

HAWAI'I ASSOCIATION OF REALTORS®

BYLAWS



**Hawai'i
Association of
REALTORS®**
www.hawaii Realtors.com

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Amended and Restated Bylaws of the
HAWAI‘I ASSOCIATION OF REALTORS

Effective: _____, 2016

ARTICLE I - NAME AND OBJECTIVES

Section 1. Name. The name of this organization shall be the Hawai‘i Association of REALTORS.

Section 2. Objectives. The objectives of this Association shall be generally to serve as a trade association, of REALTORS® in the State of Hawaii, as described in and consistent with Section 501(c)(6) of the Internal Revenue Code, and specifically to unite local Boards of REALTORS®, hereinafter referred to as Boards*, their members, and REALTOR® and REALTOR-ASSOCIATE® Members in the State of Hawai‘i for the purpose of exerting effectively a combined influence upon matters affecting real estate, to elevate the standards of the real estate business throughout the State of Hawai‘i and the professional conduct of persons engaged therein.

**As used herein the term “Board(s)” refers to Boards and Associations*

ARTICLE II - MEMBERSHIP

Section 1. Classes of Membership. The members of this Association shall consist of nine classes: Member Boards, Board Members, REALTOR® Members, REALTOR-ASSOCIATE Members, Institute Affiliate Members, Affiliate Members, Honorary Members, Special Members, and Distinguished Service Award Recipients.

Section 2. Definition of Membership Classes.

2.1 A Member Board shall be a Board chartered by the National Association of REALTORS® within the State of Hawai‘i which has been accepted as a Member in the Association in accordance with requirements set from time to time by the Board. All the REALTOR® and REALTOR-ASSOCIATE® Members who hold primary membership in such Board shall hold membership in this Association and the NATIONAL ASSOCIATION OF REALTORS®.

2.2 A Board Member shall be either a REALTOR®, a REALTOR-ASSOCIATE®, or an Institute Affiliate Member of a Member Board in good standing.

2.3 A REALTOR® Member shall be any individual engaged in the real estate profession as a principal, partner, corporate officer, or branch office manager acting on behalf of the firm’s principal(s), and licensed or certified individuals affiliated with said REALTOR® Member whose place of business is located in an area outside the jurisdiction of any Member Board who meet the qualifications for REALTOR® membership established in subsection (a) below.

Secondary REALTOR® membership shall also be available to individuals who hold primary membership in a board/association in another state and who desire to obtain direct membership in the state association without holding membership in a local board/association in the state. In either case, such Member must be accepted as a Member in the Association in accordance with requirements set from time to time by the Board

Secondary REALTOR® membership shall also be available to individuals who hold primary membership in an association in another state and who desire to obtain direct membership in the state association without holding membership in a local association in the state.

- (a) An applicant for REALTOR® Membership who is a sole proprietor, partner, corporate officer, or branch office manager of a real estate firm shall supply evidence satisfactory to the Association through its Board of Directors (or its appointed designee, i.e., Membership Committee) that he is actively engaged in the real estate profession, and maintains a current, valid real estate broker's or salesperson's license or is licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property, has a place of business within the state, 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 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.

**No recent or pending bankruptcy is intended to mean that the applicant or any real estate firm in which the applicant is a sole proprietor, general partner, corporate officer, or branch office manager, is not involved in any pending bankruptcy or insolvency proceedings or, has not been adjudged bankrupt in the past three (3) years. If a bankruptcy proceeding as described above exists, membership may not be rejected unless the Association establishes that its interests and those of its members and the public could not be adequately protected by requiring that the bankrupt applicant pay cash in advance for Association and MLS fees (if applicable) for up to one (1) year from the date that the membership is approved or from the date that the applicant is discharged from bankruptcy (whichever is later). In the event that an existing member initiates bankruptcy proceedings, the member may be placed on a "cash basis" from the date that the bankruptcy is initiated until one (1) year from the date that the member has been discharged from bankruptcy.*

***No record of official sanctions involving unprofessional conduct is intended to mean that the Board may only consider:*

- A. *Judgments against the applicant within the past three (3) years of violations of (1) civil right laws, (2) real estate license laws, and (3) or*

other laws prohibiting unprofessional conduct against the applicant rendered by the courts or other lawful authorities.

B. Criminal convictions if (1) the crime was punishable by death or imprisonment in excess of one (1) year under the law under which the applicant was convicted, and (2) no more than ten (10) years have elapsed since the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date.

- (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 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, has no record of official sanctions involving unprofessional conduct*, shall complete a 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.

**No record of official sanctions involving unprofessional conduct is intended to mean that the Board may only consider:*

A. Judgments against the applicant within the past three (3) years of violations of (1) civil right laws, (2) real estate license laws, and (3) or other laws prohibiting unprofessional conduct against the applicant rendered by the courts or other lawful authorities.

B. Criminal convictions if (1) the crime was punishable by death or imprisonment in excess of one (1) year under the law under which the applicant was convicted, and (2) no more than ten (10) years have elapsed since the date of the conviction or the release of the applicant from the confinement imposed for that conviction, whichever is the later date.

- (c) The association will also consider the following in determining an applicant's qualifications for REALTOR® membership:

1. All final findings of the Code of Ethics violations and violations of other membership duties in this or any other REALTOR® associations within the past three (3) years
2. Pending ethics complaints (or hearings)

3. Unsatisfied discipline pending
4. Pending arbitration requests (or hearings)
5. Unpaid arbitration awards or unpaid financial obligations to any other association or association MLS
6. Any misuse of the term REALTOR® or REALTORS® in the name of the applicant's firm

“Provisional” membership may be granted in instances where ethics complaints or arbitration requests (or hearings) are pending in other associations or where the applicant for membership has unsatisfied discipline pending in another association (except for violations of the Code of Ethics: See Article II, Section 4 (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 mandated 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.

