

# **2015 Constitution and Bylaws**

## **of the**

**\* NATIONAL ASSOCIATION OF REALTORS®**

Incorporating Amendments and Interpretations  
effective on or before November 10, 2014.

The Constitution and Bylaws were adopted at San Francisco, California, May 31, 1922. Since that adoption they have from time to time been revised; their last revision having been made at the Annual Convention in New Orleans, Louisiana on November 10, 2014.

\* Formerly National Association of Real Estate Boards. Name change authorized at National Convention, Honolulu, Hawaii, November 15, 1972.

**NATIONAL ASSOCIATION OF REALTORS®**

430 North Michigan Avenue  
Chicago, Illinois 60611-4087

REALTOR® is a registered collective membership mark which identifies real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® and subscribe to its strict Code of Ethics.



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**CONSTITUTION**

**ARTICLE I**

**NAME**

The name of the organization shall be NATIONAL ASSOCIATION OF REALTORS®.

**ARTICLE II**

**OBJECTS**

The objects of the National Association shall be:

**SECTION 1.** To provide a facility for education, research and exchange of information for those engaged in the recognized branches of the real estate business, including brokerage, management, mortgage financing, appraising, counseling, land development and building, and education and research in real estate, in the United States of America, its insular possessions and the Commonwealth of Puerto Rico, for the purpose of raising the standards of real estate practice and preserving the right of property ownership in the interest of the public welfare;

**SECTION 2.** To promote and maintain high standards of conduct in the transaction of the real estate business;

**SECTION 3.** To formulate and promulgate a Code of Ethics for the members of the National Association;

**SECTION 4.** To license its members the right to display the emblem seal of the National Association and the right to use the terms REALTOR®, REALTORS®, or REALTOR-ASSOCIATE® which terms are hereby defined as designating a person or persons engaged in the real estate business who is a Board Member of the NATIONAL ASSOCIATION OF REALTORS®.

**SECTION 5.** To inform the public of the advantages of transacting business with REALTORS®, and to encourage the use by Members of the term REALTOR® and the emblem seal.

**ARTICLE III**

**MEMBERSHIP**

**SECTION 1.**

(A) The Members of the National Association shall consist of eight classes: (1) Member Boards, (2) Board Members, (3) National Affiliate Members, (4) International Members, (5) Affiliated Institutes, Societies and Councils, (6) Distinguished Service Award Recipients, (7) Student, and (8) Academic.

(B) Member Boards shall consist of (1) local real estate boards or associations or Boards or Associations of REALTORS® (hereinafter referred to as local Boards), which shall include city, county, inter-county or inter-state Boards, and also (2) state associations as provided in Section 5 of this Article, all of the REALTOR® Members and REALTOR-ASSOCIATE® Members of which shall hold membership in the National Association through such local board, or state association, as the case may be.

(C) Board Members shall be either REALTOR®, REALTOR-ASSOCIATE®, or Institute Affiliate Members in good standing.

1. REALTOR® Members shall be:

(a) principals of real estate firms, or individuals in position of management control on behalf of principals who are not physically present and engaged in the real estate business in connection with the firm's office or individuals employed by or affiliated as independent contractors with REALTOR® principals of real estate firms, and who are deemed qualified for REALTOR® membership by: (a) a local Board within the state in which the real estate firm is located; or (b) a local Board within a state whose border is contiguous with that state; or (c) if the real estate firm is located outside the jurisdiction of any local board, by the state association within whose territory the real estate firm is located having an effective membership agreement with the National Association as provided in Article XV, Section 2. Each sole proprietor, partner or corporate officer of the real estate firm who is actively engaged in the real estate business within the state where applying for membership or within the state in which the real estate firm is located shall be required to become a REALTOR® member if any other principal of such firm, partnership or corporation is a REALTOR® Member with those states, provided, however, in the case of a real estate

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firm, partnership or corporation whose business activity is substantially all commercial, each sole proprietor, partner, corporate officer actively engaged in the real estate business in connection with the same office or any other offices within the jurisdiction of the local board in which one of the firm's principals holds REALTOR® membership shall also be required to become a REALTOR®.

(b) corporate officers of a national 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, the principal broker of not less than one hundred and fifty of which are REALTOR® Members of a Member Board of the National Association. Up to three (3) of the real estate brokerage franchise organization's corporate officers may hold REALTOR® Membership pursuant to this provision of the Constitution, provided however, that at least one of the three must be the Chief Executive Officer or Principal Operating Officer of the real estate brokerage franchise organization.

Each corporate officer making application to hold membership in the National Association pursuant to this provision of the Constitution shall designate for the National Association a local board located within the state in which the corporate officer's principal place of business is located which shall be considered that corporate officer's primary Board and the corporate officer shall pay dues, initiation and processing fees to that local Board in the same manner and in the same amount as are paid to that local Board by all other REALTOR® Members of that local Board. Upon approval of the corporate officer's application for membership by the Board of Directors of the National Association, the National Association shall notify the primary Board identified by the corporate officer of the name and address of the corporate officer to which the local Board shall direct statements for dues, initiation or other processing fees normally assessed to the local Board's REALTOR® Members and such other correspondence or information as the local board sends to its REALTOR® Members. Upon payment of initial dues and any applicable initiation and processing fees, the applicant shall be a member of that local Board, the state association within whose jurisdiction that local Board is located and the National Association.

2. REALTOR-ASSOCIATE® Members shall be those independent contractors and salesmen who are affiliated with or employed by a REALTOR®

Member or a firm, partnership, or corporation of which any REALTOR® Member is a sole proprietor, partner or officer, who are actively engaged in the real estate business and who are deemed qualified for REALTOR-ASSOCIATE® membership by a local board within the state in which the independent contractor or salesman is actively engaged in the real estate business or within a state whose border is contiguous with that state, or if the real estate firm is located outside the jurisdiction of any local board, by the state association within whose territory the independent contractor or salesman is actively engaged in the real estate business having an effective membership agreement with the National Association as provided in Article XV, Section 2.

3. Individuals who are employed by or affiliated as independent contractors with the REALTOR® principals of a real estate firm shall be eligible to be considered for primary membership as REALTORS® or REALTOR-ASSOCIATE®s only in those member boards in which a principal of the real estate firm or an individual in a position of management control on behalf of a principal who is not physically present and engaged in the real estate business in connection with the firm's real estate office holds REALTOR® membership.

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

(b) Local boards will establish the rights and privileges to be conferred on Institute Affiliate Members except that no Institute Affiliate Member may be granted the rights to use the term REALTOR®, REALTOR-ASSOCIATE, or the REALTOR® logo; to serve as President of the local board; or to be a Participant in the local board's multiple listing service.

(c) Institute Affiliate Member dues shall be as established in Article II of the National Association's Bylaws. Member Boards may not establish any additional entrance, initiation fees or dues for Institute Affiliate members, but may provide service

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packages to which Institute Affiliate members may voluntarily subscribe.

5. As used herein:

(a) the term "real estate business" shall include real estate brokerage, management, appraising, land development or building.

(b) the term "primary membership" shall refer to an individual's membership in a member board which includes that individual in its calculation of dues paid to the National Association as provided for in Article II, Section 1 of the National Association's Bylaws. The individual shall be a "primary member" of that member board.

(D) International Members shall be persons who are elected to membership under the provisions of Section 8 of this Article.

(E) Affiliated Institutes, Societies and Councils shall be those formed by the National Association pursuant to Article XIII, Section 1 of this Constitution

### **SECTION 2.**

(A) Only one local board in any municipality shall be elected a Member Board of the National Association, except as provided in Sections 3 and 4 of this Article, or otherwise approved by the Board of Directors of the NATIONAL ASSOCIATION OF REALTORS®.

(B) A local board may accept for primary membership individuals whose principal place of business is situated within the territory of the state in which the local board's jurisdiction is located or any state contiguous to that state, provided however, that individuals who are employed by or affiliated as independent contractors with the REALTOR® principals of a real estate firm shall be eligible to be considered for primary membership as REALTORS® or REALTOR-ASSOCIATE®s only in those local boards in which a principal of the real estate firm or an individual in a position of management control on behalf of a principal who is not physically present and engaged in the real estate business in connection with the firm's real estate office holds REALTOR® membership. A local board may accept for secondary membership any REALTOR® or REALTOR-ASSOCIATE® who holds primary membership in another member board. An individual holding secondary membership in a local board is not required to hold secondary membership in the state association in which the local board holds membership.

**SECTION 3.** If territory is annexed by a municipality in which there is a local board which is a Member Board, such annexation shall not automatically enlarge the jurisdiction of such board if the enlargement would infringe upon the jurisdiction of another such local board; however, the Board of Directors may, in its discretion, provide for the retention or modification of the respective jurisdictions of such boards, in the absence of an agreement between them.

**SECTION 4.** The Board of Directors may, at its discretion, approve the establishment of Commercial Boards of REALTORS®. The rights and responsibilities of the Boards shall be set forth in this Constitution and the Bylaws of the National Association and in accordance with policies approved by the Board of Directors and as amended from time to time.

### **SECTION 5.**

(A) State Associations having membership agreements with the National Association as provided in Article XV, Section 2, of this Constitution may be elected to membership in the National Association in order to integrate more closely the work of local, state and national bodies, to further the purposes contemplated by said Article, and to afford an opportunity for individuals engaged in the real estate business in areas within the state but outside the jurisdiction of a local board to become members of the National Association, subject to its standards, and to be represented therein.

(B) Such state associations shall be elected to membership only upon the following conditions:

1. Only one state association shall be elected from a given state;
2. Such state association so elected may accept for primary membership individuals whose principal place of business is situated in territory within the state which is not within the jurisdiction of any local board holding membership in both such state association and the National Association and for secondary membership any REALTOR® or REALTOR-ASSOCIATE® who holds primary membership in another state association or a local board whose jurisdiction is located in territory outside of the state;
3. Such state association so electing individuals agrees to be responsible for the enforcement of the

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Code of Ethics of the National Association with respect to such individuals;

4. Such state association shall have the same right to control the use of the terms REALTOR®, REALTORS®, and REALTOR-ASSOCIATE® in its territory as any local board has within its jurisdiction;

5. Such state association electing individuals to membership agrees to pay dues for them in the same manner as a local board pays dues for its REALTOR® Members and REALTOR-ASSOCIATE® Members.

6. Whenever the term "Member Board" is used in this Constitution and Bylaws, it shall be held to include state associations elected under the terms of this section.

(C) Any state association so elected shall be entitled to one vote as such and to an additional vote for each of its Board Members upon the same basis as local boards for their Board Members under the provisions of Article IX of this Constitution.

**SECTION 6.** All Member Boards must comply with the minimum service criteria established by the Board of Directors.

Any Member Board that fails to satisfy the minimum service criteria may, after due notice and opportunity for hearing, be expelled by the Board of Directors from membership in the National Association.

Each State Association shall enforce the minimum service criteria for local Boards and Associations within the state. Any State Association which fails to enforce the minimum service criteria may, after due notice and opportunity for hearing, be expelled by the Board of Directors from membership in the National Association.

### **SECTION 7.**

(A) International Affiliate Organizations shall be organizations in the real estate field outside of the United States, its insular possessions, and the commonwealth of Puerto Rico, with which the National Association enters into International Affiliate Agreements that provide for exchange representation and other mutual benefits, and for the adoption and enforcement by the International Affiliate Organization of a Code of Ethics approved by the National Association.

(B) In any country where the National Association has entered into an International Affiliate Agreement with a real estate organization, only those persons engaged in the real estate business in that country who have obtained membership in such Organization shall be eligible for International REALTOR® Membership in the National Association. Such International REALTOR® members may be licensed to use the term REALTOR® and other marks, but may not vote or hold office in the National Association.

(C) Persons engaged in the real estate business in any country where the National Association has not entered into an International Affiliate Agreement with a real estate organization in said country, or persons who are not eligible for membership in an International Affiliate Organization in any country where the National Association has an agreement with such an organization, shall be eligible for International Subscriber membership in the National Association. Such International Subscriber members may neither be licensed to use the term REALTOR® or other marks, nor vote or hold office in the National Association.

**SECTION 8.** Individuals who have received the Distinguished Service Award shall be life members of the National Association and shall not pay National Convention registration fees.

**SECTION 9.** A REALTOR® Member who has held membership in the National Association as a REALTOR®, REALTOR-ASSOCIATE®, or both, for a cumulative period of forty (40) years and has completed at least one (1) year of service at the National Association level as an officer, director, committee member, federal political coordinator, President's liaison or regional coordinator to a country with which NAR has a reciprocal agreement, shall upon certification by the Board of Directors shall be designated "REALTOR® EMERITUS." An individual who has been affiliated with a firm comprised of REALTOR® members for forty (40) years or more, but who was ineligible for REALTOR® or REALTOR-ASSOCIATE® membership for any portion of that time on the basis of sex, national origin, marital status or other basis now prohibited by the Bylaws of the National Association shall be eligible for REALTOR® Emeritus status.

For persons qualifying for REALTOR® Emeritus membership through 2019, the one (1) year of service requirement may also be met if a member has

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completed at least one (1) year of service at the local or state level.

**SECTION 10.** Individuals employed by the international, national or regional organizational headquarters of a corporation engaged in real estate activities or activities allied with real estate and who may be licensed or unlicensed may be elected to National Affiliate Membership in the National Association, provided the individual does not personally provide real estate services to persons or entities other than the employing company. National Affiliate Members shall have such privileges, duties, and rights of membership, and shall pay such dues as determined by the Board of Directors, but shall not be entitled to vote, hold office or use the terms REALTOR® or REALTOR-ASSOCIATE®.

**SECTION 11.** REALTOR® Members holding membership pursuant to Section 1(C) 1.(b) of this Constitution shall be Board Members of the local Board designated by them pursuant to that section of the Constitution and of the state association within whose jurisdiction that local Board is located and shall enjoy all of the rights, privileges and obligations, including compliance with the Code of Ethics, of other REALTOR® Members of that state association and local Board except: obligations related to mandatory education, meeting attendance, or indoctrination classes or similar requirements; the right to use the term REALTOR® in connection with their franchise firm's name; and the right to hold elective office in the local Board or state association.

