

**BYLAWS OF THE ASHEVILLE BOARD OF REALTORS®, INC.
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BYLAWS OF THE ASHEVILLE BOARD OF REALTORS®, INC.

Adopted November 8, 1995 To Be Effective January 1, 1996

Amended - September 18, 1996

Amended - July 12, 2000

Amended - November 21, 2000

Amended - May 2001

Amended - September 26, 2001

Amended - January 2002

Amended - March 13, 2003

Amended - November 17, 2003

Amended - January 2004

Amended - February 26, 2004

Amended - September 08, 2004

Amended - May 25, 2006

Amended - June 1, 2006

Amended - August 1, 2006

Amended - November 16, 2006

Amended - April 5, 2007

Amended - September 26, 2007

Amended - December 2, 2009

Article I: Name

Section 1: Name The name of this organization shall be the Asheville Board of REALTORS®, Inc., hereinafter referred to as the "Board".

Section 2: REALTORS® Inclusion and retention of the Registered Collective Membership Mark REALTORS® in the name of the Board shall be governed by the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS® as from time to time amended.

Article II: Objectives

The objectives of the Board are:

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

Section 2: To promote and maintain high standards of conduct in the real estate as expressed in the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®.

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

Section 4: To further the interests of home and other real property ownership.

Section 5: To unite those engaged in the real estate profession in this community with the North Carolina Association of REALTORS® and the NATIONAL ASSOCIATION OF REALTORS® thereby furthering their own objectives throughout the state and nation, and obtaining the benefits and privileges of membership therein.

Section 6: To designate, for the benefit of the public, individuals authorized to use the terms REALTOR® and REALTORS® as licensed, prescribed, and controlled by the NATIONAL ASSOCIATION OF REALTORS®.

Article III: Jurisdiction

Section 1: The territorial jurisdiction of the Board as a Member of the NATIONAL ASSOCIATION OF REALTORS® is Buncombe and Madison Counties, North Carolina.

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

Article IV: Membership

Section 1: There shall be seven classes of Members as follows:

(a) **REALTOR® Members:** REALTOR® members, whether primary or secondary, shall be:

(1) Individuals who, as sole proprietors, partners, corporate officers, or branch office managers, are engaged actively in the real estate profession, including buying, selling, exchanging, renting or leasing, managing, appraising for others for compensation, counseling, building, developing or subdividing real estate, and who maintain or are associated with an established real estate office in the state of North Carolina or a state contiguous thereto. All persons who are partners in a partnership, or

all officers in a corporation who are actively engaged in the real estate profession within the state or a state contiguous thereto shall qualify for REALTOR® Membership only, and each is required to hold REALTOR® Membership in a Board of REALTORS® within the state or a state contiguous thereto unless otherwise qualified for Institute Affiliate Membership as described in Section 1(b) of Article IV.

In the case of a real estate firm, partnership, or corporation, whose business activity is substantially all commercial, only those principals actively engaged in the real estate business in connection with the same office, or any other offices within the jurisdiction of the board in which one of the firm's principals holds REALTOR® membership, shall be required to hold REALTOR® membership unless otherwise qualified for Institute Affiliate Membership as described in Section 1 (b) of Article IV. (Amended 1/01)

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

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

(3) **Franchise REALTOR® Membership.** Corporate officers (who may be licensed or unlicensed) of a real estate brokerage franchise organization with at least one hundred fifty (150) franchisees located within the United States, its insular possessions and the commonwealth of Puerto Rico, elected to membership pursuant to the provisions in the NAR Constitution and Bylaws. Such individuals shall enjoy all of the rights, privileges and obligations of REALTOR® membership (including compliance with the Code of Ethics) except: obligations related to board mandated education, meeting attendance, or indoctrination classes or other similar requirements; the right to use the term REALTOR® in connection with their franchise organization's name; and the right to hold elective office in the local board, state association and National Association.

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

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

behalf of the firm's principal(s) and must meet all other qualifications for REALTOR® Membership established in Article V, Section 2, of the Bylaws.

(b) **Institute Affiliate Members:** Institute Affiliate Members shall be individuals who hold a professional designation awarded by 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.

(c) **Allied Members:** Allied Members shall be individuals or firms from housing related industries and professions who, while not engaged in real estate sales as defined in paragraphs (a) or (b) of this Section, have interests requiring information concerning real estate, and are in sympathy with the objectives of the Board.

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

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

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

(g) **Life Members:** Life Members shall be individuals who have been REALTORS® for 30 years, who shall be actively engaged in the Real Estate Profession as defined in Article IV, and who have distinguished themselves by giving exemplary and meritorious service for the real estate profession, and for this Board. A Life Member may be so designated only at the discretion of the Board of Directors, upon written nomination from at least two (2) REALTOR® members that are not currently serving as a Director of the local Board. Upon approval of such individual by the Directors, payment of dues in the local Board shall be waived and the REALTOR® Life Member shall continue to receive all services of the Board.

Article V: Qualification and Election

Section 1: Application

(a) An application for membership shall be made in such manner and form as may be prescribed by the Board of Directors and made available to anyone requesting it. The application form shall contain among the statements to be signed by the applicant:

(1) that applicant agrees as a condition to membership to thoroughly familiarize himself with the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, the Constitutions, Bylaws, and Rules and Regulations of the Board, the State and National Associations, and if elected a Member, will abide by the Constitutions and Bylaws and Rules and Regulations of the Board, State and National Associations, and if a REALTOR® Member will abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® including the obligation to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics, and as further specified in the Code of Ethics and Arbitration Manual of the NATIONAL ASSOCIATION OF REALTORS®, as from time to time amended, and

(2) that applicant consents that the Board, through its Board of Directors or otherwise, may invite and receive information and comment about applicant from any Member or other persons, and that applicant agrees that any information and comment furnished to the Board by any person in response to the invitation shall be conclusively deemed to be privileged and not form the basis of any action for slander, libel, or defamation of character. The applicant shall, with the form of application, have access to a copy of the Bylaws, Constitution, Rules and Regulations, and Code of Ethics referred to above.