- (d) The Board of Directors (or its appointed designee, i.e., the Membership Committee) shall review and act on all applicants for membership. An application may not be rejected without providing the applicant with an opportunity to appear before the Board of Directors. If the Board of Directors determines that the application should be rejected, it shall record its reasons with the Secretary. If the Board of Directors believes that denial of membership to the applicant may become the basis of litigation and a claim of damage by the applicant, it may specify that denial shall become effective upon entry in a suit by the Association for a declaratory judgment by a court of competent jurisdiction of a final judgment declaring that the rejection violates no rights of the applicant.
- (e) The Board of Directors may, from time to time, adopt an application fee for REALTOR® Membership in 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 Board upon final approval of the application.
- (f) 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

payment of Board dues as established in Article III 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 II, Section 2.3 (a) of the Bylaws.

- (g) Any REALTOR® Member of the association may be disciplined by the Board of Directors for violations of these Bylaws, 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.
- (h) If a REALTOR® Member is a sole proprietor in a firm, a partner in a partnership or an officer in a corporation, and is suspended or expelled, the firm, partnership or corporation shall not use the terms REALTOR® and REALTORS® in connection with its business during the period of suspension, or until readmission to REALTOR® membership, or unless connection with the firm, partnership or corporation is severed, or management control is relinquished, whichever may apply. The membership of all other principals, partners, or corporate officers shall be suspended 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® or REALTORS® in connection with its business during the period of suspension or until the former Member is admitted 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 or affiliated as independent contractors with the disciplined Member shall be suspended or terminate during the period of suspension of the disciplined Member or until readmission of the disciplined Member, or unless connection of the disciplined Member with the firm, partnership, or corporation is severed, or management control is relinquished or unless the REALTOR® Member (non-principal) elects to sever his connection with REALTOR® and affiliate with another REALTOR® Member in good standing in the Association,

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

- (i) In any action taken against a REALTOR® Member for suspension or expulsion under Article II, Section 2.3 (h) 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 II, Section 2.3 (h) shall apply.

2.4 A REALTOR-ASSOCIATE® Member shall be any individual who is engaged in the real estate profession other than as a principal, partner, corporate officer or branch office manager and who does not qualify for or seek REALTOR® membership and who has been accepted as a Member in the Association in accordance with requirements set from time to time by the Board. Salespersons or licensed or certified appraisers who are employed by or affiliated as independent contractors with a REALTOR® Member of this Association shall be eligible for REALTOR-ASSOCIATE® membership. REALTOR-ASSOCIATE® membership shall also be available to individuals who hold primary membership in an association in another state and who desire to obtain direct membership in this Association without holding membership in a Member Board in the State.

2.5 Institute Affiliate Members shall be individuals who hold a professional designation awarded by an Institute, Society or Council affiliated with the NATIONAL ASSOCIATION OF REALTORS® that addresses a specialty area other than residential brokerage or individuals who otherwise hold a class of membership in such Institute, Society or Council that confers the right to vote or hold office and who have been accepted as a Member in the Association in accordance with requirements set from time to time by the Board. Any such individual, if otherwise eligible, may elect to hold REALTOR® or REALTOR-ASSOCIATE® membership, subject to payment of applicable dues for such membership.

2.6 Affiliate Members shall be real estate owners and other individuals or firms who are Affiliate Members of Member Boards and who have been accepted as a Member in the Association in accordance with requirements set from time to time by the Board.

2.7 Honorary Members shall be any individuals other than those engaged in the real estate business, who have contributed notably to the Association, and who are elected to membership by the Board of Directors.

2.8 Special Member shall mean any individual and/or company who may be a member of a Member Board, but who is not eligible to be either a Board Member or an Institute Affiliate Member of the Association and who has been accepted as a Member in the Association in accordance with requirements set from time to time by the Board.

2.9 Distinguished Service Award Recipients shall mean any REALTOR® or REALTOR-ASSOCIATE® Members who have been recognized by the NATIONAL ASSOCIATION OF REALTORS® for providing many years of meritorious service with distinction at all levels.

ARTICLE III - DUES

Section 1. Member Boards. The annual dues of each member Board shall be (1) an amount as established by the Board of Directors annually times the number of REALTOR® and REALTOR-ASSOCIATE® Members who hold primary membership in the Board, plus (2) an amount as established by the Board of Directors times the number of real estate salespersons and licensed or certified appraisers employed by or affiliated as independent contractors with REALTOR® Members of the Board who are not themselves REALTOR®, REALTOR-ASSOCIATE®, or Institute Affiliate Members. In calculating the dues payable by a member Board, nonmembers, as defined in the preceding sentence, shall not be included in the computation of dues if dues have been paid in another Board in the State, provided the Board notifies the Association in writing of the identity of the Board to which dues have been remitted.

Section 2. Designated REALTOR® Members. The annual dues of each designated REALTOR® Member actively engaged in the real estate business from areas not within the jurisdiction of a Member Board shall be (1) an amount as established by the Board of Directors plus (2) an amount times the number of real estate salespersons or licensed or certified appraisers who (a) are employed by or affiliated as independent contractors with, or who are otherwise directly or indirectly licensed with such REALTOR® member, and (b) are not REALTORS®, REALTOR-ASSOCIATES®, or Institute Affiliate Members. An individual shall be deemed to be licensed with a REALTOR® if the license of the individual is held by the REALTOR®, or 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) hereof) provided that the 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) A REALTOR® with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR® for consideration on a substantially exclusive basis shall annually file with the association on a form approved by the association a list of the licensees affiliated with that entity and shall certify that all of the licensees, affiliated with the entity are solely engaged in referring clients and customers and are not engaged in listing, selling, leasing, renting, managing, counseling or appraising real property. The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR® filing the form for purposes of this Section and shall not be included in calculating the annual dues of the Designated REALTOR®.

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

Membership dues shall be prorated for any licensee included on a certification form submitted to the Association who during the same calendar year applies for

REALTOR® or REALTOR-ASSOCIATE® membership in the association. However, membership dues shall not be prorated if the licensee held REALTOR® or REALTOR-ASSOCIATE® membership during the preceding calendar year.

Section 3. REALTOR® AND REALTOR-ASSOCIATE Members. The annual dues of REALTOR® or REALTOR- ASSOCIATE® Member other than the designated REALTOR® shall be as determined annually by the Board of Directors.