**SECTION 12.** Individuals who are enrolled as students in a post-secondary educational institution, have an interest in real estate issues, including brokerage, land use, finance, investment and property rights, are at least eighteen years of age and who do not hold a real estate or appraisal license or certification from any state shall be eligible for Student Membership in the National Association. Upon approval of their membership by the Board of Directors, Student Members shall have such privileges, duties, and rights of membership, and shall pay such dues as determined by the Board of Directors, but shall not be entitled to vote, hold office or use the terms REALTOR® or REALTOR-ASSOCIATE®.

**SECTION 13.** Individuals who are full or part-time faculty, post-doctoral researchers, or department heads currently employed by an accredited college or university and whose primary assignment is teaching courses and/or conducting research in real estate or

an area related to the real estate business, and deans of colleges, universities or other post-secondary academic institutions may be eligible for Academic Membership in the National Association. Upon approval of their membership by the Board of Directors, Academic members shall have such privileges, duties and rights of membership, and shall pay such dues as determined by the Board of Directors, but shall not be entitled to vote, hold office or use the terms REALTOR® or REALTOR-Associate®.

## **ARTICLE IV**

### **BOARD OF DIRECTORS**

**SECTION 1.** The government of the National Association shall be vested in a Board of Directors composed of the following ex officio Directors:

(A) The President, President-Elect, First Vice President and Treasurer of the National Association. Any person, having been duly elected as an officer of the National Association, and who, as a consequence thereof, is an ex officio member of the Board of Directors and/or the Executive Committee, shall continue to serve as a member of the Board of Directors and/or the Executive Committee for the balance of the then current elective year in the event the office to which they had been elected is eliminated.

(B) Up to twenty-four (24) members of the Executive Committee who are not already members of the Board of Directors selected by the incoming President provided that such member of the Executive Committee has not resigned a directorship, the term of which would have coincided in whole or in part with his term appointment to the Board of Directors;

(C) The Presidents of the Institutes, Societies and Councils of the National Association;

(D) The former Presidents of the National Association who continue to be affiliated with their respective local boards and active in the National Association;

(E) The former Treasurers of the National Association who continue to be affiliated with their respective local boards and active in the National Association;

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**(F)** The Presidents of state associations and of the Washington (D.C.) Association of REALTORS®, the Guam Board of REALTORS®, the Puerto Rico Association of REALTORS®, and the Virgin Islands Territorial Association of REALTORS®;

**(F)** The Presidents of the International Affiliate Organizations, or their designees, if so provided by reciprocal agreement;

**(G)** Two (2) Vice Presidents appointed by the President, provided the appointee has not resigned a directorship the term of which would have coincided in whole or in part with his term as Vice President;

**(H)** The Regional Vice Presidents of the National Association;

**(I)** A REALTOR® or REALTOR-ASSOCIATE® who also holds membership in the National Association of Real Estate Brokers, as recommended by the President of that Association and to be appointed by the incoming President of the NATIONAL ASSOCIATION OF REALTORS®.

**(J)** Four Association Executives consisting of two from local associations, one from a state association, and one from a regional multiple listing service, selected by the incoming President;

**(K)** Up to two (2) REALTORS® or REALTOR-ASSOCIATE@s who are members of a commercial overlay board selected by the incoming President;

**(L)** Up to three (3) REALTORS® or REALTOR-ASSOCIATE@s appointed by the incoming President to represent specialties within the real estate business;

**(M)** Up to ten (10) representatives of organizations not affiliated with the National Association selected by the President and approved by the Leadership Team. Representatives may be selected and approved at any time during an elective year and shall serve for the balance of that elective year;

**(N)** The Chairman of each of the Local and State Idea Exchange Councils who is not a Director at Large or otherwise a Director ex officio, provided such Chairman has not resigned a directorship the term of which would have coincided in whole or in part with the term of his chairmanship, and one of the two (2) representatives for each size association of the Local and State Leadership Idea Exchange Councils that is serving the second year of his term, provided such representative has not resigned a directorship the term of which would have coincided

in whole or in part with his term as representative, and provided further that if there are more than eight (8) representatives the incoming President shall designate from among the representatives up to eight (8) to serve as Directors;

**(O)** Each Committee Liaison who is not a Director at Large or otherwise a Director ex officio, provided such Committee Liaison has not resigned a directorship the term of which would have coincided in whole or in part with the term as a Committee Liaison, provided that if there are more than seven (7) Committee Liaisons the incoming President shall designate from among the Committee Liaisons up to seven (7) to serve as Directors;

**(P)** Recipients of the Distinguished Service Award who continue to be affiliated with their respective local board shall serve as Directors;

**(Q)** Each local board within the fifty states, the District of Columbia, Guam, Puerto Rico or the Virgin Islands with a membership of 2000 or more shall be entitled to a number of Directors determined by dividing the membership of the local board by the number 2000 and rounding any resultant fraction to the next lower whole number. Each local board entitled to Directors pursuant to this subparagraph shall notify the National Association of the names of the REALTORS® and REALTOR-ASSOCIATE@s designated to serve as Directors during the next elective year prior to October 1st.

**(R)** Each of the fifty states and the District of Columbia, Guam, Puerto Rico and the Virgin Islands ("state associations") shall be entitled to two Directors plus an additional number of Directors determined by subtracting the number 4000 from the membership within the state association, dividing any remainder greater than zero by the number 2000 and rounding any resultant fraction to the next lower whole number, provided, however, the number of additional Directors to which the state association is entitled shall be reduced by the number of Directors allocated to local boards within the same state association under subparagraph (Q) hereof. In the case of a local board with assigned territorial jurisdictions within two or more state associations, the number of additional Directors to which a state association is entitled shall be reduced by a number equal to the number of Directors the local board would be entitled to under subparagraph (Q) hereof based upon the number of primary members of the local board who also hold primary membership in the state association. Each state association entitled to Directors pursuant to this subparagraph shall notify



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the National Association of the names of the REALTORS® and REALTOR-ASSOCIATE®s designated to serve as Directors during the next elective year prior to October 1st.

(S) Each national 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, the principal broker of not less than one hundred fifty of which are REALTOR® members of a Member Board of the National Association shall designate one Director who must be a principal, partner or corporate officer of the national real estate brokerage franchise organization and hold REALTOR® or REALTOR-ASSOCIATE® membership in a Member Board of the National Association.

(T) Each of the seventy -five (75) largest firms, partnerships or corporations in the real estate business and doing business within the geographic areas described in Paragraph 1(Q) hereof shall designate one Director who must be a principal, partner or corporate officer of the firm, partnership or corporation and hold REALTOR® or REALTOR-ASSOCIATE® membership in a Member Board of the National Association. The largest real estate firms, partnerships, or corporations shall be identified by determining those with the greatest number of REALTORS® and REALTOR-ASSOCIATE®s employed by or affiliated with a principal, partner, corporate officer or branch office manager of the firm, partnership or corporation. In making the determination of the largest firms, partnerships or corporations, all real estate businesses operating under common control, regardless of their business structure, shall be considered a single firm, partnership or corporation.

(U) "Membership" as used in this Section shall mean in the records of the National Association the combined number of REALTOR® and REALTOR-ASSOCIATE® members holding primary membership in a Member Board within the geographic area as of the July 31st of the year of the election.

(V) All ex officio Directors shall serve terms of one year or until their successors are selected except those designated by the states pursuant to subparagraph (R) hereof, who shall serve for terms of three years or until their successors are selected.

**SECTION 2.** In order to maintain a balance in the expiration of the terms of Directors under Section 1(R) hereof, the state association may designate one or more such Directors serve for terms of less than three years.

**SECTION 3.** One-third of the whole Board of Directors shall constitute a quorum.

**SECTION 4.** There shall be two regular meetings of the Board of Directors in each year at a time and place fixed by the Board of Directors. Special meetings may be called by the President or by twenty-five members of the Board of Directors representing at least five states or the District of Columbia, upon due notice in writing given to each Director. Directors may unite in a petition to call such meeting or individually address written requests to the National Association. Upon receipt of such petition or written requests from the required Directors, the President shall notify each Director, in writing, of such meeting, fixing the time and place thereof not less than ten nor more than thirty days from the date of said notice.

**SECTION 5.** Any Director, except the former Presidents of the National Association, who shall be absent from two consecutive regular meetings of the Board of Directors shall automatically forfeit his office unless the Board of Directors, upon receipt of a written explanation for such absence satisfactory to it, shall waive this provision.

**SECTION 6.** The Board of Directors and the Officers shall from time to time seek the opinions and advice of Member Boards on matters of national import in such manner as may be convenient and shall consider such information in their deliberations.

## **ARTICLE V**

### **EXECUTIVE COMMITTEE**

#### **SECTION 1.**

(A) There shall be an Executive Committee consisting of the President; the President-Elect; the First Vice President; the Treasurer; the Regional Vice Presidents; the immediate Past President; the Past President twice-removed; the two (2) Vice Presidents appointed by the President; four other Past Presidents; twelve members who have not served as President; two members from the Large Residential

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Firms Advisory Group; one Member Board Executive Officer; and one appointee of each of the Institutes, Societies and Councils of the National Association.

**(B)** The President shall appoint, each year, two Past Presidents to serve two year terms, to succeed those whose terms expire.

**(C)** At the meeting of the Board of Directors during the National Convention, the President-elect shall submit to the Board of Directors six nominees, at least four of whom are Directors, one of whom may be a member who has previously served as a Director, and one of whom may be a member who has not previously served as a Director, to serve as members of the Executive Committee. The Board of Directors shall elect members of the Executive Committee from such nominations. Directors shall be elected to the Executive Committee for terms of two years to commence on the day following the official closing of the National Convention at which they are elected, six being elected each year to succeed the Directors whose terms expire. Directors so elected shall continue in office until their successors are elected and qualified. If a vacancy occurs before expiration of a term, the President shall submit to the Board of Directors the nomination of a Director to fill the unexpired term.

**(D)** The President shall appoint, each year, a member from the Large Residential Firms Advisory Group established by the Board of Directors to serve a two year term, to succeed the member whose term is expiring.

**(E)** The President shall appoint, each year, a Member Board Executive Officer to serve a one year term, to succeed the one whose term expires.

**(F)** Each Institute, Society and Council shall designate one of its members in good standing, who is not an employee, to serve a two year term, to succeed those whose terms expire.

**SECTION 2.** The Executive Committee shall conduct the affairs of the National Association in accordance with the policies and instruction of the Board of Directors. The Executive Committee shall meet on the call of the President, the Board of Directors or any eleven of its members. The President shall act as Chairman of the Executive Committee. Seventeen members shall constitute a quorum.

**SECTION 3.** A Member who has served as a member of the Executive Committee for terms aggregating twenty (20) years shall be a member of the Executive Committee for life unless sooner terminated by resignation from the Committee or the National Association.

### **ARTICLE VI**

#### **ADVISORY GROUP**

**SECTION 1.** There shall be an Advisory Group composed of all former Presidents of the National Association who continue to be affiliated with their local boards.

**SECTION 2.** The Advisory Group shall act in an advisory capacity to the Officers and Directors of the National Association.

**SECTION 3.** The Chairman shall be the second immediate Past President who is able to serve.

### **ARTICLE VII**

#### **OFFICERS, ELECTIVE AND APPOINTIVE - POWERS AND DUTIES**

**SECTION 1.** The elective Officers of the National Association shall be a President, a President-Elect, a First Vice President, a Vice President from each of the Regions created by the Board of Directors, a Treasurer, and a corporate Secretary, all of whom shall serve for one year, with the exception of the Treasurer who shall serve for two years, or until their successors are elected and assume office. The President and the Treasurer shall not be eligible for a second or subsequent election, however a past Treasurer may fill a vacancy in the office of the Treasurer and serve until the next annual election.

#### **SECTION 2.**

**(A)** The President shall be the chief elected officer of the National Association and shall preside at its meetings and those of the Board of Directors and Executive Committee, between the sessions of which he shall represent the Association and act in its name, subject only to its declared policies. He shall

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appoint all committees unless otherwise directed by the Board of Directors, shall be an ex officio member of all committees, and shall perform all other duties usual to such office.

**(B)** The President-Elect shall perform the duties of the President in the event of his absence or disability and shall have such other powers and duties as may be prescribed by the Board of Directors, the Executive Committee or the President. The President-Elect shall succeed to the office of the President. If the office of the President should become vacant between elections, the President-Elect shall fill the vacancy and complete the unexpired term. The office of President-elect shall remain vacant for the remainder of that unexpired term. The President-Elect who fills a vacancy in the office of the President shall automatically become President for a full term after completion of the unexpired term.

**(C)** The First Vice President shall have such powers and duties as may be prescribed by the Board of Directors, the Executive Committee or the President. If the office of President-Elect shall become vacant between elections other than as a result of the President-elect filling a vacancy in the office of President, the First Vice President shall fill the vacancy in the office of President-elect and complete the unexpired term. The First Vice President who fills a vacancy in the office of President-Elect shall automatically become President for a full term after completion of the unexpired term.

**(D)** In the event of the death or disability of the President and the inability or incapacity of the President-Elect to succeed to such office pursuant to this section, the office of President shall be filled until the next National Convention by a person appointed by the Executive Committee.

### **SECTION 3.**

**(A)** The Regional Vice Presidents shall oversee the work of the National Association in their respective Regions and act as the representative of the President in such matters as may be assigned to them.

**(B)** In case of a vacancy in the office of any Regional Vice President, it shall be filled by appointment by the President and confirmation by the Board of Directors for the unexpired term. Such appointee shall be from the Region in which the vacancy occurs.

**(C)** Vacancies not otherwise provided among the Officers or in the Board of Directors shall be filled by the Board of Directors until the next annual election.

**SECTION 4.** The Treasurer shall oversee the administration of the financial affairs of the National Association and shall serve as the Chair of the Finance Committee. The Treasurer shall present the National Association's annual budget to the Board of Directors for its approval and shall provide periodic reports to the Board of Directors on the financial condition of the National Association.

The Treasurer, or the Comptroller when so designated by the Treasurer, shall be the custodian of the funds and securities, and the collecting and disbursing officer of the National Association subject to the policies established by the Board of Directors. The Comptroller shall deposit the funds and securities in such depositories and in such manner as the Board of Directors may designate and direct.