Section 2: Qualification

(a) An applicant for REALTOR® Membership who is a sole proprietor, partner, corporate officer, or branch office manager of a real estate firm shall supply evidence satisfactory to the Board of Directors that he is actively engaged in the real estate profession, and maintains a current, valid real estate broker's or salesperson's license or is licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property, has a place of business within the state or a state contiguous thereto (unless a secondary member), has no record of recent or pending bankruptcy*, has no record of official sanctions involving unprofessional conduct**, agrees to complete a course of instruction covering the Bylaws and Rules and Regulations of the Board, the Bylaws of the State Association, and the Constitution and Bylaws and Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and shall pass such reasonable and non discriminatory written examination thereon as may be required, and shall agree that if elected to membership, he will abide by such Constitution, Bylaws, Rules and Regulations, and Code of Ethics. (*)

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

()NO RECORD OF OFFICIAL SANCTIONS INVOLVING UNPROFESSIONAL CONDUCT** is intended to mean that the Board may only consider judgments within the past three (3) years of violations of (1) civil rights laws; (2) real estate license laws; (3) or other laws prohibiting unprofessional conduct against the applicant rendered by the courts or other lawful authorities.

NOTE: One or more of the requirements for REALTOR® Membership set forth in Article V, Section 2(a) may be deleted at the Board's option. However, Boards may NOT adopt membership qualifications more rigorous than specified in the Membership Qualification Criteria for REALTOR® Membership approved by the Board of Directors of the National Association.

(b) Individuals who are actively engaged in the real estate profession other than as sole proprietors, partners, corporate officers, or branch office managers in order to qualify for REALTOR® Membership, shall at the time of application be associated either as an employee or as an independent contractor with a Designated REALTOR® Member of the Board or a Designated REALTOR® Member of another Board (if a secondary member) and must maintain a current, valid real estate broker's or salesperson's license or be licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property, shall complete a course of instruction covering the Bylaws and Rules and Regulations of the Board, the Bylaws of the State Association, and the Constitution and Bylaws and Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and shall pass such reasonable and non discriminatory written examinations thereon as may be required, and shall agree in writing that if elected to membership he will abide by such Constitution, Bylaws, Rules and Regulations, and the Code of Ethics.

Section 3: Election The procedure for election to membership shall be as follows:

(a) The Board of Directors shall determine whether the applicant is applying for the appropriate class of membership. It shall then give written notice to the REALTOR®

Members of such application and invite written comment. If one or more of the REALTOR® Members object to the approval of the application, basing such objection on lack of qualification as set forth in these Bylaws, the Board of Directors shall invite any objecting Member to appear and substantiate his objections. Objections, which are not substantiated, shall be totally disregarded. The Board of Directors may not find objections substantiated without: (1) informing the applicant in advance, in writing, of the objections and identifying the objecting Member, and (2) giving the applicant a full opportunity to appear before the Board of Directors and establish his qualifications. The Board of Directors shall thereafter make a written report of its findings. The Board of Directors shall conduct all proceedings with strict attention to the principles of due process and compliance with the Bylaws of the Board.

(b) The Board of Directors shall review the qualifications of the applicant and then vote on the applicant's eligibility for membership. If the applicant receives a majority vote of the Board of Directors, he shall be declared elected to membership and shall be advised by written notice. An application for membership shall be acted upon by the Board of Directors within sixty (60) days from the date of application for membership.

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

(d) If the Board of Directors determines that the application should be rejected, it shall record its reasons with the Secretary. If the Board of Directors believes that denial of membership to the applicant may become the basis of litigation and a claim of damage by the applicant, it may specify that denial shall become effective upon entry in a suit by the Board for a declaratory judgment by a court of competent jurisdiction of a final judgment declaration that the rejection violates no rights of the applicant.

Section 4: Status Changes

(a) A REALTOR® who changes the conditions under which he holds membership shall be required to provide written notification to the Board within thirty (30) days. A REALTOR® (non-principal) who becomes a principal in the firm with which he has been licensed or, alternatively, becomes a principal in a new firm which will be comprised of REALTOR® principals may be required to satisfy any previously unsatisfied membership requirements applicable to REALTOR® (principal) Members but shall, during the period of transition from one status of membership to another, be subject to all of the privileges and obligations of a REALTOR® (principal). If the REALTOR® (non-principal) does not satisfy the requirements established in these Bylaws for the

category of membership to which they have transferred within thirty (30) days of the date they advised the Board of their change in status, their new membership application will terminate automatically unless otherwise so directed by the Board of Directors.

NOTE: The Board of Directors, at its discretion, may waive any qualification in which the applicant has already fulfilled in accordance with the Boards' Bylaws.

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

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

Section 5: New Member Code of Ethics Orientation: Applicants for REALTOR® membership and provisional REALTOR® members (where applicable) shall complete an orientation program on the Code of Ethics of not less than two hours and thirty minutes of instructional time. This requirement does not apply to applicants for REALTOR® membership or provisional members who have completed comparable orientation in another association, provided that REALTOR® membership has been continuous, or that any break in membership is for one year or less.

Failure to satisfy this requirement within forty-five days of the date of application (or, alternatively, the date that provisional membership was granted) will result in denial of the membership application or termination of provisional membership.

NOTE: Orientation programs must meet the learning objectives and minimum criteria established from time to time by the NATIONAL ASSOCIATION OF REALTORS®. (Adopted 1/01)

Section 6: Continuing Member Code of Ethics Training: Effective January 1, 2001, through December 31, 2004, and for successive four year periods thereafter, each REALTOR® member of the association shall be required to complete quadrennial ethics training of not less than two hours and thirty minutes of instructional time. This requirement will be satisfied upon presentation of documentation that the member has completed a course of instruction conducted by this or another association, the State Association of REALTORS®, the NATIONAL ASSOCIATION OF REALTORS®, or any other recognized educational institution or provider which meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS® from time to time. REALTOR® members who have completed training as a requirement of membership in another association and REALTOR® members who have completed the New Member Code of Ethics Orientation during any four year cycle shall not be required to complete additional ethics training until a new four year cycle commences.