Section 4. 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 for the National Association shall be responsible for collecting and remitting dues to the National Association for Institute Affiliate Members (\$105.00). The National Association shall credit \$35.00 to the account of a local association for each Institute Affiliate Member whose office address is within the assigned territorial jurisdiction of that association, provided, however, if the office location is also within the territorial jurisdiction of a Commercial Overlay Board (COB), the \$35.00 amount will be credited to the COB, unless the Institute Affiliate Member directs that the dues be distributed to the other board. The National Association shall also credit \$35.00 to the account of the state association 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.

Section 5. Affiliate Members. The annual dues of each Affiliate Member shall be as established annually by the Board of Directors.

Section 6. Honorary Members. No dues shall be payable by Honorary Members.

Section 7. Special Members. The annual dues of each Special Member shall be established annually by the Board of Directors.

Section 8. Distinguished Service Award and REALTOR® Emeritus Recipients. No annual dues for membership in the Association shall be required of REALTOR® and REALTOR-ASSOCIATE® Members who are REALTOR® Emeriti (as recognized by the NATIONAL ASSOCIATION OF REALTORS®) or recipients of the Distinguished Service Award. The Association shall assume responsibility for that portion of the annual dues payable to the National Association. This, however, does not affect a “designated” REALTOR’s® dues obligation to the Association with respect to those who are themselves not members of the Association.

Section 9. Setting the Dues Amounts. The amount of annual dues for each class of membership shall be established by the Board of Directors no later than August 1 of the immediately preceding year.

Section 10. Payment. Member Board dues shall be calculated on an annual basis from January 1 through December 31. Member Boards shall submit dues payment in full on or before February 28, or within 30 days of the date that a Member admitted after February 28 is admitted to membership. If a Member Board dues are not received by the due date, the Association may impose a 1% per month late payment charge on all outstanding amounts. This rate may be adjusted annually by the Board of Directors. Adjustments, but not refunds, shall be made each quarter thereafter for members dropped or enrolled by the Member Board during the preceding quarter.

Section 11. Filing of Board Membership Lists. On or before December 31 of each year, each Member Board shall file with the Association a list of its REALTOR®, REALTOR-ASSOCIATE® and Institute Affiliate Members, and the real estate salespersons (who are not themselves REALTORS® or REALTOR-ASSOCIATES®) and licensed or certified appraisers employed by or affiliated as independent contractors with such REALTOR® Members, certified by the President or Chairman of the Board and Secretary of the Board, and that Member Board shall pay dues for the following year on the basis of such list; provided, however, that adjustments, but not refunds, shall be made each quarter thereafter for members dropped or enrolled by the Member Board during the preceding quarter. Each Member Board shall also file with the Association on or before December 31 of each year a list of Institute Affiliate Members and Special Members of the Member Board; each Member Board shall be responsible for collecting the dues from Institute Affiliate Members and Special Members and transmitting same to the Association. Any Member Board or other member delinquent in payment of dues by more than ninety (90) days may be dropped from membership in the Association by action of the Board of Directors.

Section 12. Past Presidents. No annual dues shall be payable by past Presidents of the Association. In addition, the Association shall assume responsibility for the annual dues of the Member Board for such past President(s), including that portion of dues payable by the Member Board to the NATIONAL ASSOCIATION OF REALTORS® if not otherwise paid for or waived by the past President's own Member Board.

ARTICLE IV - OFFICERS

Section 1. Elected and Appointed Officers. The elective officers of the Association shall be a President, President-Elect, a First Vice President, a Secretary, and a Treasurer. Each officer shall be elected by a majority of Directors entitled to vote at a meeting at which a quorum of such Members is present. The President, President-elect, First Vice President and Secretary shall serve for a terms of one (1) year or until their successors are elected and qualified. The Treasurer shall serve for a term of two (2) years or until his or her successor is elected and qualified. In the absence of the President, the President-elect shall perform his duties. The President shall not be eligible for a second or subsequent term of that office. There shall be a Chief Executive Officer who shall be appointed and employed by the Board of Directors upon and subject to the terms and conditions of a written contract of employment specifying their duties, authority, compensation and other benefits.

Section 2. President. The President shall be the chief elected officer of the Association and shall preside at its meetings and those of the Board of Directors and of the Executive Committee, between the meetings of which the President shall represent the Association and act in its name, subject only to the policies and instructions of the Board of Directors or the Executive Committee. The President shall perform all other duties usual or customary to such office or as may be delegated to him or her by the Board of Directors or the Executive Committee.

Section 3. President-Elect. The President-Elect shall perform the duties of the President in the event of the President's absence or disability and shall perform such other duties as may be delegated to him or her by the Board of Directors, the Executive Committee or the President. The President-elect shall be automatically be nominated for election as the President of the Association upon completion of his or her term as President-elect.

Section 4. First Vice President. The First Vice President shall perform the duties of the President-elect in the event of the President-elect's absence or disability and shall perform such other duties as may be delegated to him or her by the Board of Directors, the Executive Committee, or the President. The First Vice President shall be automatically be nominated for election as the President-elect of the Association upon completion of the term as First Vice President.

Section 5. Treasurer. The Treasurer shall perform all duties usual or customary to such office or as may be delegated to him or her by the Board of Directors or the Executive Committee. The Treasurer shall provide a surety bond in such amount as the Board of Directors may determine, the cost to be paid by the Association.

Section 6. Secretary. The Secretary shall perform all duties usual or customary to such offices or as may be delegated to him or her by the Board of Directors or the Executive Committee.

Section 7. Chief Executive Officer. The Chief Executive Officer shall be the chief executive officer of the Association, and shall be in charge of and shall supervise the administrative staff. The Chief Executive Officer shall perform all duties usual or customary to such office or as may be delegated to him or her by the Board of Directors or the Executive Committee.