**SECTION 5.** The Secretary shall keep the records and seal of the National Association and performs such other duties as are customary to the office, including acting as Secretary for the Board of Directors and Executive Committee.

**SECTION 6.** The Board of Directors shall retain a General Counsel who shall perform the duties usual to such office.

**SECTION 7.** The Chief Executive Officer shall designate a member of the staff who, subject to the approval of the Executive Committee, shall serve as Comptroller and who shall be a Certified Public Accountant and conduct such functions as are usual to the business.

The National Association shall secure a bond in a surety company qualified to do business in the State of Illinois or an insurance policy in such amounts as shall be prescribed by the Board of Directors, covering the activities of the Treasurer and Comptroller in administering the financial operations of the National Association.

**SECTION 8.** There shall be a Chief Executive Officer who shall be appointed by the Board of Directors. The Chief Executive Officer shall be subject to the President and shall serve as the head of the staff, charged with its selection subject to the approval of the Executive Committee. The Chief Executive Officer shall have supervision of the entire staff and shall perform such other duties as may be delegated to him by the Board of Directors, the Executive Committee or the President, and all other duties usual to such office.

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The Chief Executive Officer shall provide a bond in a surety company qualified to do business in the State of Illinois or such other state as the headquarters of the National Association may be located, and of such amount as may be determined by the Board of Directors. The cost of such bond shall be paid by the National Association.

**SECTION 9.** The Chief Executive Officer shall serve as Secretary of the Association, ex officio.

**SECTION 10.** The Board of Directors may appoint an Administrative Secretary to perform the duties usual to that office and such other duties as may be assigned to him by the Board of Directors, the Executive Committee, the President, or the Chief Executive Officer.

**SECTION 11.** Any Administrative Secretary may be elected Assistant Secretary by the Board of Directors.

### **ARTICLE VIII**

#### **FINANCE AND PROFESSIONAL STANDARDS COMMITTEES - ANNUAL AUDIT - APPOINTMENT OF OTHER COMMITTEES**

**SECTION 1.** There shall be a Finance Committee consisting of the Treasurer, who shall be the Chairman, one State Association Executive Officer and one Local Board Executive Officer appointed by the President to serve two year terms, the Vice-Chair of the Reserves Investment Subcommittee of the Finance Committee and the immediate Past Treasurer to serve one year terms, and twelve other members at least eight of whom were Directors when elected and no more than four of whom were not Directors when elected but have served previously as Directors. Members other than the Executive Officers, the Vice Chair of the Reserves Investment Subcommittee and the immediate Past Treasurer shall be elected to the Finance Committee for staggered terms of three years to commence on the day following the official closing of the National Convention at which they are elected, four being elected in each year to succeed those whose terms expire. Members so elected shall continue to serve until their successors are elected.

At the meeting of the Board of Directors during the National Convention, the President-elect shall submit to the Board of Directors four or more nominations, not more than one of whom is not currently a Director but has served previously as a Director. The Board of Directors shall elect from such nominations sufficient members to fill existing vacancies. If any member of the Finance Committee fails to attend two consecutive meetings, his membership on the Finance Committee may terminate and his position may be deemed vacant at the discretion of the President. If a vacancy of an elected member occurs before the expiration of a term, the President shall submit to the Board of Directors for approval the nomination of a member to fill the unexpired term. Such member shall be a Director, or if not currently a Director, has previously served as a Director. If a vacancy of an Executive Officer member occurs before the expiration of the term, the President shall appoint an Executive Officer from a local board or state association to correspond with the vacant position to fill the unexpired term.

The Finance Committee shall prepare the annual budget for the ensuing fiscal year and submit it to the Executive Committee and Board of Directors for its approval or modification.

**SECTION 2.** The accounts of the National Association shall be audited annually as of the close of the fiscal year by a Certified Public Account designated by the Board of Directors. There shall be such interim and preaudit reviews and analyses of the accounts as may be directed by the Board of Directors or the Executive Committee.

**SECTION 3.** There shall be a Professional Standards Committee. It shall be the duty of this Committee to interpret the Code of Ethics, to consider and recommend appropriate action on inquiries of Member Boards and Board Members concerning enforcement thereof, and to recommend amendments thereto as it deems necessary or advisable.

#### **SECTION 4.**

(A) There shall be an Institute Advisory Committee, which shall consist of the President, President-Elect and Executive Vice President of each Institute, Society or Council and the President, President-Elect, First Vice President and Chief Executive Officer of the National Association. A member of the National Association's Leadership Team appointed by the President shall serve as the Chairman and be an ex-officio member of the Committee during the term as

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Chairman. The Executive Vice Presidents and the Chief Executive Officer of the National Association shall serve without a vote.

**(B)** The Committee shall consider matters relating to the conduct of the Institutes, Societies and Councils, their relationship with one another and with the National Association and shall report to only the Executive Committee.

**SECTION 5.** There shall be a Distinguished Service Award Selection Council consisting of nine members, the members of which shall have been recipients of the Distinguished Service Award. Each year the Council shall, in consultation with the President, select eligible members to fill the positions of the Council members whose terms are expiring of the Council members whose terms are expiring and to fill any vacancies. At the first meeting of the Council following the Annual Convention the Council shall elect a Chair and Vice Chair for the Council. No member shall serve for more than two consecutive three-year terms.

The Council shall determine the recipients in accordance with such guidelines as the Council shall recommend and the Executive Committee shall approve; and report its selection, if any, to the Board of Directors. The Award shall be presented at the Annual meeting of the Association. The Distinguished Service Award shall not be awarded posthumously, shall not be awarded to Past Presidents of the Association and shall not be awarded to more than two recipients in each elective year.

**SECTION 6.** There shall be a Leadership Team consisting of the President; President-Elect; First Vice President; Treasurer; Immediate Past President; two (2) Vice Presidents appointed by the President; and Chief Executive Officer.

Voting members of the Leadership Team shall be the President; President-Elect; First Vice President; Treasurer; Immediate Past President; and the two Vice Presidents appointed by the President. In the event of a tie vote, the President shall determine the position to be taken with respect to the particular issue.

Except as to actions specifically stated in the Constitution or Bylaws or by law to require approval of or to be taken by the Board of Directors or Executive Committee, the Leadership Team shall have the authority to act on behalf of the Board of

Directors and Executive Committee to make policy and operational decisions for the Association between meetings of the Executive Committee and Board of Directors. The Leadership Team shall report its actions, as appropriate, to the Executive Committee and Board of Directors.

The Leadership Team shall meet upon the call of the President or four of the voting members, stating the time and place of the meeting. A majority of the voting members of the Leadership Team, one of whom must be the President, shall constitute a quorum.

The Leadership Team may take any action which it could take at a meeting of the Leadership Team without a meeting if a consent in writing, setting forth the action so taken, is signed by all the voting members of the Leadership Team. Members of the Leadership Team 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 in a meeting shall constitute presence in person at the meeting.

**SECTION 7.** There shall be such other committees as may be designated by the Board of Directors or the Executive Committee, the members of which shall be appointed by the President unless otherwise directed by the Board of Directors or the Executive Committee.

## **ARTICLE IX**

### **NATIONAL CONVENTION - DELEGATES AND VOTING**

**SECTION 1.** A National Convention shall be held annually at such time and place as may be fixed by the Board of Directors. The annual meeting of the members shall be held at the National Convention. Board Members present at any meeting of the National Association shall be delegates, entitled to participate fully in all discussions and deliberations.

**SECTION 2.** Voting shall be by Member Boards. The chief elected officer of a Member Board in good standing or his duly accredited alternate, who shall be a Board Member of the same Board, shall in viva voce cast the vote for his Board, and he shall be entitled to as many votes as his Board

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has REALTOR® or REALTOR-ASSOCIATE® Members who hold primary membership in the Member Board, all of whom must be in good standing according to the records of the National Association. In the event a viva voce vote is not unanimous, any delegate may request a recorded vote prior to the body's consideration of the next item of business, which request must be granted by the presiding officer. The recorded vote may be administered electronically, or by written ballot or by another process identified prior to the commencement of the meeting of the Delegate Body. Voting by proxy or division of the vote of a Member Board shall not be permitted.

**SECTION 3.** Written notice to certify delegates to the National Convention shall be given by the National Association to each Member Board at least 30 days before the convention. Member boards shall provide to the National Association written certification of the Member Board's delegate and/or alternate in such form, including electronic, as may be approved by the National Association no later than six business hours prior to the meeting of the Delegate Body.

**SECTION 4.** Wherever notice of meetings or of the subjects to be considered at meetings is required or authorized by this Constitution, publication of such notice in an official publication which is mailed to all members of the National Association within the required time limits, shall be deemed to be good and sufficient notice.

**SECTION 5.** Directors shall assume office on the day following the official closing of the Annual Convention and shall serve until their successors are selected and assume office.

**SECTION 6.** Chief elected officers of Member Boards or their accredited alternates present at the National Convention may make recommendations to the Board of Directors as to the general policies of the National Association and as to the actions to be taken upon specific questions.

**SECTION 7.** Chief elected officers of Member Boards or their accredited alternates from 100 Member Boards shall constitute a quorum.

**SECTION 8.** Chief elected officers of Member Boards or their accredited alternates shall meet at the National Convention and may meet at the Midyear Meeting when called to do so in accordance with Article XII, Section 2 of this Constitution.

## ARTICLE X

### ELECTIONS

**SECTION 1.** The annual election of officers shall be the first order of business at the Midyear meeting of the Board of Directors. Any election of the officers in which there is more than one candidate for the office shall be conducted by secret ballot. The candidate receiving the majority of votes cast for a particular office shall be declared the winner. In the event that no candidate on the ballot for a particular office receives a majority vote, the two candidates receiving the greatest number of votes cast shall remain on the ballot and a run-off election shall be held as between those two candidates. The candidate receiving the majority of votes cast in the run-off election shall be declared the winner. When an election is conducted by secret ballot, the vote count shall be reported to the Board of Directors. Thereafter the disposition of the ballots shall be in accordance with the policies established by the Board of Directors.

**SECTION 2.** There shall be an elections committee to establish the campaign and election procedures for the National Association, which shall be submitted to the Board of Directors for its approval or modification, and the elections committee shall consist of the following members:

(A) The Past President twice removed of the National Association or his or her most recent predecessor who is able and willing to serve;

(B) Two Past Presidents selected in accordance with the formula determined by the Past President's Advisory Committee;

(C) One person appointed by the President of the National Association from each Region created pursuant to Article XIV, provided such person is not an announced candidate, has not served on the elections committee during both of the two years preceding the year of appointment, and has served either as a Regional Vice President during the preceding five years or as a Director of the National Association during at least two of the preceding five years.

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**(D)** The Immediate Past President of the National Association shall serve as an ex officio member of the elections committee.

**(E)** The Chairman shall be the Past President twice removed and if he or she is unable to serve, his or her most recent and available predecessor shall serve in his or her stead except that in no case shall a Past President serve as Chairman for two successive years.

**(F)** The President shall be advised by the Regions concerning those persons to be appointed by him or her to the elections committee from the Region. A member may not serve more than two consecutive one-year terms as the Region's representative on the elections committee. The procedure by which the Regions shall advise the President shall be determined by the Region.

**(G)** Members of the elections committee may not publicly endorse any candidate. A member of the Leadership Team may not publicly endorse any candidate, other than him or herself, during his or her term.

**(H)** The elections committee shall meet at the Annual Convention or at a special meeting of the elections committee called for the purpose of organizing itself, establishing its procedures, and conducting its business. The elections committee may hold, on its own motion, such meetings as it may deem necessary to complete its slate of eligible candidates pursuant to the schedule set forth in the campaign and election process manual.

### **SECTION 3.**

**(A)** There shall be a work group comprised of the Chair of the elections committee, the Immediate Past President of the National Association and three regional representatives from the elections committee selected in random rotation.

**(B)** The work group may hold such meetings as it deems necessary to complete its work pursuant to the schedule set forth in the campaign and election process manual.

**(C)**

1. The candidate's legal audit shall be conducted by, and the criminal background reports shall be obtained by, the General Counsel of the National Association who shall prepare an evaluation for submission to the work group identifying issues from those reports based upon the guidelines established by the Board of Directors. Issues disclosed by the financial, legal and

criminal background reports noted in the evaluation will first be reported to the candidate who will be given an opportunity to correct any inaccurate information in accordance with the campaign and election process manual.

2. The work group shall review the application and the evaluation of the financial audit, legal audit and criminal background check for each candidate for President-elect, First Vice President, Treasurer and Regional Vice President. Any issues arising from this review that are deemed significant by the work group will be reported to the elections committee. If deemed appropriate by the elections committee, those issues may also be disclosed to the Board of Directors if the member stands for election.

### **SECTION 4.**

**(A)** All Persons who have received their state association's endorsement to be candidates for the National Association offices of President-Elect, First Vice President, and Treasurer may file an application with the elections committee in accordance with the campaign and election process manual.

**(B)** No member may accept and no Region, State or Local Association, Board Member or real estate business owned in whole or in part by a Board Member may provide financial support and/or an official endorsement of any member to be a candidate for the office of National Association President-Elect, First Vice President or Treasurer dates(s) identified in the campaign and election process manual.

**(C)** 1. The application form must include the member's authorization to obtain financial, legal and criminal background reports for use in connection with the audit and election process. The Chairman of the elections committee shall report to the Board of Directors at the midyear meeting of the National Association following the filing of these applications the names of all persons who have filed an application and the office for which they seek to be a candidate.

2. The elections committee shall review the qualifications of all candidates who have filed applications to determine their eligibility to serve as an officer of the National Association. This review shall include consideration of any issues raised by the work group, and the receipt of the candidate's home state endorsement and any other endorsements the candidate may elect to submit on behalf of him or herself from Regions, State and Local Associations and National Directors. Each endorsement received by the elections committee must be signed and dated

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by an elected officer holding office in the year the elections committee meets to review the qualifications of the endorsed candidate.

3. The elections committee's review of the qualifications of all candidates for the offices of the National Association shall be completed prior to the next meeting of the Board of Directors at the annual meeting of the National Association. Notice of the eligible candidates for the offices of President-Elect, First Vice President and Treasurer shall be provided to the membership of the National Association on the date identified in the campaign and election process manual.