Failure to satisfy this requirement shall be considered a violation of a membership duty for which REALTOR® membership shall be suspended until such time as the training is completed. (Adopted 1/01)

Members suspended for failing to meet the requirement for the first four (4)-year cycle (2001 through 2004) will have until December 31, 2005 to meet the requirement. Failure to meet the requirement by that time will result in automatic termination of membership. Failure to meet the requirement for the second (2005 through 2008) cycle and subsequent four (4)-year cycles will result in suspension of membership for the first two months (January and February) of the year following the end of any four (4)-year cycle or until the requirement is met, whichever occurs sooner. On March 1 of that year, the membership of a member who is still suspended as of that date will be automatically terminated. (Adopted 1/01, revised 5/05)

Article VI: Privileges and Obligations

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

Section 2: Any Member of the Board may be reprimanded, fined, placed on probation, suspended, or expelled by the Board of Directors for a violation of these Bylaws and Board rules and Regulations consistent with these Bylaws, after a hearing as provided in the Code of Ethics and Arbitration Manual of the Board. Although Members other than REALTORS® are not subject to the Code of Ethics or its enforcement by the Board, such Members are encouraged to abide by the principles established in the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and conduct their business and professional practices accordingly. Further, Members other than REALTORS® may, upon recommendation by a hearing panel of the Professional Standards Committee, be subject to discipline as described above, for any conduct, which in the opinion of the Board of Directors, applied on a non discriminatory basis, reflects adversely on the terms REALTOR® or REALTORS®, and the real estate industry, or for conduct that is inconsistent with or adverse to the objectives and purposes of the local Board, the State Association, and the NATIONAL ASSOCIATION OF REALTORS®.

Section 3: Any REALTOR® Member of the Board may be disciplined by the Board of Directors for violations of the Code of Ethics or other duties of membership, after a hearing as described in the Code of Ethics and Arbitration Manual of the Board, provided that the discipline imposed is consistent with the discipline authorized by the Professional Standards Committee of the NATIONAL ASSOCIATION OF REALTORS® as set forth in the Code of Ethics and Arbitration Manual of the National Association.

Section 4: Resignations of Members shall become effective when received in writing by the Board of Directors, provided, however, that if any Member submitting the

resignation is indebted to the Board for dues, fees, fines, or other assessments of the Board, the Board shall condition the right of the resigning Member to reapply for membership upon payment in full of all such moneys owed.

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

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

Section 6: REALTOR® Members REALTOR® Members, whether primary or secondary, in good standing whose financial obligations to the Board are paid in full, shall be entitled to vote and to hold elective office in the Board; may use the terms REALTOR® and REALTORS®, which use shall be subject to the provisions of Article VIII; and have the primary responsibility to safeguard and promote the standards, interests, and welfare of the Board and the real estate profession.

(a) If a REALTOR® Member is a sole proprietor in a firm, a partner in a partnership or an officer in a corporation, and is suspended or expelled, the firm, partnership or corporation shall not use the terms REALTOR® or REALTORS® in connection with its business during the period of suspension, or until re-admission to REALTOR® membership, or unless connection with the firm, partnership or corporation is severed, or management control is relinquished, whichever may apply. The membership of all other principals, partners, or corporate officers shall suspend or terminate during the period of suspension of the disciplined Member, or until re-admission of the disciplined Member or unless connection of the disciplined Member with the firm, partnership, or corporation is severed, or unless the REALTOR® who is suspended or expelled removes himself from any form or degree of management control of the firm for the term of the suspension or until re-admission to membership, whichever may apply. Removal of the individual from any form or degree of management control must be certified to the Board by the Member who is being suspended or expelled and by the individual who is assuming management control, and the signatures of such certification must be notarized. In the event the suspended or expelled Member is so certified to have relinquished all form or degree of management control of the firm, the membership of other partners, corporate officers, or other individuals affiliated with the firm shall not be affected, and the firm, partnership or corporation may continue to use the terms REALTOR® or REALTORS® in connection with its business during the period of suspension or until the former Member is admitted to membership in the Board. The foregoing is not intended to preclude a suspended or expelled Member from functioning as an employee or independent contractor, providing no management control is exercised. Further, the membership of REALTORS® other

than principals who are employed or affiliated as independent contractors with the disciplined Member shall suspend or terminate during the period of suspension of the disciplined Member or until re-admission of the disciplined Member, or unless connection of the disciplined Member with the firm, partnership, or corporation is severed, or management control is relinquished, or unless the REALTOR® Member (non-principal) elects to sever his connection with the REALTOR® and affiliate with another REALTOR® Member in good standing in the Board, whichever may apply. If a REALTOR® Member other than a sole proprietor in a firm, partner in a partnership, or an officer of a corporation is suspended or expelled, the use of the terms REALTOR® or REALTORS® by the firm, partnership or corporation shall not be affected.

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

Section 7: Institute Affiliate Members Institute Affiliate Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors consistent with the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS®.

NOTE: Local associations establish the right and privileges to be conferred on Institute Affiliate Members except that no Institute Affiliate Member may be granted the right to use the term REALTOR®, REALTOR-ASSOCIATE®, or the REALTOR® logo; to serve as President of the local association; or to be a Participant in the local association's Multiple Listing Service. (Amended 1/02)

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

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

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

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

Section 12: Life Members Life Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors.

Section 13: Certification by REALTOR® "Designated" REALTOR® Members of the Board shall certify to the Board during the month of October of each year

on a form provided by the Board a complete listing of all individuals licensed or certified in the REALTOR®'s office(s) and shall designate a primary Board for each individual who holds membership. Designated REALTORS® shall also identify any non-member licensees in the REALTOR®'s office(s) and if Designated REALTOR® Dues have been paid to another Board based on said non-member licensees. The Designated REALTOR® shall identify the Board to which dues have been remitted. These declarations shall be used for purposes of calculating dues under Article X, Section 2 of the Bylaws. "Designated" REALTOR® Members shall also notify the Board of any additional individual(s) licensed or certified with the firm(s) within thirty (30) days of the date of affiliation or severance of the individual.