Section 8. Execution of Documents. All checks, drafts, notes, bonds, acceptances, deeds, leases, contracts, and other important instruments shall be executed on behalf of the Association by such person or persons as shall be designated and authorized by resolution adopted by the Board of Directors. In the absence of a resolution applicable to any such instrument, the instrument shall be executed on behalf of the Association by:

- (a) The President, the President-Elect or the First Vice President; and the Treasurer or the Secretary.
- (b) The Chief Executive Officer shall be authorized to sign contracts and other agreements, and to co- sign checks with any one of the aforementioned officers, the value(s) of which does not exceed an amount to be prescribed by the Board of Directors.

Section 9. **Removal from Office.** An officer may be removed from office, with or without cause, by vote, conducted by secret ballot, of three-fourths (3/4) of the Directors then serving, at a special meeting of the Board of Directors called for that purpose.

Section 10. **Vacancies.** In the event of a vacancy occurring in the positions of President, President-elect, First Vice President, Secretary, Treasurer, or any other member of the Executive Committee, the President or the President pro tem shall submit the name of the candidate to the Board of Directors for approval by a majority of the directors present at the next meeting.

ARTICLE V - BOARD OF DIRECTORS

Section 1. **Composition.** The governance of the Association shall be vested in the Board of Directors composed of the following:

- (a) the elected officers of the Association;
- (b) the Member Board representatives, the number of whom shall equal the number of Member Boards. Each Member Board shall select from among the members of that Member Board, one Member Board representative;
- (c) Nineteen Directors at Large, a proportionate share of which shall be selected by each Member Board. The total number of Directors at Large to which each Member Board is entitled shall be determined by (1) calculating the percentage proportion of the total membership of such Member Board compared with the total membership of the Association; and (2) applying such percentage to the total number of Directors at Large;
- (d) The Immediate Past President of the Association; and
- (e) Executive Committee Liaison to Committees and Executive Committee Liaison to Special Projects.

Section 2. **Directors at Large.** Directors at Large shall serve all members of the Association, but shall be selected by the Member Board whose members were counted to determine the availability of the Director at Large seat. Each Member Board shall have the right to determine how its selection is to take place. Directors at Large shall serve staggered terms of three (3) years, except that Member Boards may designate one or more Directors at Large to serve for terms of less than three (3) years. Directors at Large shall remain in office until their successors are selected and qualified. No Director at Large shall be selected for more than six (6) consecutive years.

Section 3. **Dual Eligibility.** If a member of the Board of Directors is eligible to serve as a Director by virtue of being a Director at Large and by virtue of some other eligible position, such member shall vacate his or her Director at Large position for a period of dual eligibility, on a year-by-year basis after which time he/she can resume his/her position as a Director at Large for the balance of the unexpired term as a Director at Large. The position of the vacating Director shall be filled pursuant to procedures as set forth in Section 4.

Section 4. Vacancies.

- (a) In the event of a vacancy occurring among the Directors at Large, the Board of Directors of the Member Board of which the vacating Director was a member shall select a Director at Large from its membership to fill the unexpired term.
- (b) In the event of a vacancy occurring among the Member Board Representative, the Board of Directors of the Member Board of which the vacating Representative was a member shall select a Member Board Representative from its membership to fill the unexpired term.

Section 5. Forfeiture of Office. When a Director at Large ceases to be a member of his or her Member Board where he or she was selected as a Director at Large, his or her term of office shall automatically terminate.

Section 6. Number of Meetings. The Board of Directors shall meet not less than three (3) times each year, at such times and places as shall be fixed by the Board of Directors.

Section 7. Special Meetings. Special meetings of the Board of Directors may be called at any time upon ten (ten) days written or electronic notice by the President on the President's own initiative, or by the Chief Executive Officer upon the request of at least one-fifth (1/5) of the Directors.

Section 8. Quorum. A majority of the total number of Directors then serving shall constitute a quorum of the Board of Directors, and, unless these Bylaws or the parliamentary authority provides for a higher number, all actions of the Board of Directors must receive the approval of a majority of votes cast at such a meeting with a quorum present.

Section 9. Absences. Any Director who shall be absent from three (3) consecutive meetings of the Board of Directors shall be subject to removal from the Board pursuant to Section 10 below.

Section 10. Removal from Office. Except as provided in Section 9 hereof, (a) a Director elected by the Board may be removed from office, with or without cause, by vote, conducted by secret ballot, of two-thirds (2/3) of the Directors then in office; (b) a director elected by the Board to fill a vacancy of a director elected by Members may be removed without cause only by a vote of a majority of the Members; and (c) a director may be removed for missing a specified number of meetings as provided in Section 9 above by the vote of a majority of all directors then in office..

Section 11. Calculation of Number of Members. For all purposes under these Bylaws, the number of members of the Association or of any Member Board used to determine the number of Directors at Large or for other calculation purposes, shall be based upon the number of Board Members only as of July 1 of the year in which the election is to be held or the percentage or number is to be calculated.

ARTICLE VI - EXECUTIVE COMMITTEE

Section 1. Composition. There shall be an Executive Committee consisting of (a) the President, the President-elect, the First Vice President, the Treasurer, the Secretary, the Immediate Past President, the Executive Committee/Liaison to Committees and the Executive Committee/Liaison to Special Projects, provided, however, that each of the foregoing shall be elected to membership on the Executive Committee by the Board; and (b) one director from each of the Member Boards appointed and to serve as provided in Section 1.2 below. The Chief Executive Officer shall be an ex-officio, non-voting member of the Committee.

1.1 The Nominating Committee shall recommend two individuals who are eligible to serve as the Executive Committee/Liaison to Committees and Executive Committee/Liaison to Special Projects and submit the names for approval by the Board of Directors at their last scheduled meeting of the year. Appointments are for a period of one (1) year (January 1st through December 31st) and Executive Committee Liaisons shall serve for no more than two (2) consecutive terms.