4. All sitting NAR officers shall be required to complete and submit a quarterly report to the work group verifying that the officer continues to meet the required criteria for holding NAR office, as established by the elections committee.

### **ARTICLE XI**

#### **FISCAL AND ELECTIVE YEAR**

**SECTION 1.** The fiscal year of the National Association shall be from January 1 to December 31, inclusive.

**SECTION 2.** The elective year of the National Association shall begin the day following the official closing of the Annual Convention and end the last day of the Annual Convention.

### **ARTICLE XII**

#### **MIDYEAR MEETING, AND SPECIAL MEETINGS**

**SECTION 1.** The Board of Directors or the President, upon thirty days notice may issue a call for delegates of Member Boards who are qualified to vote individually to meet at the Midyear Meeting.

**SECTION 2.** Special meetings of the National Association shall be called by the Board of Directors or by the President upon petition by at least twenty percent of its Member Boards or upon petition signed by the number of Member Boards who are qualified

to vote individually representing at least twenty percent of the total REALTOR® and REALTOR-ASSOCIATE® Members.

### **ARTICLE XIII**

#### **INSTITUTES, SOCIETIES AND COUNCILS**

##### **SECTION 1.**

(A) For the purpose of affording those affiliated with Member Boards a greater opportunity for cooperation and discussion of administrative and business problems of the particular phases of the real estate business in which they are individually interested, the Board of Directors may establish Institutes, Societies or Councils of the National Association.

(B) No Institute, Society or Council shall be established or maintained which has less than one hundred Members.

##### **SECTION 2.**

(A) Institutes, Societies and Councils shall represent major fields of activity, or administrative and business problems in the real estate business. Institutes, Societies and Councils may, with the approval of the Board of Directors, adopt and amend corporate charters, adopt and amend Bylaws, elect governing bodies and officers, prescribe qualifications for membership, and establish and collect dues which shall be segregated in the books of account for their own use.

(B) Councils created for the consideration of administrative and business problems may elect a Chairman and appoint committees but may not levy dues or establish special membership requirements without the expressed approval of the Board of Directors of the National Association.

**SECTION 3.** Meetings of the Institutes, Societies and Councils may, subject to the policies of the Convention Meetings Committee of the National Association, be held either independent of or in conjunction with the two annual business meetings of the National Association. The decision of each Institute, Society or Council to meet independently of the National Association, once reported to the National Association, shall not be alterable by the Institute, Society or Council. The Executive Vice



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President and President of each Institute, Society and Council or his/her designated representative shall attend the two annual business meetings of the National Association.

**SECTION 4.** Subject to the provisions of Article XX hereof, any action by the Institutes, Societies or Councils shall be subject to the approval of the Board of Directors. The Constitution, Articles of Incorporation and Bylaws of the Institutes, Societies and Councils shall specifically make appropriate provisions for such approval.

### **SECTION 5.**

(A) Attendance at any or all meetings of the Institutes, Societies or Councils shall be open to all members of the National Association, provided that the privilege of such attendance at such meetings held in conjunction with the National Convention shall be subject to the payment of the National Convention registration fee.

(B) If Institutes, Societies or Councils have established dues as provided in their Bylaws, only members of such Institutes, Societies or Councils shall be entitled to participate in their discussions, vote and receive without added cost their publications or other services.

**SECTION 6.** Members of the Institutes, Societies or Councils who hold a professional designation awarded by the Institute, Society or Council or who hold a class of membership that confers the right to hold office shall hold REALTOR®, REALTOR-ASSOCIATE® or Institute Affiliate Membership in Member Boards of the NATIONAL ASSOCIATION OF REALTORS®, provided, however, that persons who are currently employed in an executive, administrative or management capacity by a Member Board of the National Association, by a multiple listing service that is wholly-owned by one or more Member Boards, or by an Institute, Society or Council of the National Association, shall be eligible to earn, be awarded and maintain a professional designation offered by an Institute, Society or Council and provided further that persons engaged in the real estate business outside of the United States, its insular possessions and the Commonwealth of Puerto Rico shall not be obligated to maintain any form of membership in the NATIONAL ASSOCIATION OF REALTORS® as a precondition to membership in any Institute, Society or Council.

## **ARTICLE XIV**

### **REGIONS**

**SECTION 1.** The Board of Directors may create regions in the United States, and may conduct Regional meetings and conferences in such regions.

## **ARTICLE XV**

### **STATE ASSOCIATIONS: MEMBERSHIP AGREEMENT**

**SECTION 1.** The National Association may enter into a membership agreement with a state association which shall provide that all of the Member Boards in such state must be and continue to be, as a condition of continued membership in the National Association, Members of the state association. The Board of Directors shall consider such membership agreement only when and if requested by a state association, and a thirty-day written notice of such application shall be sent to all members of the Board of Directors preceding the meeting at which it will be considered. An application for such membership agreement may be granted by the National Association provided that the state association complies with the following standards and conditions:

(A) Such associations shall be organized with local boards as its constituent members, except that it may have individuals as Members in any area where there is no Member Board;

(B) Such association shall adopt the Code of Ethics of the National Association and agree to aid in its enforcement.

(C) Such association shall adopt as minimum requirements for election to membership of any local board or any individual the minimum requirements established by the National Association from time to time;

(D) Such association shall agree that after a specified date all of its Member Boards and Individual Members, as a condition of continued membership, shall hold membership in the National Association;

(E) The application of any such association for a membership agreement shall be endorsed by a number of Member Boards of the National

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Association in such state representing sixty-six and two-thirds percent of the REALTOR® Members therein;

(F) A state association having a membership agreement with the National Association may terminate such agreement by vote of a number of Member Boards of the National Association in such state representing sixty-six and two-thirds percent of the REALTOR® Members of such association.

**SECTION 2.** When the National Association shall have entered into a membership agreement with any state association complying with the provisions of this Article, any local board or individual holding primary membership in a local board within the territory of such association shall not be elected to membership in the National Association unless such board or individual shall be a member of such state association, and Member Boards of the National Association within the territory of such state association shall, as a condition of continued membership in the National Association, maintain membership in such state association; provided, however, that the National Association shall reserve the right of review on the application of any local board refused membership in a state association and of retaining as a Member Board in the National Association any local board which resigns from a state association or which is expelled from such association for any cause other than the nonpayment of dues on a parity with other Member Boards in such state; and provided further, that any state association may, upon so notifying the National Association, also reserve the right of review on the application of any local board refused membership in the National Association and of retaining as a Member Board in such state association any local board which resigns from, or is expelled from, the National Association for any cause other than the nonpayment of dues to the National Association on a parity with other Member Boards.

### **ARTICLE XVI**

#### **GIFTS AND BEQUESTS**

**SECTION 1.** The National Association may accept gifts and bequests which shall be administered by the Board of Directors and which shall constitute an endowment; the income derived from investment of such gifts and bequests shall be used to promote the objects of the National Association. The

National Association also may accept gifts and bequests for specific purposes, provided such purposes shall have the approval of the Board of Directors, in which case such gifts or bequests shall be used only for the purposes and in the manner specified by the donor.

### **ARTICLE XVII**

#### **NATIONAL ASSOCIATION HEADQUARTERS**

**SECTION 1.** The National Association shall maintain headquarters at Chicago, Illinois, or at such other place or places as may be designated from time to time by the Board of Directors.

**SECTION 2.** The legal headquarters of the National Association shall be maintained in Chicago, Illinois, the state of incorporation.

### **ARTICLE XVIII**

#### **BYLAWS**

**SECTION 1.** Bylaws may be adopted or amended at any meeting by two-thirds of the Directors present at such meeting, provided that a quorum is present at such meeting, and provided that the substance of the proposed amendments shall have been submitted to the Member Boards at least 30 days in advance of their adoption.

### **ARTICLE XIX**

#### **AMENDMENTS**

**SECTION 1.** This Constitution may be amended by two-thirds of the number of votes cast by the delegates at the National Convention, provided the proposed amendment shall first have been submitted in writing to and been reported upon by the Board of Directors, and provided further, that written notice of the substance of the proposed change has been sent to each Member Board who is qualified to vote individually at least 30 days prior to the meeting at which the amendment is to be considered. The notice may be sent by first-class mail, electronic communication, including e-mail, or any other means

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permitted by law that has been approved by the Board of Directors for sending such notices.

**SECTION 2.** The Code of Ethics may be amended by two-thirds of the number of votes cast by the delegates at the National Convention; provided the proposed amendment shall first have been submitted in writing and have been reported upon by the Board of Directors, and provided further, that written notice of the substance of the amendment has been sent to each Member Board who is qualified to vote individually at least 30 days prior to the National Convention at which the amendment is to be considered. The notice may be sent by first-class mail, electronic communication, including e-mail, or any other means permitted by law that has been approved by the Board of Directors for sending such notices.

### **ARTICLE XX**

#### **INSTITUTES, SOCIETIES AND COUNCILS, NATIONAL ASSOCIATION OF REALTORS® RIGHTS AND RESPONSIBILITIES**

**SECTION 1.** The following rights and responsibilities are reserved to each of the Institutes, Societies and Councils respectively:

(A) The establishment of qualifications and the establishment and administration of procedures, for admission to candidacy and membership and the awarding of professional designations of the Institute, Society and Council to persons who are members of, or affiliated with, the National Association;

(B) The establishment of membership dues in the Institute, Society or Council and all other fees charged members and candidates for membership and others accredited, or seeking accreditation, by the Institute, Society or Council;

(C) The selection, supervision of and the determination of compensation and duties for all staff and other personnel of each Institute, Society or Council;

(D) The establishment of a Code of Ethics and Standards of Professional Practice for the Institute, Society or Council which are not inconsistent with the Code of Ethics of the National Association as from time to time amended; provided, however, that

in order for its members to be eligible for Institute Affiliate Membership pursuant to Article III, such Institute, Society or Council must adopt and enforce the National Association's Code of Ethics or a code of ethics approved by the National Association that addresses the specialty area of that Institute, Society or Council, which code of ethics must apply to all persons who have been awarded a professional designation and those who hold classes of membership that confer the right to vote or hold office;

(E) The establishment and administration of appropriate procedures for the enforcement by each Institute, Society or Council of its Code of Ethics and Standards of Professional Practice;

(F) The determination of the qualification for, enrollment in, fees for, and the content, scheduling, administration, organization and operation of, all Institute, Society or Council education programs, curricula, courses, and seminars dealing with or relating to the phase of the real estate business with which the Institute, Society or Council is concerned;

(G) The preparation, publication, distribution and pricing of Institute, Society or Council educational material dealing with or relating to the phase of the real estate business and other matters with which the Institute, Society or Council is concerned, including the determination of content, viewpoint, and sources;

(H) The establishment, alteration and dissolution of local chapters of each Institute, Society or Council and the control over each such chapter's composition, powers and duties;

(I) Those other items, matters and activities as necessary to carry out those rights and responsibilities reserved to Institutes, Societies and Councils by this Article XX and which are not otherwise inconsistent with this Constitution.

**SECTION 2.** The National Association shall have the following rights and responsibilities:

(A) Primary responsibility to administer, coordinate, report on and deal with both legislative and executive branches of agencies of federal, state or local governments, including independent regulatory agencies and including, but not limited to, the duty to maintain a Washington office for the purpose of reporting to the membership of the National Association and the Institutes, Societies and Councils all matters concerning the activities or proposed activities of the executive and legislative branches

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and agencies of the Federal government that relate to real estate. The Committee structure shall provide the opportunity for the Institutes, Societies and Councils to have input into the decision-making process;

While the National Association has primary responsibility for the various matters enumerated above, it shall encourage the Institutes, Societies and Councils to assume a participatory role with respect to each of such activities.

The Institutes, Societies and Councils shall be permitted to engage in such activities with respect to issues in which the National Association is not involved or is inactive, so long as no positions are taken which conflict with positions of the National Association and provided further that the National Association shall have prior notice of all such activities undertaken by any Institute, Society or Council.

In the event that an Institute, Society or Council adopts a policy on any legislative or regulatory matter that is in conflict with the policy of the National Association, both organizations shall make every reasonable attempt to resolve their differences. If, after all reasonable attempts to resolve such differences have been exhausted and the organizations are unable to resolve the conflict in policy positions, each organization shall be free to take whatever actions it deems necessary to advocate its policy.

**(B)** General responsibility to plan the National conventions and meetings including, but not limited to, the responsibility for coordinating the meeting schedules of the National Association and the Institutes, Societies and Councils so as to minimize scheduling conflicts;

**(C)** Responsibility to make available to the Institutes, Societies and Councils appropriate office space, accounting and computer services, mailing services and fringe benefits for staff so that such space, services and benefits will be of high quality at the lowest possible cost;

**(D)** Responsibility to assist in coordinating scheduling of Institutes, Societies and Councils educational courses and programs with the scheduling of educational courses and programs of other Institutes, Societies and Councils and the National Association so as to avoid whenever possible scheduling conflicts.

Although the National Association has the responsibility for the various matters enumerated above, this shall not be construed to restrict or prevent Institutes, Societies and Councils from assuming a secondary role with respect to each of such activities which is not inconsistent with the policy of the National Association.

**SECTION 3.** In the event that a question or controversy arises with respect to the proper interpretation of this Article XX, such question or controversy shall be referred to the Institute Advisory Committee. The Institute Advisory Committee shall make an investigation to determine the relevant facts and circumstances bearing upon the question or controversy, and if appropriate, shall conduct a hearing relating to the matter.

The decision of the Institute Advisory Committee with respect to any such questions or controversy relating to the proper interpretation of this Article XX shall be final unless, after notice as hereinafter specified, such decision is reversed by the affirmative vote of not less than two-thirds of the members of the Executive Committee of the National Association present at a regular or special meeting of such Executive Committee, the decision of the Executive Committee shall be final. The Executive Committee shall not take any action to modify or reverse any such decision of the Institute Advisory Committee unless written notice of the intention to consider such decision, together with the full report of the Institute Advisory Committee, shall be submitted to the members of the Executive Committee not less than twenty-four (24) hours prior to such action.