Section 14: Legal Liability Training Within four years of the date of election to membership, and every four years thereafter, each REALTOR® Member of the Board shall be required to demonstrate that they have completed a course of instruction on anti-trust laws, agency laws, civil rights laws or the REALTORS® Code of Ethics, its interpretation and meaning and/or the procedures related to its enforcement. This requirement will be considered satisfied upon presentation of evidence that the member has completed an educational program conducted by another Member Board, the State Association of REALTORS®, the NATIONAL ASSOCIATION OF REALTORS® or any of its affiliated institutes, societies or councils, or any other recognized educational institution which, in the opinion of the Board of Directors, is an adequate substitute for the training programs conducted by the Board. Failure to satisfy this requirement every four years will result in membership being suspended from the date it otherwise would be renewed until such time that the member provides evidence of completion of the aforementioned educational requirements.

NOTE: Any education requirement must comply with Interpretation No. 37 of Article I, Section 2, Bylaws, NATIONAL ASSOCIATION OF REALTORS®.

Section 15: Harassment Any member of the Association may be reprimanded, placed on probation, suspended or expelled for harassment of an Association or MLS employee or Association Officer or Director after an investigation in accordance with the procedures of the Association. As used in this Section, harassment means any verbal or physical conduct including threatening or obscene language, unwelcome sexual advances, stalking, actions including strikes, shoves, kicks, or other similar physical contact, or threats to do the same, or any other conduct with the purpose or effect of unreasonably interfering with an individual's work performance by creating a hostile, intimidating or offensive work environment. The decision of the appropriate disciplinary action to be taken shall be made by the investigatory team comprised of the President, and President-elect and/or Vice President and one member of the Board of Directors selected by the highest ranking officer not named in the complaint, upon consultation with legal counsel for the Association. Disciplinary action may include any sanction authorized in the Association's Code of Ethics and Arbitration Manual. If the complaint names the President, President-Elect or Vice President, they may not participate in the proceedings and shall be replaced by the Immediate Past President or, alternatively, by another

member of the Board of Directors selected by the highest ranking officer not named in the complaint.

Note: Suggested procedures for processing complaints of harassment are available on line at <http://www.REALTOR.org>, or from the Member Policy Department.

Article VII: Professional Standards and Arbitration

Section 1: The responsibility of the Board and of Board Members relating to the enforcement of the Code of Ethics, the disciplining of members, and the arbitration of disputes, and the organization and procedures incident thereto, shall be governed by the Code of Ethics and Arbitration Manual of the NATIONAL ASSOCIATION OF REALTORS®, as amended from time to time, which is by this reference incorporated into these Bylaws, provided, however, that any provision deemed inconsistent with state law shall be deleted or amended to comply with state law.

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

Article VIII: Use of the Terms REALTOR® and REALTORS®

Section 1: Use of the terms REALTOR® and REALTORS® by Members shall, at all times, be subject to the provisions of the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS® and to the Rules and Regulations prescribed by its Board of Directors. The Board shall have the authority to control, jointly and in full cooperation with the NATIONAL ASSOCIATION OF REALTORS®, use of the terms within its jurisdiction. Any misuse of the terms by members is a violation of a membership duty and may subject members to disciplinary action by the Board of Directors after a hearing as provided for in the association's Code of Ethics and Arbitration Manual.

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

Section 3: A REALTOR® Member who is a principal of a real estate firm, partnership, or corporation may use the terms REALTOR® and REALTORS® only if all

the principals of such firm, partnership, or corporation who are actively engaged in the real estate profession within the state or a state contiguous thereto are REALTOR® Members of the Board or Institute Affiliate Members as described in Section 1(b) of Article IV.

(a) In the case of a REALTOR® member who is a principal of a real estate firm, partnership, or corporation whose business activity is substantially all commercial, the right to use the term REALTOR® OR REALTORS® shall be limited to office locations in which a principal, partner, corporate officer, or branch office manager of the firm, partnership, or corporation holds REALTOR® membership. If a firm, partnership, or corporation operates additional places of business in which no principal, partner, corporate officer, or branch office manager holds REALTOR® membership, the term REALTOR® or REALTORS® may not be used in any reference to those additional places of business. (Amended 1/01)

Section 4: Institute Affiliate Members shall not use the terms REALTOR® or REALTORS®, nor the imprint of the emblem seal of the NATIONAL ASSOCIATION OF REALTORS®.

Article IX: State and National Memberships

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

Section 2: The Board recognizes the exclusive property rights of the NATIONAL ASSOCIATION OF REALTORS® in the terms REALTOR® and REALTORS®. The Board shall discontinue use of the terms in any form in its name, upon ceasing to be a Member of the National Association, or upon a determination by the Board of Directors of the National Association that it has violated the conditions imposed upon the terms.

Section 3: The Board adopts the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and agrees to enforce the Code among its REALTOR® Members. The Board and all of its Members agree to abide by the Constitution, Bylaws, Rules and Regulations, and policies of the National Association and the North Carolina Association of REALTORS®.

Article X: Dues and Assessments

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

Section 2: Dues

(a) The annual dues of each Designated REALTOR® Member shall be in such amount as established annually by the Board of Directors, plus an additional amount to be established annually by the Board of Directors times the number of real estate salespersons and licensed or certified appraisers who (1) are employed by or affiliated as independent contractors, or who are otherwise directly or indirectly licensed with such REALTOR® Member, and (2) are not REALTOR® Members of any Board in the state or a state contiguous thereto or Institute Affiliate Members of the Board. In calculating the dues payable to the Board by a Designated REALTOR® Member, non-member licensees as defined in Section 2 (1) and (2) of this Article shall not be included in the computation of dues if the Designated REALTOR® has paid dues based on said non-member licensees in another Board in the state or a state contiguous thereto, provided the Designated REALTOR® notifies the Board in writing of the identity of the Board to which dues have been remitted. In the case of a Designated REALTOR® Member in a firm, partnership, or corporation whose business activity is substantially all commercial, any assessments for non-member licensees shall be limited to licensees affiliated with the Designated REALTOR® (as defined in (1) and (2) of this paragraph) in the office where the Designated REALTOR® holds membership, and any other offices of the firm located within the jurisdiction of the Board. (Amended 1/01)

(b) For the purpose of this Section, a REALTOR® Member of a Member Board shall be held to be any Member who has a place or places of business within the state or a state contiguous thereto and who, as a principal, partner, corporate officer, or branch office manager of a real estate firm, partnership, or corporation, is actively engaged in the real estate profession as defined in Article III, Section I, of the Constitution of the NATIONAL ASSOCIATION OF REALTORS®. An individual shall be deemed to be licensed with a REALTOR® if the license of the individual is held by the REALTOR®, or by any broker who is licensed with the REALTOR®, or by any entity in which the REALTOR® has a direct or indirect ownership interest and which is engaged in other aspects of the real estate business provided that such licensee is not otherwise included in the computation of dues payable by the principal, partner, or corporate officer of the entity.

