5) days or by the 20th day

of November, to each REALTOR[®] Member qualified to vote a mail ballot listing the Nominees who received an equal number of votes, together with notification that said ballot must be completed and received by the Association's office no later than the 30th day of November to be counted. The Ballot Canvassing Committee shall convene in the Association's office no later than the 5th day of December to tabulate the votes cast and report to the President. Results of the election will be posted and REALTOR[®] Members notified.

Section 5. Vacancies. Vacancies occurring among the Board of Directors, except for the President, shall be filled until the next annual election by a majority vote of the Board of Directors. If the office of the President becomes vacant, the President-Elect shall succeed to such office. If a President-Elect serves as President by succession as provided herein, he or she shall be eligible to serve a full term the following year as President. If the office of President-Elect becomes vacant, the Board of Directors will elect a person to fill the vacancy.

Section 6. Terms. Each Officer and Director shall hold office until his or her successor shall have been duly elected and qualified, or until his or her death, resignation, or removal from office in the manner provided herein.

Section 7. Removal of Officers and Directors. An Officer or Director, other than the Executive Vice President of the Association, may be removed from office under the following procedure:

(a) A petition requesting 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 Secretary/Treasurer, 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 business of the meeting shall be to consider the -charge against said Officer or Director, and to render a decision on such petition.

(c) A notice of such special meeting shall be given 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 Secretary/Treasurer will conduct the meeting of the hearing by the Members. Ten percent (10%) of the membership qualified to vote must be present at the meeting. The petition to remove an Officer or Director from office must be approved by seventy-five percent (75%) of the Members present at such special meeting and entitled to vote on the petition.

(d) There shall be an Executive Vice President, appointed by the Board of Directors, who shall be the chief administrative officer of the Association. The Executive Vice President 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. The Executive Vice President may be removed from his/her position based solely on a majority vote of the Board of Directors.

ARTICLE XII - MEETINGS

Section 1. Annual Meetings. The Annual meeting of the Association shall be held during the final quarter (October, November, December) 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 regular meetings without an excuse deemed valid by the Board of Directors shall be construed as resignation.

Section 3. Other Meetings. Meetings of the Members may be held at other times as the President or the Board of Directors may determine, or upon the written request of at least 10% of the Members eligible to vote.

Section 4. Notice of Meetings. Written notice shall be given to every Member entitled to participate in the meeting at least one (1) week preceding all meetings, and shall specify the date, time, place and purpose of the meeting.

Section 5. Quorum. A quorum for the transaction of business at meetings other than meetings of the Board of Directors shall consist of those REALTOR[®] Members present at a duly called meeting who are eligible to vote, except as otherwise provided in these Bylaws.

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

Section 7. Action without Meeting. Any action required or permitted to be taken at a Board of Directors meeting may be taken without a meeting if the action is taken by all members of the Board of Directors. The Action must be evidenced by one or more written consents signed by each director before or after such action, describing the action taken, which consent(s) shall be included in the minutes. Action is effective when the last Director signs the consent, unless the consent specifies a different effective date.

ARTICLE XIII - COMMITTEES

Section 1. Standing Committees. The President shall appoint from among the REALTOR[®] Members, and such other Members as deemed appropriate, subject to confirmation by the Board of Directors. Standing committees :Budget & Finance, Professional Standards and Grievance.

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

Section 3. Organization. All committees shall be of such size and shall have duties, functions, and powers as assigned by the President or the Board of Directors except as otherwise provided in these Bylaws. The President, or any other Officer or Director of the Association appointed by the President, shall be an ex-officio member of all committees, with voting rights, and shall be notified of their meetings.

Section 4. Chairpersons. The chairperson of each committee, except the Executive Committee, the Nominating Committee, and the Budget and Finance Committee, shall be designated by the President. The chairperson of each committee of the Association shall be a voting member. A chairperson who fails to attend three (3) of the regular or called meetings of the committee, except when the absence is excused by the Board of Directors as specified in Article XIII, Section 6, may be removed and replaced by the President. A quorum at any committee meeting shall be a majority of the committee.

Section 5. Attendance. A committee member who fails to attend three (3) of the regular or called meetings within a calendar year, except when the absence is excused by the Board of Directors, may be removed from the committee upon the recommendation of the chairperson. A replacement may be appointed by the President. Excused absences shall be due only to personal or immediate family illness or attendance at an industry-related function, or such other policy as approved by the Board of Directors.

Section 6. Approval of Action. The action of all committees, prior to execution of such action, shall be subject to approval of the Board of Directors, except the actions of the Executive Committee, the Nominating Committee, and Arbitration Hearings as provided in the Code of Ethics and Arbitration Manual of the National Association.

Section 7. Executive Committee. The immediate Past President and the three (3) elected Officers shall constitute the Executive Committee, with authority to take executive action on matters that may arise between the regular meetings of the Directors, and with the duty to recommend to the Directors appropriate action in regard to policy decisions and general executive decisions that the Directors must make from time to time.

Section 8. Action without Meeting. Any action which may be taken at a meeting of the committee may be taken without a meeting if an acknowledgement in writing delivered by mail or electronically, by one or more written consents setting forth the action so taken, is signed by all of the members of a committee entitled to vote on the matter.

Section 10. Attendance by Telephone. Members of a committee may participate in any meeting through the use of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Such participation shall be at the discretion of the President and shall constitute presence at the meeting.

ARTICLE XIV - FISCAL AND ELECTIVE YEAR

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

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

ARTICLE XV - RULES OF ORDER

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

ARTICLE XVI - AMENDMENTS

Section 1. These Bylaws may be amended by a majority vote of the Members present and qualified to vote at any meeting of the Membership called for such purpose, 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 National Association policy.

Section 2. Notice of all meetings at which amendments of these Bylaws are to be considered shall be mailed to every member eligible to vote at least two (2) weeks 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.

ARTICLE XVII - DISSOLUTION

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