**SECTION 4.** The NATIONAL ASSOCIATION OF REALTORS® and each Institute, Society and Council affiliated with the National Association as of January 1, 1993 that is separately incorporated may terminate the affiliation established under Article XIII, Section 1(A) hereof by a two-thirds vote of the respective governing body, with any such disaffiliation to be effective eighteen months from the date of the vote to disaffiliate. Any affiliation established with an Institute, Society or Council subsequent to January 1 of 1993 may be terminated by a majority vote of the National Association's Board of Directors with such disaffiliation to take effect immediately unless otherwise specified by the Board of Directors.

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### **BYLAWS**

#### **ARTICLE I**

##### **MEMBERSHIP**

###### **Section 1.**

(A) Local boards shall be enrolled as Member Boards when their written applications have been received and presented to the Board of Directors and when the Board of Directors shall find that the applicants have complied with the requirements of the Constitution and Bylaws. An applicant for REALTOR® membership pursuant to Article III, Section 1(C) 1.(b) shall be enrolled as a REALTOR® Member of the local Board designated in their application as their primary Board, and that Member Board shall accept the applicant as such when their written application has been received and presented to the National Association Board of Directors, the Board of Directors has found that the applicant has complied with the requirements of the Constitution and Bylaws, and the applicant has paid their initial dues, and any applicable initiation and processing fees to their primary Board.

(B) The application of any local board for membership in the National Association shall be in such form as may be prescribed by the Board of Directors and shall contain a statement to the effect that it has been approved by a majority of the REALTOR® Members of the applicant board. Effective January 1, 1974.

###### **Section 2.**

(A) No Member Board, nor any multiple listing service owned by one or more Member Boards, nor any Institute, Society or Council, shall apply any arbitrary numerical or other inequitable limitation on its membership nor adopt any rule, regulation, practice or policy inconsistent with or contrary to any policy adopted by the Board of Directors.

(B) Member Boards and their multiple listing services shall be honest and truthful in their communications and shall present a true picture in their advertising, marketing, and other representations. Member Boards and their multiple listing services shall avoid false, deceptive, or misleading advertising and marketing practices and shall not knowingly or recklessly make false or misleading statements about other Member Boards, or Member Boards' programs, products or services.

**Section 3.** Unless qualified salesmen and independent contractors employed by or affiliated with a REALTOR® Member are eligible for REALTOR® membership in Member Boards, such salesmen and independent contractors shall be eligible for REALTOR-ASSOCIATE® membership in such Member Boards, and all Member Boards from and after January 1, 1974, shall make provision for such REALTOR-ASSOCIATE® membership.

**Section 4.** Resignations of local boards shall be considered and acted upon by the Board of Directors of the National Association; provided, however, that any local board tendering its resignation shall not be delinquent in its dues to the National Association, and provided further, that such resignation shall state the reasons therefore and shall verify that at least a majority of all its REALTOR® Members shall have voted in favor of such resignation.

#### **ARTICLE II**

##### **ANNUAL DUES**

###### **Section 1.**

(A) The annual dues of each Member Board (local Board) as defined in Article III, Section 1(B)(1) of the Constitution, shall be in an amount established annually by the Board of Directors at the Midyear Meeting times the sum of the number of REALTOR® and REALTOR-ASSOCIATE® members of the Board and the number of individuals who are licensed with such REALTOR® members of the Board and who are not themselves REALTOR®, REALTOR-ASSOCIATE® or Institute Affiliate members of the Board provided such individuals are not otherwise included in the computation of dues payable by another Member Board.

The annual dues of each Member Board (State Association) as defined in Article III, Section 1(B)(2) of the Constitution, shall be the amount established by the Board of Directors pursuant to Section 1(A) hereof times the sum of the number of REALTOR® and REALTOR-ASSOCIATE® members of the Board whose real estate office is located in a territory within the state which is outside the jurisdiction of any local Board and who are not primary members of any local board and the number of individuals who are licensed with such REALTOR® members of the Board and who are not themselves REALTOR®, REALTOR-ASSOCIATE® or Institute Affiliate members of the Board .

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The annual dues of each Institute, Society or Council of the National Association shall be one hundred five dollars (\$105.00) times the number of individuals who hold a professional designation awarded by that Institute, Society or Council or who hold a class of membership in the Institute, Society or Council which confers the right to hold office and who are not included in the calculation of dues payable by any Member Board or other Institute, Society or Council of the National Association.

**(B)** For the purpose of this section, a REALTOR® Member of a Member Board shall be held to be any Member who holds primary membership in the Member Board and who, as a sole proprietor, partner, or officer of a real estate firm or corporation or an individual in a position of management control on behalf of principals who are not physically present and engaged in the real estate business in connection with the firm's office, is actively engaged in real estate business as defined in Article III, Section 1 of the Constitution or who is a REALTOR® member of a Member Board pursuant to Article III, Section 1(C)1.(b) of the Constitution. A REALTOR-ASSOCIATE® Member of a Member Board shall be held to be any Member employed by or affiliated with a REALTOR® Member as a sales employee or independent contractor unless such Member is classified by the member Board as a REALTOR® Member in which case he shall be deemed a REALTOR® Member. An individual licensed in the state within which the board is located or within the state in which the real estate firm of the REALTOR® is located shall be deemed to be licensed with a REALTOR® if the license of the individual is held by a REALTOR® or by any broker who is licensed with the REALTOR®, provided that such licensee is not otherwise included in the computation of dues payable by a sole proprietor, partner, corporate officer or individual in a position of management control of the entity. Upon payment to the National Association of the dues required under Section 1(A) hereof, each REALTOR® and REALTOR-ASSOCIATE® Member in good standing of a Member Board shall be deemed respectively a REALTOR® or REALTOR-ASSOCIATE® Member in good standing of the National Association.

**(C)** 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 REALTOR®'s primary board on a form approved by the National 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.

The Member Board dues shall be adjusted for any licensee included on a form submitted to a Board who during the same calendar year applies for REALTOR® or REALTOR-ASSOCIATE® membership in a Member Board as provided in Section 2(B) hereof, except that in the case of a new Member who held REALTOR® or REALTOR-ASSOCIATE® membership during the preceding calendar year the adjustment to Member Board dues shall not be prorated. The adjustment to Member Board dues for all new Members under this Section 1(C) shall be due and payable to the National Association by the last day of the month following the month active REALTOR® status is granted as evidenced in the National REALTOR® Database System.

**(D)** A REALTOR® may file annually with the REALTOR®'s primary board on a form approved by the National Association a list of the licensees affiliated with that entity that are authorized to provide mortgage loan origination services based upon their real estate license and shall certify that those licensees included on the list are solely engaged in mortgage loan origination 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.

The Member Board dues shall be adjusted for any licensee included on a form submitted to a Board who during the same calendar year applies for REALTOR® or REALTOR-ASSOCIATE® membership in a Member Board as provided in Section 2(B) hereof, except that in the case of a new Member who held REALTOR® or REALTOR-ASSOCIATE® membership during the preceding calendar year the adjustment to Member Board dues shall not be prorated. The adjustment to Member Board dues for all new Members under this Section 1(D) shall be due and payable to the National Association by the last day of the month following the month active REALTOR® status is granted as evidenced in the National REALTOR® Database System.

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### **Section 2.**

(A) Each year each Member Board shall file with the National Association a list of the names of the REALTOR® and REALTOR-ASSOCIATE® Members of the Board and the numbers of individuals licensed with REALTOR® Members of the Board who are not themselves Board Members, which list and number shall be certified by the President and Secretary of the Board.

At the time such list is filed each Member Board shall pay dues for the current fiscal year based upon such list, which dues shall be adjusted each month to reflect any net increase in the number of individuals licensed with REALTOR® Members of the Board who are not themselves Board Members.

(B) Member Board dues shall also be adjusted for new Members enrolled by the Member Board who were not previously licensed with a REALTOR® Member of the Board during the current fiscal year, except that in the case of a new Member who held REALTOR® or REALTOR-ASSOCIATE® membership during the preceding calendar year the adjustment to Member Board dues shall not be prorated. The adjustment to Member Board dues for all new Members under this Section 2(B), except as provided for herein, shall be prorated monthly and be due and payable to the National Association by the last day of the month following the month active REALTOR® status is granted as evidenced in the National REALTOR® Database System.

(C) In calculating the dues payable to the National Association by a Member Board, no member holding primary membership in another Member Board shall be considered, provided such member has notified the state association, and each local board to which he belongs of the identity of the Member Board where he holds primary membership.

(D) The policies and procedures for the reporting of members and payment of dues by the Institutes, Societies and Councils of the National Association shall be established by the Board of Directors of the National Association.

**Section 3.** The annual dues payable by International Members as defined in Article III, Section 1(E) of the Constitution shall be established from time to time by the Board of Directors of the National Association with due consideration to the cost of the membership services provided.

**Section 4.** Each REALTOR® Member as defined by Article III, Section 1(C) 1.(b) of the Constitution shall pay dues to their primary Board annually in advance in accordance with the Bylaws of the Member's primary Board. Any REALTOR® Member as defined by Article III, Section 1(C) 1.(b) of the Constitution delinquent in payment of dues to the Member's primary Board shall be suspended or terminated automatically if their membership in the Member's primary Board is suspended or terminated by that Board for non-payment of dues, fees, fines or other financial obligations. A REALTOR® Member as defined by Article III, Section 1(C) 1.(b) of the Constitution terminated for non-payment of an amount owed to the Member's primary Board shall not be eligible for reinstatement to membership in the National Association unless such amount shall have been paid to the Board or otherwise satisfied.

**Section 5.** The dues of each Member Board, International Member, Student Member and National Affiliate Member shall be paid annually in advance and shall be due to the National Association on January 1 of each year. If annual dues are not paid by April 1, the Association may assess such late charges and administrative fees as may be established by the Board of Directors. Any Member Board, International Member, Student Member and National Affiliate Member delinquent in payment of dues by more than 90 days may be required to show cause as to why the Board of Directors, at its discretion, should not revoke the membership and/or charter of such member.

Any member failing to pay an assessment which has been duly approved by the Board of Directors within ninety (90) days of the due date established for payment of that assessment by the Board of Directors may be assessed such late charges and administrative fees as may be established by the Board of Directors. Any member delinquent in payment of an assessment by more than one hundred eighty (180) days from the due date established for payment of that assessment may be required to show cause as to why the Board of Directors, at its discretion, should not revoke the membership and/or charter of such member.

**Section 6.** Each person attending the National Convention shall pay such registration fee as shall be prescribed by the Board of Directors.

**Section 7.** Upon giving at least thirty (30) days notice in writing, and subject to the approval of the Board of Directors, any Institute, Society or Council, in accordance with its Bylaws, may:

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(A) Increase its annual membership dues;

(B) Establish active, associate, and sustaining forms of membership.

### **Section 8.**

(A) The payment of dues in an Institute, Society or Council shall entitle every member to such rights and privileges as may be provided in its Bylaws, subject to the approval of the Board of Directors of the National Association, except that the exercise of such rights and privileges at any session of an Institute, Society or Council held in conjunction with the National Convention shall be further subject to the payment of the convention registration fee and to conformance with the convention regulations of the National Association.

(B) Any member in good standing of an Institute, Society or Council who holds a professional designation awarded by an Institute, Society or Council affiliated with the National Association that addresses a specialty other than residential brokerage shall be entitled to Institute Affiliate membership in the National Association and in the Member Boards provided for in Section 11 of this Article.

**Section 9.** Notwithstanding anything in this Article to the contrary, the dues payable by a Member Board to the National Association shall be reduced by the amount established by the Board of Directors pursuant to Section 1(A) hereof, times the number of REALTOR® Emeriti, Past Presidents of the National Association, Past Treasurers of the National Association and recipients of the Distinguished Service Award who are members of the Board.

**Section 10.** The Board of Directors may assess the members by class, provided that notice of the classes of membership to be assessed, the amount of the assessment for each of the classes to be assessed, the purpose of the assessment and when the assessment shall be due is submitted to the Member Boards at least 30 days in advance of its adoption. For assessments imposed on Member Boards, the amount to be paid by a Member Board shall be the amount of the assessment as stated in the notice times the sum of the number of REALTOR® and REALTOR-ASSOCIATE® members of that Member Board as certified by the President and Secretary of the Member Board pursuant to Section 2(A) hereof. Notwithstanding the foregoing, the amount to be paid by a Member Board shall be reduced by the amount

of the assessment as stated in the notice times the number of REALTOR® Emeriti, Past Presidents of the National Association and recipients of the Distinguished Service Award who are members of the Board.

**Section 11.** From the dues paid by the Institutes, Societies and Councils of the National Association in accordance with Article II, Section 1 hereof, the National Association shall credit thirty-five dollars (\$35.00) to the account of the Member Board (Local) for each individual included on the list provided by the Institute, Society or Council whose office address is within the assigned territorial jurisdiction of that Member Board, provided however, if the office location is also within the territorial jurisdiction of a Commercial Overlay Board, as provided for in Article III, Section 4 of the National Association's Constitution, the thirty-five dollars (\$35.00) amount will be credited to the Commercial Overlay Board, unless the Institute Affiliate Member directs that the dues be credited to the other board.

The National Association shall also credit thirty-five dollars (\$35.00) to the account of the Member Board (State) for each individual included on the list provided by the Institute, Society or Council whose office address is within the assigned territorial jurisdiction of that Member Board (State).

## **ARTICLE III**

### **TERRITORIAL JURISDICTION**

**Section 1.** Except as provided in Section 2 of this Article, the territory of a Member Board shall be defined by the Board of Directors of the National Association, taking into consideration the ability of the Board to service its members and the public, to enforce the Code of Ethics, and to safeguard the registered marks of the National Association. All Member Boards shall have the same privileges and responsibilities set forth in this Article.

**Section 2.** Disputes concerning the jurisdiction and/or the name of a Member Board shall be determined by the Membership Policy and Board Jurisdiction Committee at a hearing conducted in accordance with the procedures approved by the Board of Directors. The decision of the hearing panel will be final except that the Board of Directors may require a new hearing before a different panel of the Committee if it determines the procedures failed



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to provide due process. Mergers, voluntary dissolutions, and uncontested changes of jurisdiction and/or changes of name of member boards may be administratively approved in accordance with the procedures approved by the Board of Directors.