A REALTOR® with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR® for

consideration on a substantially exclusive basis shall annually file with the association on a form approved by the association a list of the licensees affiliated with that entity and shall certify that all of 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® filling the form for purposes of the Section and shall not be included in calculating the annual dues of the Designated REALTOR®.

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

(c) The dues of each REALTOR® Member, other than the Designated REALTOR®, shall be in such amount as established annually by the Board of Directors.

(d) The dues of each Institution Affiliate Member shall be in such amount as established in Article II of the Bylaws of the NATIONAL ASSOCIATION OF REALTOR®.

(e) The dues of each Affiliate Member shall be in such amount as established annually by the Board of Directors.

(f) The dues of each Public Service Member shall be in such amount as established annually by the Board of Directors.

(g) The dues of each Honorary Member shall be in such amount as established annually by the Board of Directors.

(h) The dues of each Student Member shall be in such amount as established annually by the Board of Directors.

(i) The dues of each Life Member shall be in such amount as established annually by the Board of Directors.

NOTE: The Institutes, Societies and Councils of the National Association shall be responsible for collecting and remitting dues to the National Association for Institute Affiliate Members (\$75.00). The National Association shall credit \$25.00 to the account of the local association for each Institute Affiliate Member whose office address is within the assigned territorial jurisdiction of that association, provided, however, if the office location is also within the territorial jurisdiction of a Commercial Overlay Board (COB), the account will be credited to the COB, unless the Institute Affiliate Member directs that the dues be distributed to the other board. The National Association shall also credit

\$25.00 to the account of state associations for each Institute Affiliate Member whose office address is located within the territorial jurisdiction of the state association. Local and state associations may not establish any additional entrance, initiation fees or dues for Institute Affiliate Members, but may provide service packages to which Institute Affiliate Members may voluntarily subscribe. (Amended 1/02)

Section 3: Dues Payable Dues for all Members shall be payable annually in advance on the first day of January. Dues shall be computed from the first day of the month in which a Member is notified of election and shall be prorated for the remainder of the year.

Section 4: Non-payment of Financial Obligations

(a) If membership dues, fees, fines, or other assessments including amounts owed to the Board are not paid within one (1) month after the due date, the non-paying Member is subject to suspension at the discretion of the Board of Directors. Two(2) months after the due date, membership of the non-paying Member may be terminated at the discretion of the Board of Directors. Three (3) months after the due date, membership of the non-paying Member shall automatically terminate unless within that time the amount due is paid. However, no action shall be taken to suspend or expel a Member for non-payment of disputed amounts until the accuracy of the amount owed has been confirmed by the Board of Directors. A former member who has had his membership terminated for non-payment of dues, fees, fines, or other assessments duly levied in accordance with the provisions of these Bylaws or the provisions of other Rules and Regulations of the Board any of its services, departments, divisions or subsidiaries may apply for reinstatement in the manner prescribed for new applicants for membership after making payment in full of all accounts due as of the date of termination.

(b) If payment for annual dues is not received by January 1st, a late charge shall be assessed, in an amount to be established by the Board of Directors.

Section 5: Deposit All moneys received by the Board for any purpose shall be deposited to the credit of the Board in a financial institution or institutions selected by resolution of the Board of Directors.

Section 6: Expenditures The Board of Directors shall administer the finances of the Board. The Board of Directors may not obligate the corporation to any current or long-term expenditure that exceeds 5% of the "Total Expenses" in the approved current year budget.

Section 7: Notice of Dues, Fees, Fines, Assessments, and Other Financial Obligations of Members All dues, fees, fines, assessments, or other financial obligations to the Board or any of the Board subsidiaries shall be notified to the delinquent Board Member in writing setting forth the amount owed and the due date.

Section 8: The dues of REALTOR® Members who are REALTOR® Emeriti (as recognized by the National Association), Past Presidents of the National Association or recipients of the Distinguished Service Award shall be as determined by the Board of Directors.

NOTE: A Member Board's dues obligation to the National Association is reduced by an amount equal to the amount which the Board is assessed for a REALTOR® Member, times the number of REALTOR® Emeriti (as recognized by the National Association), Past Presidents of the National Association, and recipients of the Distinguished Service Award of the National Association who are REALTOR® Members of the Board. The dues obligation of such individuals to the local Board should be reduced to reflect the reduction in the Board's dues obligation to the National Association. The Board may, at its option, choose to have no dues requirement for such individuals except as may be required to meet the Board's obligation to the State Association with respect to such individuals. Member Boards should determine whether the dues payable by the Board to the State Association are reduced with respect to such individuals. It should be noted that this does not affect a "designated" REALTOR®'s dues obligation to the Board with respect to those licensees employed by or affiliated with the "designated" REALTOR® who are not Members of the local Board.

Article XI: Officers and Directors

Section 1: Officers The elected officers of the Board shall be: A President, a President-Elect, a Secretary, and a Treasurer. The Secretary and Treasurer may be the same person. They shall be elected for terms of one (1) year.