1.2 Each Member Board shall appoint a director from those directors they have appointed to the Board to serve on the Executive Committee and shall submit the name of such appointed director to the Executive Committee on or before October 1st of the year preceding the term of appointment. Such appointments shall be for a single calendar year from January 1st through December 31st. Such director shall serve for no more than two consecutive one-year terms

Section 2. Powers. The Executive Committee shall act on behalf of the Board where timing concerns or emergency dictates, and shall timely follow up with the Board at the next Board meeting to obtain ratification of any decisions made on behalf of the Board. Without limiting the foregoing, the Executive Committee shall have authority to approve all product changes and any revisions to the budget which do not affect the financial "bottom line," review requests from staff and committees for new programs and/or changes to existing programs including financial impact, develop a business plan for the following year, and perform such other duties as may be assigned by the Board of Directors. Prior to August 1 of each fiscal year, the Executive Committee, in consultation with the Finance Committee, shall prepare and submit to the Board of Directors for its approval or modification a budget for the next succeeding fiscal year.

Section 3. Meetings. The Executive Committee shall meet on the call of the President, or one third (1/3) of its members, or one fifth (1/5) of the Board of Directors upon oral, written or electronic notice of the meeting to each of its members, fixing the time and place thereof not less than three (3) days after the date of such oral, written or electronic notice. The President shall act as Chairman of the Executive Committee. At any meeting of the Executive Committee, a majority of the total number of its members then serving shall constitute a quorum, and, unless these Bylaws or the parliamentary authority provides for a higher number, all actions of the Executive Committee must receive the approval of a majority of votes cast at a meeting with a quorum.

ARTICLE VII - CONTRACTS, LIABILITY AND INDEMNIFICATION

Section 1. Conflicts of Interest. The Association shall not enter into any contract or other transaction with a Director, Officer, or Chairperson or other member of a committee of the Association or a firm, partnership, corporation, or trust in which the Director, Officer, or Chairperson or other committee member has a pecuniary or other interest of which he or she is a principal, partner, corporate director or officer, or trustee, unless said interest or relationship is disclosed to the Board of Directors in writing or during the formal proceedings of a meeting of the Board of Directors prior to consummation of the contract or other transaction. Any Director so interested shall not be counted in determining the existence of a quorum at the meeting of the Board of Directors at which the contract or other transaction involving the Director is to be authorized, and shall not vote on the resolution authorizing the contract or other transaction. Any contract or transaction not in compliance with this provision shall be voidable by the Association at the sole discretion of the Board of Directors.

Section 2. Negligence or Misconduct. No Director, Officer, or Chairperson or other member of a committee of the Association, not receiving compensation from the Association by reason of serving in such position, shall be liable to the Association for his or her negligence or misconduct or that of any other Director, Officer, Chairperson or other committee member, or for any loss suffered by the Association, unless caused by his or her own gross negligence or willful misconduct.

Section 3. Indemnification. The Association shall indemnify any person who was or is a party or threatened to be made a party to any threatened, pending, or completed action or proceeding, whether civil, criminal, or administrative, hereinafter called a "proceeding" (other than an action by or in the right of the Association) by reason of the fact that such person is or was an officer, Director, employee, or agent of the Association, or any predecessor Association, or who is or was serving at the request of the Association in any such capacity of another Association or other entity or enterprise, hereinafter called an "agent," against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding (including attorneys' fees and expenses of establishing a right to indemnification hereunder), if such person acted with good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, or itself, create a presumption that the person did not act in or not opposed to the best interests of the Association, or that the person had reasonable cause to believe that the person's conduct was unlawful.

Further, the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action by or in the right of the Association to procure a judgment in its favor by reason of the fact that such person is or was an agent of the Association, against expenses of the type described above actually and reasonably believed to be or not opposed to the best interests of the Association, except that no indemnification shall be made in respect to any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of such person's duty to the Association, unless and only to the extent that the court in which such action

or suit was brought shall determine upon the application that despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expense which such court shall deem proper.

To the extent that an agent has been successful on the merits or otherwise in defense of any proceeding described above, or in defense of any claim, issue, or matter therein, the agent shall be indemnified by the Association against expenses actually and reasonably incurred by the agent in connection therewith. Any such indemnification shall be made only as authorized in the specific case upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth above. Such determination shall be made by (a) the Board of Directors by a majority of votes cast at a meeting with a quorum consisting of Directors who were not parties to such proceeding present, (b) if such a quorum is not obtainable and if a quorum of disinterested Directors so directs, independent legal counsel in a written opinion, (c) the members, or (d) the court in which such proceeding is or was pending upon application made by the Association or the agent or the attorney or other person rendering services in connection with defense, whether or not such application by the agent, attorney, or other person is opposed by the Association.

Expenses incurred in defending any proceeding may be paid by the Association in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless to be indemnified by the Association as authorized in this section.

Section 4. Scope of Indemnification. The indemnification provided by this section shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any law, agreement, vote, or members or disinterested Directors or otherwise, both as to action in a person's official capacity and as to action in another capacity while holding office, and shall continue as a person who has ceased to be an agent and shall inure to the benefit of the heirs, executors and administrators of such person.

ARTICLE VIII - MEETINGS OF THE MEMBERSHIP

Section 1. Annual Member Meeting. The Association shall hold an annual membership meeting at a time and place to be designated by the Board of Directors.

Section 2. Special Meetings. Special meetings of the membership may be called by the Board of Directors or by the President upon petition by a majority of Member Boards. Notice for a special meeting shall be published on the official website of the Association, and electronically distributed by the Association to each Member Board, not less than twenty (20) days prior to the date set, and shall state the purpose, time and place of the meeting.

Section 3. Quorum and Voting.

- (a) **Quorum.** At any meeting of the Association, a quorum shall be present if there are present in person twenty-five (25) Members in good standing. Except as otherwise provided in these Bylaws, all actions of the membership must receive

the approval of a majority of those Members at a meeting at which a quorum is present..

- (b) **Voting by Members.** Each Member in good standing shall be entitled to cast one vote.
- (c) **Eligible Members.** The Members in good standing and entitled to vote shall be determined by the membership records of the Association as they stand sixty (60) days prior either to the time set for the meeting at which the vote is to be taken..

ARTICLE IX - COMMITTEES AND THEIR DUTIES

Section 1. Standing Committees.