**Section 3.** Jurisdiction of a Member Board is hereby defined to mean:

(A) The right and duty to control the use of the term REALTOR®, REALTORS®, and REALTOR-ASSOCIATE® jointly and in full cooperation with the NATIONAL ASSOCIATION OF REALTORS® subject to the conditions set forth in these Bylaws, including the duty to promptly report to the NATIONAL ASSOCIATION OF REALTORS® any unauthorized or improper use of such terms and to fully cooperate and coordinate with the NATIONAL ASSOCIATION OF REALTORS® in any and all attempts to halt or prevent any such unauthorized or improper use of these terms, and;

(B) The duty to enforce the Code of Ethics, and;

(C) The authority to accept as a REALTOR®, REALTOR-ASSOCIATE® or Institute Affiliate Member any person engaged in the real estate business, including brokerage, management, appraising, land development and building, and other related aspects of the real estate business who maintains an office within the state or within a state whose border is contiguous with that state and who complies with any licensure or other regulatory requirements applicable to his business activities within the state.

**Section 4.** If the territory of a Member Board has never been approved, the Board of Directors of the National Association shall, upon notice to such Member Board and an opportunity for hearing, define its territory, and such action shall be binding upon the Member Board concerned.

**Section 5.** Any Member Board within whose territory a provision of this Article is violated by a member of another Member Board may complain of such violation to the Member Board of which the violator is a member, which Board thereupon shall take the necessary steps to enforce such provision. If it fails to do so, the complaining Board shall have the right to submit the matter to the National Association for appropriate action.

**Section 6.** Any Member Board which shall neglect or refuse to maintain and enforce the

provisions of this Article or neglect or refuse to cooperate with the NATIONAL ASSOCIATION OF REALTORS® in the maintenance and enforcement of this Article with respect to its members may, after due notice and opportunity for hearing, be expelled by the Board of Directors from membership in the National Association.

## ARTICLE IV

### CODE OF ETHICS

**Section 1.** Each Member Board shall adopt the Code of Ethics of the National Association as a part of its governing regulations for violation of which disciplinary action may be taken.

Adoption of the Code of Ethics includes responsibility for providing applicant/new member Code of Ethics orientation and ongoing member ethics training that satisfies the learning objectives and minimum criteria established by the National Association from time to time.

**Section 2.** Any Member Board which shall neglect or refuse to maintain and enforce the Code of Ethics with respect to the business activities of its members may, after due notice and opportunity for hearing, be expelled by the Board of Directors from membership in the National Association. Enforcement of the Code of Ethics also requires Member Boards to share with the state real estate licensing authority final ethics decisions holding REALTORS® in violation of the Code of Ethics in instances where there is reason to believe the public trust may have been violated. The "public trust", as used in this context, refers to demonstrated misappropriation of client or customer funds or property, willful discrimination, or fraud resulting in substantial economic harm. Enforcement of the Code of Ethics also requires Member Boards to provide mediation and arbitration services to members and their clients so that the dispute resolution requirements of Article 17 of the Code of Ethics can be met.

Enforcement of the Code of Ethics also includes responsibility for ensuring that persons primarily responsible for administration of enforcement procedures have successfully completed training that meets the learning objectives and minimum criteria established by the National Association from time to time.

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Enforcement of the Code of Ethics also prohibits Member Boards from knowingly granting REALTOR® or REALTOR-ASSOCIATE® membership to any applicant who has an unfulfilled sanction pending which was imposed by another Board or Association of REALTORS® for violation of the Code of Ethics.

### ARTICLE V

#### USE OF THE TERMS REALTOR®, REALTORS® AND REALTOR-ASSOCIATE®

**Section 1.** Upon application of a Member Board, the Board of Directors may license such Board to use the term REALTOR® or REALTORS® as a part of its name under the following conditions:

(A) Such Board shall sign a written agreement with the Board of Directors of the National Association agreeing to eliminate the term REALTOR® or REALTORS® from its name immediately when and if it either shall cease to maintain or shall lose its membership in the National Association.

(B) The use of the term REALTOR® or REALTORS® in the name of such Board shall be in such manner as may be prescribed by the Board of Directors.

**Section 2.** REALTOR® Members are hereby licensed to use the term REALTOR®, REALTORS® or REALTOR-ASSOCIATE® in connection with their business, subject to the right of each Member Board to control, jointly and in full cooperation with the NATIONAL ASSOCIATION OF REALTORS® such use within its territory.

#### Section 4.

(A) A firm, partnership, corporation, or branch office whose principals actively engaged in the real estate business are REALTOR® members of a Member Board, except for the corporations of those REALTOR® members who hold membership pursuant to Article III, Section 1(C) 1.(b) of the Constitution, may use the term REALTOR® or REALTORS® in connection with, but not as a part of, its name thus: 'The \_\_\_\_\_ Real Estate Company, REALTORS®', but this privilege shall cease upon suspension or expulsion of any such principal from membership in the Board, and shall not revive unless or until he is readmitted to

membership therein or his suspension expires or he severs his connection with the firm, partnership or corporation.

(B) The right to use the term REALTOR® or REALTORS® in connection with a firm, partnership, corporation or branch office shall be limited to office locations which a principal, partner, corporate officer or branch office manager of the firm, partnership or corporation holds REALTOR® membership. If a firm, partnership or corporation operates additional places of business which no principal, partner, corporate officer, or branch manager holds REALTOR® membership, the term REALTOR® or REALTORS® may not be used in any reference to those additional places of business.

**Section 5.** Each Member Board is hereby licensed to use the term REALTOR® or REALTORS® in the name of its headquarters building, in the title of its official publication, and of educational or civic meetings, services, or clinics sponsored by the Board, provided that the affiliation of the undertaking with the Member Board or the National Association is indicated, and that Board Members may participate therein.

**Section 6.** REALTOR® members are hereby licensed to use the terms REALTOR® or REALTORS® in connection with activities in support of specific candidates in specific elections to public office or nomination for election to public office, provided the definition of the term REALTOR® as a registered collective membership mark which identifies members of the NATIONAL ASSOCIATION OF REALTORS® and the identification of those conducting such activities as members of a member Board(s) is included on all letterhead and other written campaign literature, in all campaign media aids and on other materials unless not reasonably practical. Any such use must cease immediately after the election.

**Section 7.** Except as specifically otherwise provided in this Article, use of descriptive words or phrases in connection with the term REALTOR®, REALTORS® or REALTOR-ASSOCIATE® is expressly prohibited.

**Section 8.** Wherever the terms REALTOR®, REALTORS® or REALTOR-ASSOCIATE® are used in these Bylaws, they shall be understood to include the imprint of the emblem seal of the National Association.

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**Section 9.** Any Member Board which shall neglect or refuse to maintain and enforce the provisions of this Article, or neglect or refuse to cooperate with the NATIONAL ASSOCIATION OF REALTORS® in the maintenance and enforcement of this Article with respect to its members may, after due notice and opportunity for hearing, be expelled by the Board of Directors from membership in the National Association.

### **Section 10.**

(A) No Member Board shall sponsor, endorse, recognize, or award, directly or indirectly, any professional designation or certification that is confusingly similar to those available through the National Association, the Real Estate Buyer's Agent Council, or the Institutes, Societies, and Councils of the National Association.

(B) In the event a Member Board sponsors, endorses, recognizes or awards, directly or indirectly, any professional designation or certification that is not offered by the National Association, such Member Board shall clearly and affirmatively state in all course materials and related advertising and promotional materials that the professional designation or certification is not affiliated with or endorsed by the National Association of REALTORS®.

## **ARTICLE VI**

### **COMMITTEES**

**Section 1.** The President shall appoint such standing and special committees as shall be designated from time to time by the Board of Directors and such other special committees as he may deem necessary or appropriate.

**Section 2.** Unless otherwise provided in the NATIONAL ASSOCIATION OF REALTORS® Constitution or in these Bylaws, any action by a committee shall be subject to the approval of the Board of Directors.

## **ARTICLE VII**

### **AMENDMENTS**

**Section 1.** These Bylaws may be amended at any meeting by two-thirds of the Directors present at such

meetings, provided that a quorum is present at such meeting, and provided the substance of the proposed amendments shall have been submitted to the Member Boards at least 30 days in advance of their adoption. The notice may be sent by first-class mail, electronic communication, including e-mail, or any other means permitted by law that has been approved by the Board of Directors for sending such notices.

## **ARTICLE VIII**

### **RULES FOR MEETINGS**

**Section 1.** Wherever notice of meetings or of the subjects to be considered at meetings is required or authorized by these Bylaws, publication of such notice in an official publication which is mailed to all members of the National Association within the required time limits, shall be deemed to be good and sufficient notice.

**Section 2.** The order of business of the National Association and its Institutes, Societies and Councils and committees, except where otherwise provided, shall be:

1. Call to Order
2. Taking of the Roll
3. Applications for Membership
4. Reading of Minutes
5. Reports of Officers
6. Reports of Committees.
7. Reports of Institutes, Societies and Councils
8. Unfinished Business
9. New Business
10. Appointment of Committees
11. Election of Officers

### **Section 3.**

(A) The substance of any resolution to be acted upon at any National Convention or other meeting of delegates shall be submitted in writing to the Member Boards at least 45 days in advance of the convention or meeting.

(B) This provision may be waived by the consent of two-thirds of the delegates present and entitled to vote at such convention or meeting.

(C) This provision shall not apply to any resolution adopted by the affirmative vote of at least two-thirds of the Directors present at any regularly constituted meeting of the Board of Directors.

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**Section 4.** All resolutions and motions must be made in writing, if the presiding officer so requests, or if the request is by majority vote of the delegates present at any convention or meeting.

**Section 5.** Robert's Rule of Order, Latest Edition, shall be recognized as the authority governing the meetings of the National Association and its Institutes, Societies and Councils, and committees, except where otherwise provided, and when not in conflict with its Constitution and Bylaws.

### **ARTICLE IX**

#### **DEFENSE AND INDEMNIFICATION OF OFFICERS AND DIRECTORS**

**Section 1.** In the event of suits or claims in which one or more current or past officers or directors or employees of the Association are named as a result of their status as such or decisions or actions taken in good faith and reasonably understood to be within the scope of their authority or employment during their term as such, the National Association shall, directly or through insurance secured for the benefit of such officers and directors and employees, secure counsel to act on behalf of and provide a defense for such officers, directors and employees; pay reasonable defense expenses incurred in advance of final disposition of such case; and indemnify such officers, directors and employees with respect to any liability assessed or incurred as a result of any such claim, suit or action.

**Section 2.** The above stated defense and indemnification of officers, directors and employees shall extend to those individuals when serving at the request of the Association as a director, officer or employee of another entity, but only after indemnification and insurance coverage from such other entity has been exhausted.

### **ARTICLE X**

#### **REALTORS® INFORMATION NETWORK**

**Section 1.** The President or, in the event the President is unable or unwilling to act, the President-Elect, shall have the authority and responsibility for voting the shares of stock of the REALTORS® Information Network owned or controlled by the

National Association. The President or President-Elect shall always vote those shares in accordance with the instructions of the Board of Directors or, where authorized elsewhere in this Article, the Leadership Team.

**Section 2.** Unless a matter to be considered by the stockholder of the REALTORS® Information Network will be voted upon prior to the next meeting of the Board of Directors of the National Association, all such matters shall be submitted to the Board of Directors of the National Association which shall determine how the President or President-Elect shall vote the shares owned or controlled by the National Association. If the vote of the shareholder is without instruction from the Board of Directors, any matter to be considered by the shareholder shall be submitted to the Leadership Team, which shall determine how the President or President-Elect shall vote the shares owned or controlled by the National Association, provided however, that any shareholder vote regarding items set forth in Article II, Section 6 of the bylaws of the REALTORS® Information Network, Inc. must be submitted to the National Association's Board of Directors for a determination of how shares owned or controlled by the National Association shall be voted.

**Section 3.** Upon receipt by the Secretary of the National Association of either a written statement signed by the President of the National Association or a petition signed by any four Regional Vice Presidents of the National Association, which statement or petition names a Director of the REALTORS® Information Network and requests the removal of that Director from the Board of Directors of the REALTORS® Information Network, the Secretary shall forward the statement or petition to the Executive Committee to make a recommendation to the Board of Directors which shall vote on whether to remove the Director. If the Executive Committee and Board of Directors are not scheduled to meet within thirty days of receipt of the statement or petition, the Secretary shall forward the statement or petition to the Leadership Team for a vote on whether to remove the Director.

In the event the Board of Directors or, where appropriate, the Leadership Team, votes to remove the Director from the Board of Directors of the REALTORS® Information Network, the President or, if the President is unable or unwilling to act, the President-Elect, shall act forthwith to remove that Director, including, if necessary, calling a special meeting of the shareholder and voting the shares owned or controlled by the National Association in accordance with the instructions of the Board of Directors or Leadership Team.

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### **ARTICLE XI MISCONDUCT**

Any member or appointed officer of the Association may be reprimanded or removed from a committee or an appointed leadership position for sexual harassment of an Association member or employee. The discipline to be imposed shall be determined by the President, President-Elect, First Vice President, Treasurer and one member of the Board of Directors selected by the President after an investigation in accordance with established procedures and after consultation with legal counsel.

Any elected officer of the Association may be reprimanded or removed from office for sexual harassment of an Association member or employee. The discipline to be imposed shall be determined by five members of the Executive Committee selected by the highest ranking officer not named in the complaint after an investigation in accordance with established procedures and after consultation with legal counsel. If the recommendation is to remove the elected officer from office, the officer will be given the opportunity to resign. If he or she refuses to resign, the report from the investigatory team will be provided to the Executive Committee for final determination. The Executive Committee may remove the officer from office by a two-thirds vote.

### **ARTICLE XII BUILDING FUND**

**Section 1.** The Treasurer shall maintain in accordance with Generally Accepted Accounting Principles a separate record among the assets of the National Association of all real property owned by the National Association which is, has been or is planned to be used for the offices of the National Association.

**Section 2.** In the event any asset of the type referred to in Section 1 hereof is sold by the National Association, the proceeds of that sale, less the direct expenses of the sale, shall be held in a Building Fund created by the Treasurer of the National Association.

