

**BYLAWS of the
Honolulu
Board of
REALTORS®**



November 4, 2015



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Bylaws of the Honolulu Board of REALTORS[®], Incorporated

November 4, 2015

ARTICLE I - Name

Section 1. Name. The name of this organization shall be the "HONOLULU BOARD OF REALTORS[®], INCORPORATED," hereinafter referred to as the "Board."

Section 2. Use of Term 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 profession 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 HAWAII ASSOCIATION OF REALTORS[®] and the NATIONAL ASSOCIATION OF REALTORS[®], thereby furthering their own objectives throughout the state and the 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[®], REALTORS[®], and REALTOR-ASSOCIATE[®] as licensed, prescribed, and controlled by the NATIONAL ASSOCIATION OF REALTORS[®].

ARTICLE III - Jurisdiction

Section 1. Territorial Jurisdiction. The territorial jurisdiction of the Board as a member of the NATIONAL ASSOCIATION OF REALTORS[®] is the City and County of Honolulu within the State of Hawaii.

Section 2. Territorial jurisdiction is defined to mean:

(a) The right and duty to control the use of the terms REALTOR[®], REALTORS[®], and REALTOR-ASSOCIATE[®] 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 Hawaii. All persons who are partners in a partnership, or are officers in a corporation who are actively engaged in the real estate profession within the state shall qualify for REALTOR[®] membership only, and each is required to hold REALTOR[®] membership (except as provided in the following paragraph) in a Board of REALTORS[®] within the state unless otherwise qualified for Institute Affiliate Membership as described in Section 1(c) 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 hold REALTOR[®] membership, shall be required to hold REALTOR[®] membership unless otherwise qualified for Institute Affiliate Membership as described in Section 1(c) of Article IV.

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

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

(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

(*) REALTOR[®] Members may obtain membership in a "secondary" Board in another state.

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 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. The Designated REALTOR® Member 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.

(b) REALTOR-ASSOCIATE® Members. REALTOR-ASSOCIATE® Members shall be individuals who are engaged in the real estate profession other than as principals, partners, corporate officers or branch office managers and do not qualify for or seek REALTOR® Membership as described in Article V, Section 2(b). Salesmen and other associates of a real estate office shall be eligible for REALTOR-ASSOCIATE® Membership if they are employed by, or affiliated as an independent contractor with, a REALTOR® Member as provided in this Article. REALTOR-ASSOCIATE® Members may transfer to REALTOR® Membership by meeting the requirements for such membership set out in Article V.

(1) Primary and secondary REALTOR-ASSOCIATE® 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.

(c) 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.

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

(e) 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 who are not engaged in the real estate profession on their own account or in association with an established real estate business.

(f) 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.

(g) Student Members. Student Members shall be individuals who are seeking an undergraduate or graduate degree with a specialization or major in real estate at institutions of higher learning, and who have completed at least two (2) years of college and at least one (1) college levelcourse in real estate, but who are not engaged in the real estate profession on their own account or not associated with an established real estate office.

ARTICLE V – Application, Qualification, and Election to Membership

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 and Bylaws and the Rules and Regulations of the Board, State and National Associations, and if elected a Member, will abide by the Constitutions, Bylaws and Rules and Regulations of the Board, State and National Associations, and if a REALTOR® or REALTOR-ASSOCIATE® 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 Membership Committee or otherwise, may invite and receive information and comment about applicant from any Member or other persons, and that applicant agrees that any information and comment furnished to the 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 libel, slander, or defamation of character. The applicant shall, with the form of application, be offered access to a copy of the Bylaws, Constitution, Rules and Regulations, and Code of Ethics referred to above.

Section 2. Qualifications.

a) An applicant for REALTOR® membership who is a principal, partner, corporate officer, or branch office manager of a real estate firm shall supply evidence satisfactory to the Board that the applicant:

- (i) is actively engaged in the real estate profession,
- (ii) maintains a current, valid real estate broker's or salesperson's license issued by the State of Hawaii or is licensed or certified by an appropriate regulatory agency in the State of Hawaii to engage in the appraisal of real property;
- (iii) has a place of business within the state (unless a secondary member);
- (iv) has no record of recent or pending bankruptcy;
- (v) has no record of official sanctions involving unprofessional conduct*;
- (vi) agrees to complete a course of instruction covering the Bylaws and Rules and Regulations of the Board; and
- (vii) agrees in writing that if elected to membership, to abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, and by the Constitution, Bylaws and Rules and Regulations of the Board, the State Association, and the NATIONAL ASSOCIATION OF REALTORS®.*

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

(b) An applicant for REALTOR® membership who is actively engaged in the real estate profession other than as a principal, partner, corporate officer, or branch office manager, in order to qualify for REALTOR® membership, shall supply evidence satisfactory to the Board that at the time of application the applicant:

(i) is 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);

(ii) maintains a current, valid real estate broker's or salesperson's license issued by the State of Hawaii, or is licensed or certified by an appropriate regulatory agency in the State of Hawaii to engage in the appraisal of real property; and

(iii) has the written recommendation of the REALTOR® Member with whom the applicant is affiliated;

(iv) has no record of official sanctions involving unprofessional conduct*; and

(v) agrees to complete a course of instruction covering the Bylaws and Rules and Regulations of the Board; and

(vi) agrees in writing that if elected to membership to abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, and by the Constitution, Bylaws, and Rules and Regulations of the Board, the State Association, and the NATIONAL ASSOCIATION OF REALTORS®.