1.1 Committees established to handle the ongoing operations of the Association shall be classified as Standing Committees. Standing Committees may be created or eliminated by the Board of Directors, which shall review and approve a committee charter for each such committee, with customary provisions, including but not limited to, the subject matter for which the committee is responsible, the membership of the committee, voting and other procedures, and whether the committee would be (i) a Board committee, comprised only of directors, and the specifically delegated powers and authority, if any, of such Board committee, or (ii) an advisory committee, with no delegated powers or authority, which may be comprised entirely of non-directors, but preferably would include at least two directors.

1.2 The President shall appoint subject to the approval of the Board of Directors, chairmen and vice chairmen for each of the standing committees. No committee chairman shall be reappointed to serve in excess of two consecutive terms on the same committee. Chairmen and Vice Chairmen of committees shall serve at the pleasure of the President. The President may appoint up to two vice chairmen for each respective committee unless additional vice chairmen are authorized by the Board of Directors.

1.3 Committee Chairmen should have served either as Directors or members of the subject or respective committee, or any combination thereof. Chairmen and Vice Chairmen shall be, and remain during their service as chairs and vice chairs, REALTOR® or REALTOR-ASSOCIATE® members except that Association Executives of Member Boards may be appointed to be chair and vice chair of the Association Executives Committee. In making these appointments, the President shall give primary consideration to current or previous members of the respective committee.

1.4 The President shall appoint voting committee members, subject to the approval of the Board of Directors. The President may also appoint non-voting committee members, who shall serve in advisory capacities without the right to vote. The appointment of a committee member shall run concurrent with the term of the President unless the Board of Directors has specified the committee to have members serve for more than one (1) year staggered terms.

Section 2. Special Committees and Task Forces.

2.1 Special Committees and Task Forces (“Task Forces”) may be established by the President subject to the approval of the Board of Directors to address short term issues of importance requiring timely action and special expertise. The President will identify the specific goals which the task force is being appointed to fulfill, and a designated time certain for the fulfillment of these goals. The task force and all appointments thereto will automatically sunset at the end of the designated time or upon action of the Board of Directors.

2.2 Task Forces shall have such duties as their titles indicate, and as the Board of Directors may assign. All actions by a Task Force shall be subject to approval of the Executive Committee or the Board of Directors. The President shall appoint the Chairs, Vice Chairs and Subcommittee Chairs when applicable of each Task Force of the Association, in consultation with the President-elect and the First Vice President and reported to the Board of Directors.

Section 3. Meetings. The Association may provide for teleconference or similar communications equipment by means of which all persons participating in the meeting can hear each other for any committee/task force within the Association so long as the procedures are consistent with the remainder of these Bylaws, N.A.R. policy and Hawai‘i law.

Section 4. Vacancies. The President shall have power to remove any standing committee or task force member, with the exception of the Nominating Committee, with or without cause subject to the Board of Directors. The President shall fill any vacancies by appointment for the unexpired term.

Section 5. Authority. Except as otherwise authorized by the Articles of Incorporation or Bylaws, any action by a committee or task force shall be subject to the approval of the Board of Directors.

Section 6. Accountability. Committees may report to the Executive Committee and the Board of Directors annually or as directed.

ARTICLE X - ELECTION OF OFFICERS

Section 1. Time of Election. The election of Officers shall be held at the Board of Directors meeting held in connection with the annual membership meeting.

Section 2. Nominating Committee. There shall be a Nominating Committee consisting of the most recent Immediate Past President, who shall be the Chairman, the President and the President-elect (ex-officios), the Immediate Past Presidents from the last three (3) years, including the Chairman, and one member from each Member Board, who shall serve as the voting member, one member from each Member Board to serve as the designated alternate to the voting member should the voting member be unable to serve, the alternate would do so at the discretion of the Chair and two (2) members at large appointed by the President and two (2) members at large alternates appointed by the President who, should the voting members at large be unable to serve, would do so at the discretion of the Chair. The Board representatives and at large members shall serve staggered two-year terms.

Nominating Committee members should be present or past Officer, Director, Committee Chair or Committee member of the Hawai'i Association of REALTORS® and/or the Member Board. In addition, Nominating Committee members should be considered from current and past Presidents of our local Institutes.

Alternates should attend all meetings as non-voting members. In the event that the voting member misses one meeting for any reason, the voting member, at the discretion of the Chair, may be dismissed and the designated alternate shall immediately become the voting member.

Section 3. Nominating Procedure. The Nominating Committee shall nominate one (1) or two (2) candidates for each elective office (other than the President, unless the President-elect for any reason is unable or unwilling to be automatically elected as the President upon the completion of his or her term as President-elect; and other than the President-elect, unless the First Vice President for any reason is unable or unwilling to be automatically elected as President-elect upon the completion of his or her term as First Vice President; and other than the Treasurer and Secretary and, not less than forty five (45) days prior to the date of the annual Board of Directors meeting, shall publish in the official publication and/or the website of the Association, a notice of the date, time and place of the annual membership meeting along with a list of the names of all the candidates so nominated. Except for offices for which election is automatic, additional candidates may be nominated by petition signed by not less than one hundred (100) Board Members and submitted to the Chief Executive Officer not less than thirty (30) days prior to the date of the annual membership meeting. No candidate shall be nominated for more than one office, and each candidate must signify in writing a willingness to serve if elected.

Section 4. Voting. The annual election of Officers shall be the first order of business at the annual membership meeting. Directors shall be given a written description of each candidate. If there are one or more candidates for the position of First Vice President or Treasurer, voting will be done by secret ballot with all candidates listed on a single ballot. Each Director may cast one vote for each vacant position. Ballots shall be counted by the President-elect of the Association and an appointee of the President with the assistance of staff. In the case of a tie vote, the selection shall be determined by lot.

Section 5. No Cumulative Voting. There shall be no cumulative voting.

Section 6. Directors at Large of the NATIONAL ASSOCIATION OF REALTORS®. The President-elect and Immediate Past President of the Hawai'i Association of REALTORS® shall serve during their term of office, as Directors at Large of the NATIONAL ASSOCIATION OF REALTORS®.