**Section 3.** Funds held in the Building Fund shall be deposited in such depositories and in such manner as the Board of Directors may designate and direct or invested in such manner as is consistent with the investment policies for the Building Fund approved by the Board of Directors of the National Association. All or part of the funds held in the Building Fund may be commingled with other funds

of the National Association for purposes of their deposit or investment. All interest earned and any gain or loss recognized on the principal of the Building Fund shall be added to or subtracted from the principal of the Building Fund.

**Section 4.** Expenditures from the Building Fund shall require the approval of the Board of Directors. Expenditures for the purpose of acquiring ownership of real property to be used for the offices of the National Association shall require approval by a majority vote of the Board of Directors. Expenditures for any other purpose or transfers to other of the National Association's designated funds shall require approval by a two-thirds vote of the Board of Directors.

# Official Interpretations

of

## ARTICLE 1, SECTION 2 BYLAWS

of the

### \* NATIONAL ASSOCIATION OF REALTORS®

## ARTICLE 1, SECTION 2

of the

### National Association Bylaws

"No Member Board, nor any Institute, Society or Council, shall apply any arbitrary numerical or other inequitable limitation on its membership nor adopt any rule, regulation, practice or policy inconsistent with or contrary to any policy adopted by the Board of Directors."

(Revised November 13, 1973)

#### IN GENERAL:

In licensing to Member Boards the right and duty to control the use of terms "REALTOR®" and "REALTOR-ASSOCIATE®" and to determine those qualified to use the terms, the NATIONAL ASSOCIATION OF REALTORS® contemplates that local Boards of REALTORS® are best able to investigate and determine the qualifications of applicants as to their ability, responsibility, willingness to abide by the Code of Ethics, integrity and general reputation. It does not contemplate that Member Boards will impose arbitrary regulations contrary to practices governing professional or trade organizations or requiring members to conduct their business according to methods unrelated to ethical conduct.

To protect itself against arbitrary action by a Member Board which could be held violative of the law or of public policy, the National Association Bylaws for many years have included Section 2 of Article 1, which expressed long-standing policy. It is one of several requirements incorporated in its Bylaws that

the National Association places upon a Board which desires to obtain or retain membership in the National Association. This is the only section, however, which is stated in general terms and, therefore, is subject to interpretation. An interpretation, to be official, must be made by the Board of Directors of the NATIONAL ASSOCIATION OF REALTORS®.

The four bases upon which a Board either may be refused membership in the NATIONAL ASSOCIATION OF REALTORS® or its membership in the National Association be terminated are:

- (1) failure to maintain and enforce the Code of Ethics with respect to the business activities of its members;
- (2) failure to maintain and enforce the requirements of the Bylaws relating to the use of the term "REALTOR®;"
- (3) applying any arbitrary numerical or other inequitable limitation on its membership; and
- (4) being otherwise in violation of the Constitution and Bylaws of the National Association.

In the event complaint is received by the NATIONAL ASSOCIATION OF REALTORS® that a Member Board is failing in its obligations to the National Association, the Member Board will be required to show cause why its charter from the National Association should not be revoked and its membership terminated.

#### INTERPRETATION NO. 1

(Adopted November 15, 1960)

**"A requirement to participate in a Multiple Listing Service in order to gain and maintain REALTOR® membership is an inequitable limitation on its membership."**

When a Multiple Listing Service is available, is well operated and properly organized, it is the duty of the REALTOR® to consider thoroughly whether he can serve the best interests of his clients by participating in it. The decision, however, must be his own. As a REALTOR®, it is possible for him to conduct business in an ethical and efficient manner without participating in a Multiple Listing Service. Therefore, his participation must not be a requirement of REALTOR® membership.

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### **INTERPRETATION NO. 2**

(Adopted January 24, 1961)

**"An initiation fee in excess of three times the amount of the annual rates of dues is an inequitable limitation on its membership."**

Member Boards must not place unreasonable burdens on applicants for membership. The requirements for membership must be reasonable and non-discriminatory.

The initiation fee, if any, charged by a Board must not constitute unreasonable barrier to membership of a person otherwise qualified. Nor should a Board seek to finance its activities and operations from initiation fees.

The National Association deems any initiation fee in excess of three times the amount of the annual rates of dues, including state and national, to be unreasonable and therefore inequitable.

Since under Interpretation No. 1, participation in a Board Multiple Listing Service is not mandatory, the Board initiation fee, if any must be separate from any participation fee which may be charged for the Multiple Listing Service.

### **INTERPRETATION NO. 3**

(Adopted January 24, 1961)  
(Revised May 8, 1973)  
(Deleted November, 12, 1990)

### **INTERPRETATION NO. 4**

(Adopted January 24, 1961)  
(Revised May 3, 1973)  
(Deleted May 19, 1997)

### **INTERPRETATION NO. 5**

(Adopted January 24, 1961)  
(Revised May 19, 1997)

**"Stated qualifications for membership should be limited to those affecting licensure, professional conduct, portability of member records, and bankruptcy."**

The criteria by which applicants will be considered should be written, reasonable and non-discriminatory so that there is a clear basis for evaluation. There are two sets of Membership Qualification Criteria of the National Association, one for applicants for REALTOR® and REALTOR-ASSOCIATE® membership who are other than sole proprietors, partners, corporate officers or branch office managers in a real estate firm and the other for applicants for REALTOR® membership who are sole proprietors, partners, corporate officers or branch office managers in a real estate firm.

They are the most rigorous qualifications which may be required by a Board of REALTORS® in the consideration of applicants for REALTOR® and REALTOR-ASSOCIATE® Membership.

The Board's Membership Committee (or other duly constituted group) may be properly charged with the responsibility of reviewing applicants for membership, determining the qualification, interviewing them personally, and requiring that they record their qualifications in a written form of "Application for Membership" (many Boards publish and use their own forms and the National Association has such a suggested form available to Boards).

Each applicant's qualifications must be considered under the established criteria consistently applied.

A Membership Committee should retain a record of applicants for membership and in the event that rejection of an applicant is recommended, a record of the basis of denial should be made and reviewed with Board legal counsel.

### **INTERPRETATION NO. 6**

(Adopted January 24, 1961)

**"Any regulation restricting or limiting the practice of a REALTOR® in the conduct of his business, unless it concerns ethical practice, is an inequitable limitation on its membership."**

This Interpretation establishes a rather general guide to the type of rules which a board may adopt, i.e., in furtherance and support of the Code of Ethics, but guards against the type of rules which unreasonably restrict the member in the conduct of his business on a basis other than related to the Code of Ethics.

The intent of this Interpretation is to avoid the necessity of the Board of Directors passing upon

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innumerable details about which Boards constantly inquire. The administrative staff is under instruction to advise a Member Board, upon inquiry, as to whether a practice or proposed rule appears to be inconsistent with, or in violation of, the Bylaw against inequitable rules. If the Member Board then wishes to request an official Interpretation by the Board of Directors, it may do so.

Any member also is entitled to an Interpretation upon request. However, as a matter of policy, the National Association prefers that inquiries come from Member Boards. It cannot, however, deny any member the right to request an Interpretation.

### INTERPRETATION NO. 7

(Adopted January 24, 1961)  
(Revised January 30, 1984)

**"Restrictions which prohibit REALTOR® membership to a person who has his principal place of business in the jurisdiction of another Board of which he is a REALTOR® Member, merely because he has only a branch office in the jurisdiction of the Board to which he applied, is an inequitable limitation on its membership."**

If an individual maintains an office within the jurisdiction of the Board, whether that office be a principal office or a branch office, that fact qualifies the principal broker or the branch office manager as an applicant for membership. Whether as an applicant the principal broker or the branch office manager meets the established requirements of the Board is a matter for decision by the Board.

It is intended that in those instances in which a sole proprietor, partner, or corporate officer is not physically present and actively engaged in the real estate profession in connection with the firm's branch office located within the jurisdiction of the Board, and the principal broker of the firm chooses not to hold REALTOR® Membership in the Board, the individual exercising management control shall stand in the shoes of the owner(s) and shall be the 'designated' REALTOR® to whom the Board shall look for compliance with all duties and obligations of REALTOR® Membership.

In those instances in which the firm's principal office is located within the jurisdiction of the Board, and the firm maintains one or more branch offices also within the jurisdiction of the Board, the Board may require that the supervising partner (i.e., the 'chief principal'

of the firm whether a sole proprietor, partner, or corporate officer) be the 'designated' REALTOR® for all of the firm's offices within the jurisdiction of the Board.

### INTERPRETATION NO. 8

(Adopted January 24, 1961)  
(Revised April 24, 1990)  
(Revised November 12, 1990)

**"It is not an inequitable limitation on membership for a Board of REALTORS® to require that applicants for REALTOR® Membership who are principals in a real estate firm must maintain a real estate broker's or salesperson's license or must be licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property."**

The National Association recognizes the right of the Board to determine who is engaged in the real estate business and thereby eligible for membership.

It should be noted that Boards which limit REALTOR® Membership to principals in a real estate firm must make REALTOR-ASSOCIATE® Membership available to otherwise qualified applicants affiliated with the REALTOR®'s firm.

### INTERPRETATION NO. 9

(Adopted January 24, 1961)  
(Revised May 8, 1973)

**"Requirement of a 'Waiting Period' before being considered for REALTOR® membership is not an inequitable limitation on its membership if related to the period of time necessary to process the application, not to exceed six months."**

It is consistent with assurance of ethical business practice for a Board of REALTORS® to require that an applicant for membership submit an application detailing past history. The National Association, as a matter of policy, urges thorough investigation into the background of applicants for membership. This affords the Board an opportunity to investigate the individual's business conduct and record.

An applicant is entitled to prompt consideration of his application and final disposition of such application must be made within six months.



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### **INTERPRETATION NO. 10**

(Adopted May 9, 1961)

**"A Board rule purporting to require a REALTOR® who holds an exclusive listing to give blanket consent to either sub-agents or cooperating brokers to negotiate directly with the owner, rather than through him, obstructs observance of Article 3, and thereby is an inequitable limitation on its membership."**

This Interpretation affirms the basic agency relationship between the listing broker and his principal as defined in the listing contract. A Board or MLS rule may not properly interfere with or supersede the relationship established by the terms of the agreement between the broker and his principal.

The cooperating broker as a sub-agent of the listing broker enjoys only such rights to show or sell the listing as are granted to him by the listing broker who is ultimately responsible to his principal.

### **INTERPRETATION NO. 11**

(Adopted May 9, 1961)

**"A rule of a Member Board prohibiting the acceptance of open listings by members is an inequitable limitation on its membership."**

Although the Preamble of the Code of Ethics places upon the REALTOR® the aspirational ideal that he urge the exclusive listing of property, it does not provide that a non-exclusive listing should not be accepted.

The REALTOR® must be free to enter into any form of listing contract mutually agreeable to the REALTOR® and the client.

### **INTERPRETATION NO. 12**

(Adopted May 9, 1961)

**"A rule of practice prohibiting members from keeping their offices open on Sunday is a restriction on a member's business practice unrelated to the Code of Ethics and, therefore, is an inequitable limitation on its membership."**

While this Interpretation refers to a rule relating to Sunday closings, it is clear that any Board rule limiting office hours or days of work would be an unreasonable restraints and hence an inequitable limitation on membership.

### **INTERPRETATION NO. 13**

(Adopted May 9, 1961)

**"A Board may adopt a rule requiring that every member maintain a trust account for funds of clients. But a rule requiring annual audit of such accounts, the filing with the Board copies of such reports, and providing for surprise audit visits to inspect records of such accounts is an inequitable limitation on its membership."**

The maintenance of a trust account for funds of clients is a requirement of Article 8 of the Code of Ethics as well as the requirement of many state license laws.

However, the establishment and enforcement of rules providing for audit, inspection, etc. are not properly the function of a voluntary organization such as a Member Board.

### **INTERPRETATION NO. 14**

(Adopted May 9, 1961)  
(Revised January 26, 1971)

**"A Member Board rule or practice which requires Members to adhere to a schedule of fees or commissions, or which authorizes or includes the preparation or publication of a recommended schedule of fees or commissions, is contrary to the Code of Ethics and to the policy of the NATIONAL ASSOCIATION OF REALTORS® and is an inequitable limitation on its membership."**

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### INTERPRETATION NO. 15

(Adopted May 9, 1961)

**"A Board rule prohibiting REALTORS® or their salesmen from accepting elective or appointive public office, or requiring their resignation if they accept such office, is an inequitable limitation on its membership."**

### INTERPRETATION NO. 16

(Adopted May 9, 1961)

**"A Board rule prohibiting employment of married women as salespersons is an inequitable limitation on its membership."**

This Interpretation is a specific application of the general policy of Interpretation No. 20.

### INTERPRETATION NO. 17

(Adopted November 16, 1961)

**"A Board rule imposing an age limit upon applicants for membership is an inequitable limitation on its membership."**

Age is not a reasonable criterion for membership.

### INTERPRETATION NO. 18

(Adopted November 16, 1961)  
(Revised November 7, 1994)

**"A Board rule which seeks to attain the aspirational objectives of the Code of Ethics by requiring, as a condition of Board membership, completion of an objective and non-discriminatory Indoctrination Course with a stated passing grade in an examination thereon is not an inequitable limitation on its membership."**

A board rule requiring the applicants for REALTOR® or REALTOR-ASSOCIATE® membership satisfactorily complete an objective and non-discriminatory indoctrination course covering the Constitution and Bylaws of the local board, state association and National Association, the Code of Ethics of the National Association, and anti-trust laws, fair housing laws, and agency laws is not an inequitable limitation.

### INTERPRETATION NO. 19

(Adopted November 12, 1962)  
(Revised May 8, 1973)

**"A Board rule placing upon REALTORS® the responsibility of requiring their salespersons to hold REALTOR-ASSOCIATE® membership in the Board is an inequitable limitation on its members, and a Board rule requiring that a member obtain Board approval for the employment of or contracting with any employee or salesman is also an inequitable limitation on its membership."**

A salesman cannot be required by the Board of REALTORS® to become a REALTOR-ASSOCIATE®. REALTOR-ASSOCIATE® membership is **not** mandatory. A REALTOR® in the exercise of his individual discretion may, of course, desire to employ or affiliate himself with salespersons who are willing to become REALTOR-ASSOCIATE®s. This, however, is a matter between the REALTOR® and the salesperson and is not a requirement.