Section 2: Duties of Officers The duties of the officers shall be such as their titles, by general usage, would indicate and such as may be assigned to them by the Board of Directors. It shall be the particular duty of the Secretary to keep the records of the Board and carry on all necessary correspondence with the NATIONAL ASSOCIATION OF REALTORS® and the North Carolina Association of REALTORS®. It shall be the duty of the President-Elect to assist the President in the administration of the Board, preside at all Membership meetings, all Executive Committee meetings and Board of Director meetings in the absence of the President. The President-Elect will be an ex-officio member of all standing and special committees, except the Election Committee and the Nominating Committee. The President-Elect shall succeed to the office of President, unless the Nominating Committee and the Board of Directors determines that such succession would not be in the best interest of the Board, as set forth in the Removal of Officers and Directors provisions of these Bylaws. If the office of President should become vacant between elections, the President-Elect shall fill the vacancy and complete the unexpired term. (9-18-96)

Section 3: Board of Directors The governing body of the Board shall be a Board of Directors consisting of the elected officers and seven (7) REALTOR® Members of the Board, to include at least one REALTOR® Member from each county within the Board's jurisdiction. The immediate past President of the Board shall be an ex-officio, voting member of the Board of Directors for a term of one (1) year immediately after her/his term as President. The President of ABR Services, Inc., shall serve as an ex-officio, voting member of the Board of Directors during her/his term as President. Directors shall be elected to serve for terms of three (3) years, except that at inception, one-third of the elected Directors shall be elected for terms of one (1), two (2), and three (3) years, respectively, or for lesser terms as may be necessary to complete the first fiscal year. Thereafter, as many Directors shall be elected each year as are required to fill vacancies.

Section 4: Election of Officers and Directors

(a) A Nominating Committee of not less than five (5) REALTOR® Members shall be appointed by the President, with the approval of the Board of Directors. The Nominating Committee shall be comprised of at least two (2) past Presidents of the Association, and three other REALTOR® Members. At least one hundred twenty (120) days prior to the annual meeting of the Board, the Nominating Committee shall notify all REALTOR® Members of the requirements for each office and the time period in which to submit applications for candidacy. After the last date for submission of applications, the Nominating Committee shall review each application received within the designated time period for submission. The Nominating Committee shall select at least one candidate for each office, and at least one candidate for each seat to be filled on the Board of Directors. The report of the Nominating Committee shall be submitted to the President, Secretary, and Board of Directors not less than ninety (90) days prior to the annual meeting. No member of the Nominating Committee shall be eligible for nomination by the Nominating Committee except to the office of State Director.

(b) Additional candidates for the offices to be filled and seats on the Board of Directors to be filled may be placed on the ballot by a petition signed by at least five percent (5%) of the REALTOR® Members, and delivered to the Secretary of the Board of Directors at least sixty (60) days prior to the annual meeting.

(c) The President, with the approval of the Board of Directors, shall appoint an Election Committee of three (3) REALTOR® Members to conduct the election.

(d) The election of Officers and Directors shall be by paper or electronic ballot, as further provided in these Bylaws. The ballot shall contain the names of all candidates and the offices for which they are nominated. Voting may occur electronically through the Association's Internet Site, or in person at the annual meeting of the Board, in the discretion of the Executive Committee. At least twenty one (21) days prior to the annual meeting, the Executive Committee shall adopt and post the election rules and the official ballot on the Association's Internet Site. The election rules and ballot shall also be made

available in print format at the principal office of the Board. The election rules shall include, without limitation, procedure for voting by those Members who are unable to attend the annual meeting if voting is to occur in person at such meeting, or who do not have access to the Internet if voting is to occur electronically.

(e) Candidates receiving the largest number of votes cast are elected. In the event of a tie vote, the election shall be determined by runoff. Election results shall be published on the Association's Internet Site as soon as they are available.

Section 5: Removal of Officers and Directors In the event that an Officer or Director is deemed to be incapable of fulfilling the duties for which elected, but will not resign from office voluntarily, the Officer or Director may be removed from office under the following procedure:

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

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

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

Section 6: Vacancies Vacancies among the Officers and the Board of Directors shall be filled by a simple majority vote of the Board of Directors until the next annual election.

Section 7: Establishment of Executive Committee The Board of Directors of the Asheville Board of REALTORS®, Inc. designates the President, President-Elect, Treasurer, Secretary and President of ABR Services, Inc. as the Executive Committee of the Board of Directors. The immediate past President of the Board shall be an ex-officio, voting member of the Executive Committee. The designation of any Executive Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility or liability imposed upon it or him by law.

Section 8: Indemnification

(a) Any person who at any time serves or has served as a director, or officer of the Board, or in such capacity at the request of the Board for any other Board, partnership, joint venture, trust or other enterprise, shall have a right to be indemnified by the Board to the fullest extent permitted by law against (a) reasonable expenses, including but not limited to attorneys fees, actually and necessarily incurred by him or her in connection with the defense of any threatened, pending, or completed action, suit, or proceeding in which her or she is made a party by being or having been such Trust or Officer and (b) reasonable payment made by him or her in satisfaction of any judgment, money decree, fine, penalty, or settlement for which he or she may have become liable in any such action, suit, or proceeding, provided that this right to be indemnified by the Board shall in no event exceed that portion of reasonable expenses and reasonable payment which is in excess of any and all available insurance proceeds.

(b) The Board of Directors of the Board shall take all such action as may be necessary or appropriate to authorize the Board to pay the indemnification required by this Bylaw, including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him or her and giving notice to, and obtaining approval by, the shareholders of the Board.

(c) Any person who at any time after the adoption of this Bylaw served or has served in any of the aforesaid capacities for or on behalf of the Board shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representative of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of the Bylaw.

Article XII: Meetings

Section 1: Annual Meetings The annual meeting of the Board shall be held during the month of September each year on any day other than a Saturday, Sunday or legal holiday on a date, place and hour as designated by the Board of Directors.

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

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

Section 4: Notice of Meetings

(a) Written notice shall be given to every Member entitled to participate in the meeting at least one (1) week preceding all meetings. Notice may be communicated in person; by telephone, telegraph, or other form of wire or wireless communication, including electronic mail, or by facsimile transmission; or by mail or private carrier. If a special meeting is called it shall be accompanied by a statement of the purpose for the meeting.

(b) Written notice shall be waived of all regular scheduled meetings of Members, except those at which a specific item of business affecting the position of the Board, its Bylaws, Policies of the Board, or Officers of the Board is to be voted upon. Written notice of these meetings shall be given in conformity with the Bylaws and Policies of the Board.

Section 5: Quorum A quorum for the transaction of business at any regular or called meeting of the Members of the Association shall consist of five percent (5%) of the REALTOR® Members in good standing and eligible to vote. Six (6) Members of the Board of Directors shall constitute a quorum for the transaction of business pertinent to the Board of Directors.