Section 7. Eligibility. Only REALTOR® Board Members licensed as real estate brokers and licensed or certified appraisers in good standing shall be eligible for election as elective Officers. All Board Members in good standing shall be eligible for recommendation as National Directors; provided, however, that the eligibility of REALTOR-ASSOCIATE® Members who are licensed as real estate salesmen and licensed or certified appraisers for recommendation as National Directors shall also be subject to the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS®. Except as otherwise provided in these Bylaws, the

eligibility of members of the Association for nomination and election as elective Officers or for recommendation as National Director shall be determined by the Nominating Committee, whose determinations shall be final.

ARTICLE XI - FISCAL AND ELECTIVE YEAR

Section 1. Fiscal and Elective Year. The fiscal and elective year of the Association shall be the calendar year.

ARTICLE XII - CODE OF ETHICS

Section 1. Code of Ethics. The Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® is adopted as the Code of Ethics of the association and shall be considered a part of its Rules and Regulations, and the Code of Ethics and the Rules and Regulations of the association shall, in the future, be deemed to be amended and changed whenever said Code of Ethics is amended or changed by the NATIONAL ASSOCIATION OF REALTORS.

ARTICLE XIII - PROFESSIONAL STANDARDS

A Member Board, prior to referring an ethics complaint or arbitration request for review to the State Association, should exhaust all efforts to impanel an impartial tribunal to conduct either the original hearing or the appeal or procedural review. These efforts may include the appointment of knowledgeable members of the Member Board on an ad hoc basis to serve on either a Hearing Panel or on behalf of the Board of Directors. If, because of notoriety, etc., the Member Board cannot impanel an impartial tribunal, the Member Board may refer the matter to the Association, and the Association may delegate to another Member Board or a regional enforcement facility, the authority to hear the case on behalf of the Association. No Board or regional enforcement facility, however, may be required to accept this delegation of authority. If no other entity is amenable to conduct the review, the Association shall be responsible for conducting the hearing.

Section 1. Jurisdiction. Allegations of ethical violations and contractual disputes (and specific non-contractual disputes as defined in Standard of Practice 17-4) between REALTORS® and between REALTORS® and their customers or clients may be submitted to an ethics or arbitration panel at the Association level under the following circumstances:

- (a) Allegations of unethical conduct made against a REALTOR® or REALTOR-ASSOCIATE® who is directly a member of the State Association and not a member of any Member Board.
- (b) Allegations of unethical conduct made against a REALTOR® or REALTOR-ASSOCIATE® in the instance in which the Member Board, because of size or other valid reasons, determines that it cannot provide a due process hearing and petitions the Association to conduct a hearing.

- (c) Contractual disputes (and specific non-contractual disputes as defined in Standard of Practice 17-4) between REALTORS® who are not members of the same Board where the matter has been referred to the Association by both Member Boards.
- (d) Contractual disputes (and specific non-contractual disputes as defined in Standard of Practice 17-4) between REALTORS® who are directly members of the Association and are not members of any Board.
- (e) Contractual disputes (and specific non-contractual disputes as defined in Standard of Practice 17-4) between a REALTOR® who does not hold membership in any Member Board, but is directly a member of the Association, and a REALTOR® who is a Member of a Member Board.
- (f) Contractual disputes (and specific non-contractual disputes as defined in Standard of Practice 17-4) between REALTORS® Members of the same Member Board where the Member Board, with good and sufficient reason, is unable to arbitrate the controversy. (Explanation: This provision is not designed to relieve a Member Board of its primary responsibility to resolve differences arising between members of the same Board. This section recognizes that in some Member Boards with limited membership, usual arbitration procedures may be impossible).
- (g) Contractual disputes between a customer or a client and a REALTOR® where the Board, with good and sufficient reason, is unable to arbitrate the dispute or the REALTOR® is a direct member of the Association.

Section 2. Procedures. The responsibility of the Association and of Association members relating to the enforcement of the Code of Ethics, the disciplining of Members, the arbitration of disputes, and the organization and procedures incident thereto shall be governed by the Code of Ethics and Arbitration Manual of the Hawai‘i Association of REALTORS®, as from time to time amended, which by this reference is made a part of these Bylaws.

Section 3. Resignation/Termination. If a REALTOR® Member (as defined in Article II, Section 2.3 of these Bylaws) resigns from the Board 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.

If a REALTOR® Member (as defined in Article II, Section 2.3 of these Bylaws) 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 4. New Member Code of Ethics Orientation. Applicants for REALTOR® and REALTOR-ASSOCIATE® membership 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 who have completed comparable orientation in another association,

provided that membership has been continuous, or that any break in membership is for one (1) year or less.

Failure to satisfy this requirement within 90 days of the date of the application will result in denial of the membership application.

Note: This orientation program must meet the learning objectives and minimum criteria established from time to time by the National Association of REALTORS®.

Section 5. Continuing Member Code of Ethics Training. Effective January 1, 2001, through December 31, 2004, and for successive four year periods thereafter, each REALTOR® and REALTOR-ASSOCIATE® 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, or 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. Members who have completed training as a requirement of membership in another association and members who have completed 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 membership shall be suspended until such time as the training is completed.

Members suspended for failing to meet this 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 requirements 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.

ARTICLE XIV - USE OF THE TERMS REALTOR®, REALTORS® AND REALTOR- ASSOCIATE® AND THE HAWAI‘I ASSOCIATION OF REALTORS®

Section 1. Use of Terms. Use of the terms REALTOR®, REALTORS® and REALTOR-ASSOCIATE® 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 those areas of Hawai‘i not within the jurisdiction of a Member Board. Any misuse of the terms by members is a violation of a membership duty and

may subject members to disciplinary action by the Board of Directors after a hearing as provided for in the association's Code of Ethics and Arbitration Manual.

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

Section 3. REALTOR® Member who is a Principal of a Real Estate Firm. A REALTOR® Member who is a principal of a real estate 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 are REALTORS® or Institute Affiliate Members.

Section 4. REALTOR-ASSOCIATE® MEMBERS. REALTOR-ASSOCIATE® Members of the Association shall have the right to use the term REALTOR-ASSOCIATE® so long as they remain REALTOR-ASSOCIATE® Members in good standing and the REALTOR® Member with whom they are associated or by whom they are employed is also a REALTOR® Member in good standing.