A real estate salesperson shall be eligible to apply for REALTOR-ASSOCIATE® membership immediately upon his employment by or affiliation as an independent contractor with a REALTOR®.

The second clause of this Interpretation is closely related to Interpretation No. 20 to the extent that both Interpretations are intended to make inequitable any rule which would interfere with the REALTOR®'s right to employ or affiliate himself with any salesperson.

### INTERPRETATION NO. 20

(Adopted November 12, 1962)  
(Revised May 9, 1973)

**"A Board rule which restricts its REALTOR® membership in their employment of or contractual relationship with any employee or salesperson is an inequitable limitation on its membership."**

The REALTOR® has the right to employ or associate himself with those salespersons of his choice and the Board must not restrict this right.

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The REALTOR® Member is responsible to the Board of REALTORS® for the action of employees or associates who are not themselves REALTOR-ASSOCIATE® Members of the Board of REALTORS®.

### INTERPRETATION NO. 21

(Adopted November 12, 1962)

**"A Board rule regulating the number of married women that may be employed is an inequitable limitation and comes within Interpretation No. 16."**

### INTERPRETATION NO. 22

(Adopted November 12, 1962)

**"A Board rule that requires attendance at a reasonable number of meetings of the Board is not an inequitable limitation on its membership."**

Attendance at meetings of the Board -with implied participation in its activities - is consistent with the requirements of the Code of Ethics.

Consideration should be given to extending credit for attendance at related functions such as State and National Association meetings and Institute, Society and Council meetings.

### INTERPRETATION NO. 23

(Adopted November 12, 1962)

**"A Board rule that requires that members attain a stated earnings level, or complete a stated number of transactions, or both, is an inequitable limitation on its membership."**

### INTERPRETATION NO. 24

(Adopted February 2, 1965)

**"A Board policy or rule deferring for a specified time, or indefinitely, or to a specified date, any consideration of all applications for membership is an inequitable limitation on its membership."**

This Interpretation requires Boards of REALTORS® to accept and promptly process applications from individuals desiring membership.

### INTERPRETATION NO. 25

(Adopted May 11, 1965)

**"A Board rule which prevents the participation of a REALTOR® Member, on equal terms with other REALTOR® Members, in a Multiple Listing Service sponsored, organized or sanctioned by the Board, and which is available to REALTOR® Members throughout the Board's jurisdiction, is an inequitable limitation on its membership."**

A Board rule which makes services available to some REALTOR® Members, but not to other REALTOR® Members, when such services are available generally throughout the Board's jurisdiction, is an inequitable limitation upon the membership.

### INTERPRETATION NO. 26

(Adopted May 10, 1966)  
(Revised November 16, 1977)

**"A Board rule prohibiting the posting by members of "for sale" or similar signs on property for which the member is agent is an inequitable limitation on its membership."**

The right to display "for sale" or other similar signs reasonably designed to inform the public is protected by the First Amendment to the United States Constitution. Thus, any rule prohibiting the posting of such signs would be an unconstitutional infringement of the freedom of speech of the REALTOR® and his client. Similarly, a Board owned or operated Multiple Listing Service may not endorse any programs by municipalities, civic groups or civil rights organizations to ban or curtail signs, even if such programs are "voluntary," because of the "chilling effect" such endorsements might have on the exercise of First Amendment rights.

### INTERPRETATION NO. 27

(Adopted January 26, 1971)  
[Deleted February 7, 1994]

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### INTERPRETATION NO. 28

(Adopted May 9, 1972)  
(Revised May 19, 1997)

**"A Board rule denying a REALTOR® Member, in good standing, full voting rights is an inequitable limitation on its members."**

The Preamble of the Code of Ethics establishes aspirational objectives which REALTORS® are encouraged to follow in furtherance and support of the objective Articles in the Code of Ethics to advance the real estate profession. With the obligation to abide by the Articles of the Code of Ethics there is a corresponding right to participate in the formulation of Board policy.

The right to vote contemplated by this Interpretation shall not be deemed denied to a broker otherwise eligible for REALTOR® membership if: (1) such broker voluntarily elects a REALTOR® membership classification authorized by the Board having limited or no voting rights; and (2) at least one principal, partner, officer, or trustee of the firm, partnership, corporation or trust with which such broker is affiliated or by which he is employed is a REALTOR® Member having full voting rights.

Further, this right to vote extends to all phases of Board operation wherein REALTOR® Members are granted the right to vote including, but not limited to, voting as participants in a Multiple Listing Service. In the event that participation in the Multiple Listing Service is by firms, the firm shall be entitled to one vote. Conversely, if participation is by individuals, a firm with three REALTOR® Members, paying three participation fees, would be entitled to three votes.

### INTERPRETATION NO. 29

(Adopted May 8, 1973)

**"Application and entrance fees for participation in a Multiple Listing Service, owned by, operated by or affiliated with a Board of REALTORS®, in excess of the approximate cost, including the accumulation and maintenance of reasonable reserves, of developing, maintaining, or improving the organization as a going concern, is an inequitable limitation on the membership."**

All services of a Board of REALTORS®, including Multiple Listing Service, should be available to all REALTOR® Members without restrictive entrance

and application fees. Such fees should be related to the approximate costs of bringing the Service to the Member and must not be computed on the basis of the number of listings of a Multiple Listing Service or on the basis of a *pro rata* share of its assets.

### INTERPRETATION NO. 30

(Adopted May 8, 1973)

**"Enforcement of the Code of Ethics by any group, within or without the Board of REALTORS®, other than the Professional Standards Committee and the Board of Directors of the Board of REALTORS® is an inequitable limitation on its members."**

Member Boards are required by Article IV of the Bylaws of the National Association to enforce membership compliance with the Code of Ethics. This obligation is properly fulfilled by the Professional Standards Committee and the Board of Directors of the Board. Delegation of this function by the Board to any other body, such as a Multiple Listing Committee, is not appropriate.

### INTERPRETATION NO. 31

(Adopted May 8, 1973)  
(Revised January 31, 1977)

**"A Board rule or a rule of a Multiple Listing Service owned by, operated by or affiliated with a Board, which establishes, limits or restricts the REALTOR® in his relations with a potential purchaser, affecting recognition periods or purporting to predetermine entitlement to any award in arbitration, is an inequitable limitation on its membership."**

In essence, this is a specific Interpretation of the general rule established in Interpretation No. 6 that a Board may not have a rule which restricts or limits the REALTOR® in the conduct of his business unless it concerns ethical practice. Thus, a rule of a Board or Multiple Listing Service which would determine a protection period in reference to a prospective purchaser is an inequitable limitation. Further, the Board or its MLS may not establish a rule or regulation which purports to predetermine entitlement to any awards in a real estate transaction. If controversy arises as to entitlement to any awards, it shall be determined by a hearing in arbitration on the merits of all ascertainable facts in the context of the specific case of controversy.

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### INTERPRETATION NO. 32

(Adopted May 8, 1973)  
(Revised November 11, 2014)

**"The inclusion in the dues payable by Board Members of costs of services, products or activities of the Board which properly should be optional is an inequitable limitation on its membership."**

The dues payable by Board Members should represent the allocable costs of the services, products and facilities which are available to and benefit the members generally, either directly or indirectly. It should not include the costs of those services, products or facilities which can be identified as optional. Thus, for example, the cost of participating in the Board's MLS should not be included as part of Board dues since whether a member determines to participate in such an activity will depend upon the member's particular method or type of business. The reasonable cost of meals at general membership meetings held pursuant to the Board's bylaws may be included in Board dues since such meetings are necessary to the operations of the Board as a whole provided that no more than 35% of the local allocation of the Board's annual dues revenue may be utilized for this purpose. Associations may, at their discretion, include the costs of lockboxes and lockbox keys, programmers, fobs, smart cards, and other access devices in the association dues.

### INTERPRETATION NO. 33

(Adopted February 5, 1974)  
(Revised May 19, 1997)

**"It is an inequitable limitation to deny membership to an applicant who maintains an office for the conduct of a real estate business, recognized in the community, and who holds himself out to the public as being actively engaged in real estate business solely upon the grounds the applicant is not so engaged."**

This Interpretation does not contemplate that the broker must devote all or even a majority of his time to his real estate business or derive any particular percentage of his income from such business. It does not contemplate that the licensee shall have no other job or occupation. It does contemplate that the licensee shall actively seek real estate business; that

he shall maintain and adequately supervise a real estate office.

Where question arises as to whether or not a licensee is "actively engaged" in the real estate business, he shall be given the opportunity to present evidence concerning the actual and intended nature and scope of his business activities.

### INTERPRETATION NO. 34

(Adopted November 12, 1974)

**"It shall be an inequitable limitation for a Board to require a separate office in each Multiple Listing Service area where there is more than one Multiple Listing Service owned or controlled by the Board within the jurisdiction of the Board in order to participate in each such Multiple Listing Service."**

A REALTOR® is entitled to participate in any and all services and programs sponsored by the Board of REALTORS®. A Board rule which circumscribes the right to such participation restricts and limits the conditions of Board Membership in violation of Article I, Section 2, of the Bylaws of the NATIONAL ASSOCIATION OF REALTORS®.

To institute a divisional Multiple Listing Service based on geographic lines within a Board jurisdictional area limits access to Board services and activities in a way which could be deemed and adjudged arbitrary and unreasonable.

As such, it is merely an extension of Interpretation No. 25 in that it refers specifically to the right of a REALTOR® to participate in a Board owned and controlled Multiple Listing Service and any geographic division thereof without the necessity of having an office within said geographic division.

### INTERPRETATION NO. 35

(Adopted November 13, 1979)  
(Revised May 19, 1997)

**"That it is an inequitable limitation on membership for a Board of REALTORS® to have a rule or regulation limiting members of a franchise organization, referral group, or broker affiliation of any kind, with respect to service on the Board of Directors or Committees in any elective or appointed capacity."**

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This Interpretation is a further application of the principal established by Interpretation 28 and like that Interpretation is founded on the Preamble of the Code of Ethics.

Service is an elective or appointed capacity in a Board of REALTORS® is both a right and duty of membership. A Board may not restrict such service unless such restriction is necessary to maintain the integrity and independence of the Board and assure balanced service to all members.

Under this Interpretation, membership in a franchise, referral service, or other affiliated group of brokers may not, per se, justify exclusion from election or appointment.

This Interpretation does not, however, preclude a Board from reasonably limiting the number of REALTOR® or REALTOR-ASSOCIATE® Members of the same firm or firms having common ownership who may hold elective or appointive positions.

### INTERPRETATION NO. 36

(Adopted November 13, 1979)  
(Revised May 10, 1988)  
(Deleted May 19, 1997)

### INTERPRETATION NO. 37

(Adopted May 10, 1983)  
(Revised February 6, 1989)

**"A Board rule requiring that Board Members attend, on at least a biennial basis, a continuing education program comprised of not more than six (6) cumulative hours of instruction with respect to Board or Member practices that might result in a significant legal vulnerability and possible liability to the Board and its Members, such as violations of anti-trust laws, agency laws, civil rights laws, the Code of Ethics of the National Association, or other similar public policies is not an inequitable limitation upon membership."**

The National Association has long maintained a policy that it is inappropriate for a Board to have any mandated educational requirements other than a requirement for prospective Members or current Members to be familiar with the Constitution and Bylaws of the local Board, State Association, and National Association, the Code of Ethics of the

National Association, and any rules, regulations, practices, policies or procedures of the Board that relate to being a knowledgeable and informed Member of the Board. It is not appropriate to require competency and licensure training which is provided by the state. However, when there is a clear and present danger that policies and practices of the Board or of its Members may result in significant legal vulnerability and liability to the organization and its members, it is reasonable to require that Board Member participate in a program sponsored by the Board to assist and educate Members in areas of high legal vulnerability.

Mandatory attendance should only be required at programs related to matters that, if education were not provided, might result in a significant legal vulnerability and possible liability to the Board and its members, such as violations of anti-trust laws, agency laws, civil rights laws, the Code of Ethics of the National Association, or other similar public policies.

The mandatory nature of the programs should be clearly established in the Board's Bylaws. Every effort should be made to make all Members aware of this requirement far enough in advance to allow them to make arrangements to attend. In the event that some form of discipline will be imposed for failure to meet the mandatory attendance requirement, then the discipline that will be imposed should also be clearly spelled out in the Board's Bylaws. In the event that certain Members hold membership in more than one Board, consideration should be given to granting of a "credit" if the Member has attended a similar program conducted by another Board.

### INTERPRETATION NO. 38

(Adopted May 10, 1983)

**"A provision in the Bylaws of a Board which offers the opportunity to a former Member having been dropped for nonpayment of membership dues during the current fiscal year to be reinstated without reapplication and payment of an application fee, but requiring payment of all past due accounts and payment of membership dues for the entire fiscal year, is not an inequitable limitation upon membership."**

The Model Bylaws recommended by the National Association to local Boards provide that when a Member is dropped from membership, the Member may be further considered for membership in the Board upon applying in the same manner and paying

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the same application fees, if any, required of any applicant for membership. Therefore, if a Board Member receives services of the Board, and of the State and National Associations, for a period of the current fiscal year, it is not inequitable for the Board to require that individual seeking reinstatement of membership in the same fiscal year to pay the full membership dues for the entire year, plus any past due accounts or other monies owed to the Board, without having to go through the process of making application, taking the required orientation course, and paying any required application fee.

### **INTERPRETATION NO. 39**

(Adopted November 12, 1985)  
(Revised November 8, 2010)

**"No Member Board of REALTORS® shall knowingly schedule any board function at a place or in a facility that denies admittance to that function to any individual on the basis of race,**

**creed, sex, or country of national origin, or at facilities that are not accessible to individuals with disabilities, when any individual with a disability indicates that he or she will be in attendance."**

### **INTERPRETATION NO. 40**

(Adopted November 18, 1996)

**"The term "principal," as used in the NAR Constitution and Bylaws and in other relevant policies, includes licensed or certified individuals who are sole proprietors, partners in a partnership, officers or majority shareholders of a corporation, or office managers (including branch office managers) acting on behalf of principals of a real estate firm."**

Clarifies the definition of the term "principal" as used in the NAR Constitution and Bylaws and in other relevant policies.