Section 6: Voting by Proxy Voting by proxy shall not be allowed for the transaction of business at a membership meeting of the Asheville Board of REALTORS®.

Section 7: Electronic Transaction of Business The Board of Directors and the Members may conduct the business of the Association by electronic means, including, without limitation, voting by electronic ballot or other electronic means, to the fullest extent permitted by law and otherwise in accordance with the policies of the Association.

Article XIII: Committees

Section 1: Standing Committees

(a) The President shall appoint from among the Members, subject to confirmation by the Board of Directors, the following Standing committees:

1. Education
2. Finance
3. Legislative
4. Professional Standards
5. Grievance
6. Commercial and Investment Committee
7. Eco Committee

(b) The Chairman of the Standing committees shall be a REALTOR® Member.

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

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

Section 4: President The President and President-Elect shall be ex-officio members of all Standing Committees and shall be notified of their meetings.

Section 5: Removal of Committee Members The President, with the approval of the Board of Directors, shall have the right and privilege to remove any member serving on a Special or Standing Committee, when in his judgment, he determines that said member has failed to function on said Committee. The Committee Chairman shall designate a regular time and place of the meeting. Absence from two consecutive meetings, without excuse deemed valid by the Chairman, shall constitute resignation. The President shall appoint a replacement.

Section 6: Quorum for Committees A quorum for the transaction of business by any Standing committee or Special Committee, with the exception of the Professional Standards Committee and Grievance Subcommittee, shall consist of more than one-third (1/3) of the members of the committee eligible to vote. (9-18-96)

Article XIV: Fiscal and Elective Year

Section 1: The fiscal and elective year of the Board shall be the calendar year.

Article XV: Rules of Order

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

Article XVI: Amendments

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

Section 2: Notice of all meetings at which amendments are to be considered shall be mailed to every REALTOR® Member eligible to vote at least one (1) week prior to the meeting.

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

Section 4: The Executive Officer shall maintain a policy manual containing the policies and procedures of the Board. The Executive Officer shall advise the Board of Directors of the policies contained within the manual. The Board of Directors may add, delete, or alter policies of the Board by a majority vote of the Directors present and voting at any regular or called meeting of the Board of Directors.

Article XVII: Dissolution

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

Article XVIII: Multiple Listing

Section 1: Authority The Board of REALTORS® shall maintain for the use of its Members and the REALTOR® Members of any other Board a Multiple Listing Service which shall be conducted under a limited liability company or corporation duly authorized and existing under the laws of the State of North Carolina. In the discretion of the Board, the entity conducting the Multiple Listing Service may be wholly-owned by the Asheville Board of REALTORS®, Inc., or may be owned by the Asheville Board of REALTORS®, Inc., together with such other Boards of REALTORS® situated within the western region of North Carolina as the Board may determine to be appropriate for the orderly and efficient governance of the Multiple Listing Service, and in accordance with the Purpose set forth in Section 2.

Section 2: Purpose A Multiple Listing Service is a means by which authorized Participants make blanket unilateral offers of compensation to other Participants (acting as subagents, buyer agents, or in other agency or non-agency capacities defined by law); by which cooperation among participants is enhanced; by which information is accumulated and disseminated to enable authorized Participants to prepare appraisals, analyses, and other valuations of real property for bona fide clients and customers; by which Participants engaging in real estate appraisal contribute to common data bases; and

is a facility for the orderly correlation and dissemination of listing information so participants may better serve their clients and the public. Entitlement to compensation is determined by the cooperating broker's performance as a procuring cause of the sale (or lease).

Section 3: Governing Documents The Board of Directors shall cause any Multiple Listing Service established by it pursuant to this Article to conform its Corporate Charter, Constitution, Bylaws, Rules, Regulations, and Policies, Practices, and Procedures at all times to the Constitution, Bylaws, Rules, Regulations, and Policies of the NATIONAL ASSOCIATION OF REALTORS®.

Section 4: Participation Any REALTOR® of this or any other Board who is a principal, partner, or corporate officer, or branch manager acting on behalf of the principal, without further qualifications, except as otherwise stipulated in these Bylaws, shall be eligible to participate in Multiple Listing upon agreeing in writing to conform to the Rules and Regulations thereof and to pay the costs incidental thereto. However, under no circumstances is any individual or firm, regardless of membership status, entitled to Multiple Listing Service "Membership" or "Participation" unless they hold a current, valid North Carolina Real Estate Broker's License and offer or accept compensation to and from other participants or are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property. Use of information developed by or published by a Board Multiple Listing Service is strictly limited to the activities authorized under a Participant's licensure(s) or certification and unauthorized uses are prohibited. Further, none of the foregoing is intended to convey "participation", or "Membership" or any right of access to information developed or published by a Board Multiple Listing Service where access to such information is prohibited by law. (*) (See NOTE at conclusion of this Article.)

Mere possession of a Broker's license is not sufficient to qualify for Multiple Listing Service participation. Rather, the requirement that an individual or firm offers or accepts cooperation and compensation means that the participant actively endeavors during the operation of its real estate business to list real property of the type listed on the Multiple Listing Service and/or to accept offers of cooperation and compensation made by listing Brokers or Agents in the Multiple Listing Service. "Actively" means on a continual and ongoing basis during the operation of the Participant's real estate business. The "actively" requirement is not intended to preclude Multiple Listing Service participation by a participant or potential participant that operates a real estate business on a part-time, seasonal, or similarly time-limited basis, or that has its business interrupted by period of relative inactivity occasioned by market conditions. Similarly, the requirement is not intended to deny Multiple Listing Service participation to a Participant or potential participant who has not achieved a minimum number of transactions despite good faith efforts. Nor is it intended to permit an Multiple Listing Service to deny participation based on the level of service provided by the Participant or potential participant as long as the level of service satisfies state law.

The key is that the Participant or potential participant actively endeavors to make or accept offers of cooperation and compensation with respect to properties of the type that are listed on the Multiple Listing Service in which participation is sought. This requirement does not permit a Multiple Listing Service to deny participation to a Participant or potential participant that operates a "Virtual Office Website" (VOW) (including a VOW that the Participant uses to refer customers to other Participants) if the Participant or potential participant actively endeavors to make or accept offers of cooperation and compensation. A Multiple Listing Service may evaluate whether a Participant or potential participant actively endeavors during the operation of its real estate business to offer or accept cooperation and compensation only if the Multiple Listing Service has a reasonable basis to believe that the Participant or potential participant is in fact not doing so. The membership requirement shall be applied in a nondiscriminatory manner to all Participants and potential participants.