Section 5. Institute Affiliate Members. An Institute Affiliate Member shall not use the terms REALTOR®, REALTORS® or REALTOR-ASSOCIATE® and shall not use the imprint of the emblem seal of the NATIONAL ASSOCIATION OF REALTORS®.

Section 6. Use of the Name HAWAI'I ASSOCIATION OF REALTORS®. A Member Board, or group of Member Boards, shall not use the name of the HAWAI'I ASSOCIATION OF REALTORS®, H.A.R. or its logo as a sponsor of its meetings or conferences without approval of such sponsorship by the Board of Directors or its designee, and requests for approval therefore shall be made to the Association three months in advance of the date proposed.

ARTICLE XV - NOTICES AND AMENDMENTS

Section 1. Notices. Except where notice by mail or electronic notice is specifically required herein, whenever notice (whether of a meeting and its purpose or otherwise) is required or authorized by these Bylaws, publication of such notice on the official website of the Association within the time prescribed shall be deemed to be good and sufficient notice to all Members of the Association.

Section 2. Amendments by the Board of Directors. These Bylaws may be amended at a meeting of the Board of Directors by the affirmative vote of two-thirds (2/3) of the Directors present and qualified to vote at any meeting at a quorum is present, the substance of the such proposed amendment or amendments shall be published at least thirty (30) days in advance of the meeting. Unless a petition is received five (5) days prior to the Board of Directors meeting, bearing the signature of five percent (5%) of the membership, requesting that one or more of the proposed amendments be brought for vote before the membership, the Directors action shall be final.

Section 3. Amendments Mandated by NAR. When Bylaws amendments are mandated by NAR policy, these Bylaws may be automatically amended to reflect the mandate as the effective date of the mandatory policy authorized by the NATIONAL ASSOCIATION OF REALTORS®. The Association shall provide notice of that change in a regular or special membership communication.

Section 4. Vote by Board Members. In the event of the filing of a valid petition seeking a vote by the Board Members on a Bylaw amendment, the amendment shall become approved upon the affirmative vote of the Board Members present and voting of the Association, provided a quorum is present, and provided that notice of the meeting, of the amendment proposed for adoption, modification or repeal, and the text thereof has been published in the official publication and/or on the official website of the Association.

Section 5. Notice of Adoption. Notice of adoption of any amendments to these Bylaws by the Board of Directors, including text thereof as finally adopted, shall be published in the official publication and/or on the official website of the Association.

Section 6. Approval by the NATIONAL ASSOCIATION OF REALTORS®. Amendments to these Bylaws affecting the admission or qualifications of REALTORS®, REALTOR-ASSOCIATE® and Institute Affiliate Members, the use of the term REALTOR®, REALTORS® or REALTOR-ASSOCIATE®, or any alteration in the territorial jurisdiction of a Member Board shall become effective upon the approval of the Board of Directors of the NATIONAL ASSOCIATION OF REALTORS®.

ARTICLE XVI - RULES & REGULATIONS

[Intentionally left blank.]

ARTICLE XVII - AUDIT AND FINANCIAL STATEMENTS

Section 1. Audit and Financial Statements. The accounts of the Association shall be audited annually as the close of the fiscal year by a certified public accountant or certified public accounting firm designated by the Audit Committee and the Board of Directors. The annual financial statements of the Association shall be made available for inspection by all of its members promptly upon them becoming available. There shall be such interim and pre-audit reviews and analysis of the Accounts by the Association as may be directed by the Audit Committee or Board of Directors.

ARTICLE XVIII - HARASSMENT

Section 1. Harassment. Any member of the Association may be reprimanded, placed on probation, suspended or expelled for harassment of an Association employee or an Association Officer or Director after an investigation in accordance with the procedures of the Association. As used in this section, harassment means any verbal or physical conduct including threatening or obscene language, unwelcome sexual advances, stalking, actions including strikes, shoves,

kicks, or other similar physical contacts, 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, President-elect and/or First Vice President and one member of the Board of Directors selected by the highest ranking officer not named in the complaint, upon consultation with the counsel for the Association. Disciplinary action may include any sanction authorized in the Association's Code of Ethics and Arbitration Manual. If the complaint names the President, President-elect or First Vice President, they may not participate in the proceedings and shall be replaced by the Immediate Past President or, alternatively, by another member of the Board of Directors selected by the highest-ranking officer not named in the complaint.

ARTICLE XIX - ACTION WITHOUT A MEETING

Section 1. Action without A Meeting. Any action required or permitted by these Bylaws to be taken at a meeting of the members of the Board of Directors, Executive Committee, or other committee of the Association may be taken without a meeting if a consent in writing, setting forth action so taken, is signed by all of the members or directors, as the case may be entitled to vote on the subject matter of the meeting. Such consent shall have the force and effect of a unanimous vote.

ARTICLE XX - DISSOLUTION

Section 1. Dissolution. Upon the dissolution of the Association, the Board of Directors, after providing payments of all obligations, shall distribute any remaining assets to such other nonprofit, tax-exempt organization or organizations as it selects.

ARTICLE XXI - MISCELLANEOUS

Section 1. Parliamentary Authority. The rules contained in the current edition of *Robert's Rules of Order Newly Revised* shall govern the Association in all cases to which they are applicable and in which they are not inconsistent with the Bylaws and any special rules of order the Association may adopt.

Section 2. Manner of Notice. Unless otherwise provided herein, all notices referred to in these Bylaws may be given by publication in the official State Association publication or by written notice or electronic communications mail addressed to the persons entitled to receive the same at their written or electronic mail address as shown on the records of the corporation. All notices shall be mailed or delivered at least thirty (30) days before the date of the meeting, unless the Bylaws specify otherwise.

Section 3. Retention of Local Control. Nothing in these Bylaws shall be construed to limit the control presently vested in local Boards with respect to admission of Members at that level or the

right to assess such reasonable local fees which may be necessary to meet the costs and expenses of local Board operation.

Section 4. Gender. In these Bylaws, words used in the masculine gender include the feminine and neuter.