Section 5: Access to Comparable and Statistical Information Board members who are actively engaged in real estate brokerage, management, mortgage financing, appraising, land development or building, but who do not participate in the Multiple Listing Service, are nonetheless entitled to receive, by purchase or lease, information other than current listing information that is generated wholly or in part by the Multiple Listing Service including "comparable" information, "sold" information, and statistical reports. This information is provided for the exclusive use of Board Members and individuals affiliated with Board Members who are also engaged in the real estate business and may not be transmitted, retransmitted, or provided in any manner to any unauthorized individual, office or firm except as otherwise specified in the Multiple Listing Service Rules and Regulations. Board Members who receive such information, either as a Board service or through the Boards Multiple Listing Service, are subject to the applicable provisions of the Multiple Listing Service Rules and Regulations whether they participate in the Multiple Listing Service or not.

Section 6: Subscribers Subscribers (or users) of the MLS include non-principal brokers, sales associates, and licensed and certified appraisers affiliated with Participants

(*NOTE: Generally, Boards of REALTORS®, when there is more than one principal in a real estate firm, define the chief principal officer of the firm as the MLS "Participant." Brokers or sales persons other than principals are not considered "Participants" in the Service, but have access to and use of the Service through the principal(s) with whom they are affiliated.

Article XIX: Information Technology Services and Other Activities

Section 1: Authority The Board Of REALTORS® shall have the authority to establish, maintain, and conduct a lawful corporation organized under the laws of the State of North Carolina for the purpose of operating the Real Estate Weekly or other Information Technology Services activities published by the Board, and such other

activities as may be expressly recommended by the Board of Directors of the Asheville Board of REALTORS®, Inc., and approved by a majority vote of the REALTOR® Members of the Board present at a meeting and eligible to vote. The publication of the Real Estate Weekly and other Information Technology Services activities expressly approved in accordance with this Article XIX may be conducted under the same corporation organized to provide a Multiple Listing Service in accordance with Article XVIII.

ARTICLE XX: Commercial and Investment Division

Section 1: Authority The Asheville Board of REALTORS® shall operate a Commercial and Investment Division (CID) for the use of its members, which shall be subject to the bylaws of the Asheville Board of REALTORS® and such rules and regulations as may be hereinafter adopted.

Section 2: Purpose The purpose of the Division shall be to provide specialized services to Board Members engaged in commercial real estate.

Section 3: Membership Membership in the Commercial and Investment Division is available to all REALTOR®, REALTOR-ASSOCIATE® (if applicable) members (primary or secondary) of the Board without further qualification, except as stipulated in the rules and regulations*, upon agreeing in writing to conform to the rules and regulations of the division and to pay the costs incidental thereto, if applicable. *Boards may establish prerequisites for membership in the CID beyond those ordinarily required for membership in a Board of REALTORS®. However, if the CID operates a multiple listing service, participation in the MLS must be available to all REALTOR® members of this or any other board who are principals, partners, corporate officers, or branch managers acting on behalf of principals, as defined in Section 7.9, Handbook on Multiple Listing Policy (#104B).

Further, the Board may, at its option, offer CID membership to otherwise qualified members of contiguous (or non-contiguous) Member Boards of the National Association who hold membership in their primary Board.

Section 4: Supervision The Commercial and Investment Division shall be operated under the supervision of the Commercial and Investment Committee in accordance with the rules and regulations, subject to the approval of the Board of Directors of the Asheville Board of REALTORS®.

Section 5: Appointment of Committee The President shall appoint, subject to confirmation by the Board of Directors, a Commercial and Investment Committee of a minimum of seven (7) Members. The committee Members so named shall serve one-year terms. The Committee shall select its Chairman from among the members thereof.

Section 6: Vacancies Vacancies in un-expired terms shall be filled as in the case of original appointees.

Section 7: Attendance Any Committee Member who fails to attend three (3) consecutive regular or special meetings of the Committee, without excuse acceptable to the Chairman of the Committee, shall be deemed to have resigned from the Committee and the vacancy shall be filled as herein provided for original appointees.

ARTICLE XXI: Eco Division

Section 1: Authority The Board shall operate a division of the Board (the "Eco Division") for the use of its Members, which shall be subject to these Bylaws, and such rules and regulations as may be hereinafter adopted.

Section 2: Purpose The Purpose of the Eco Division shall be to provide specialized services to Members of the Board who have received the ECO Certification from the Board, and those Members who have not yet received such certification, but have completed not less than four (4) hours of credit towards the ECO Certification, and otherwise qualify for membership in accordance with the rules and regulations of the Eco Division.

Section 3: Membership Membership in the Eco Division shall be available to all REALTOR® Members of the Board without further qualification, except as stipulated in this Article and in the rules and regulations, upon agreeing in writing to conform to the rules and regulations of the Eco Division, and to pay the costs incidental thereto, if applicable. Further, the Board may, at its option, offer membership in the Eco Division to otherwise qualified members of contiguous (or non-contiguous) Member Boards of the National Association who hold membership in their primary Board.

Section 4: Supervision The Eco Division shall be operated under the direction and supervision of the Board of Directors and the Eco Division Committee in accordance with these Bylaws and the duly adopted rules and regulations of the Board.

Section 5: Appointment of Committee The Eco Division Committee shall be a standing Committee of the Board in accordance with Article XIII of these Bylaws. The President shall appoint from among the Members of the Eco Division, subject to confirmation by the Board of Directors, the Eco Division Committee consisting of not less than seven (7) members. The Eco Division Committee members so named shall serve a term of one (1) year, and may serve consecutive terms, provided that no Committee member may serve more than three (3) successive terms. The Eco Division Committee shall select its chairman from among the members thereof.

Section 6: Vacancies; Removal The removal and replacement, whether following removal or resignation, of a member of the Eco Division Committee shall be in accordance with Article XIII of these Bylaws.