(c) An applicant for REALTOR-ASSOCIATE® membership shall supply evidence satisfactory to the Board that the applicant:

(i) is actively engaged in the real estate profession,

(ii) is employed by a REALTOR® or affiliated with a REALTOR® as an independent contractor, and

(iii) either maintains a current, valid real estate broker's or salesperson's license issued by the State of Hawaii or is licensed or certified by an appropriate regulatory agency in the State of Hawaii to engage in the appraisal of real property;

(iv) has no record of official sanctions involving unprofessional conduct*;

Article IV, Section 2, of the NAR Bylaws 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.

NO RECENT OR PENDING BANKRUPTCY is intended to mean that the applicant or any real estate firm in which the applicant is a sole proprietor, general partner, corporate officer, or branch office manager is not involved in any pending bankruptcy or insolvency proceedings or, has not been adjudged bankrupt in the past three (3) years. If a bankruptcy proceeding as described above exists, membership may not be rejected unless the 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.

(v) agrees to complete a course of instruction covering the Bylaws and Rules and Regulations of the Board; and

(vi) agrees in writing that if elected to membership, to abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and by the Constitution, Bylaws and Rules and Regulations of the Board, the State Association, and the NATIONAL ASSOCIATION OF REALTORS®.

(d) The Board will also consider the following in determining an applicant's qualifications for REALTOR® and REALTOR-ASSOCIATE® membership:

(1) All final findings of violations by the applicant of the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and violations of other membership duties in any board or state association within the past three (3) years;

(2) Pending ethics complaints or hearings against the applicant in any board or state association;

(3) Unsatisfied sanctions for ethics violations pending against the applicant in any board or state association;

(4) Pending arbitration requests or hearings against the applicant in any board or state association; and

(5) Unpaid arbitration awards or unpaid financial obligations of the applicant to any board, state association, or Multiple Listing Service either of the Board or any duly established taxable subsidiary of the Board.

(6) Any misuse of the term REALTOR® or REALTORS® in the name of the applicants firm.

"Provisional" membership may be granted for a period of six (6) months in instances where ethics complaints or arbitration requests (or hearings) against the applicant are pending in another board or state association or where the applicant has unsatisfied sanctions, other than suspension or expulsion, for ethical violations pending in another board or state association (except for violations of the Code of Ethics; see Article V, Section 2(a) Note) provided all other qualifications for membership have been satisfied. The Board may reconsider the membership status of such individuals when all pending ethics and arbitration matters (and related sanctions) have been resolved. If such matters are not resolved at the end of the six (6) month period and there are extenuating circumstances, the applicant may apply in writing to the President of the Board for a six (6) month extension. If the pending matter is not resolved at the end of the extension period, the application shall be referred to the Board for review, with any reference to the names of other parties to the pending matters to be removed or stricken. The applicant shall be provided the opportunity to appear before the Board in accordance with Article V, Section 3(a) of these Bylaws.

Provisional Members shall be considered REALTORS® or REALTOR-ASSOCIATES® and shall be subject to all of the same privileges and obligations of REALTOR® or REALTOR-ASSOCIATE® membership.

Membership shall be denied if the applicant has been expelled within the last three (3) years as a result of a violation of the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® or any other membership duty of any board or state association or if the applicant has unpaid arbitration

awards or unpaid financial obligations to any board, state association, or Multiple Listing Service either of the Board or any duly established taxable subsidiary of the Board. Membership shall also be denied if the applicant is currently suspended or is subject to unsatisfied requirements of a previous suspension as a result of a violation of the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® or any other membership duty of any board or state association.

(e) An applicant for Affiliate membership shall provide evidence satisfactory to the Board that the applicant: is an individual licensed or certified to engage in real estate practice who, if otherwise eligible, does not elect to hold REALTOR® or REALTOR-ASSOCIATE® membership in the Board, provided said applicant is engaged exclusively in a specialty of the real estate business other than brokerage of real property, or a real estate owner or an individual or firm who, while not engaged in the real estate profession as defined in Article IV, Section 1(a), (b) or (c), has interests requiring information concerning real estate and is in sympathy with the objectives of the Board; and shall agree, if elected to membership, to abide by the Constitution, Bylaws and Rules and Regulations of the Board, the State Association, and the NATIONAL ASSOCIATION OF REALTORS®.

(f) An applicant for Public Service membership shall provide evidence satisfactory to the Board that the applicant is interested in the real estate profession as an employee of or an affiliate with an educational, public utility, governmental or other similar organization, but is not engaged in the real estate profession on his or her own account or in association with an established real estate business; and shall agree, if elected to membership, to abide by the Constitution, Bylaws and Rules and Regulations of the Board, the State Association and the NATIONAL ASSOCIATION OF REALTORS®.

(g) An applicant for Student membership shall provide evidence satisfactory to the Board that the applicant is seeking an undergraduate or graduate degree with a specialization or major in real estate at an institution of higher learning, has completed at least two (2) years of college and at least one (1) college level course in real estate, but is not engaged in the real estate profession on his or her own account and is not associated with an established real estate office; and shall agree, if elected to membership, to abide by the Constitution, Bylaws and Rules and Regulations of the Board, the State Association and the NATIONAL ASSOCIATION OF REALTORS®.

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

(a) The Board Staff shall determine whether the applicant is applying for the appropriate class of membership. If one (1) or more REALTOR® Members objects to the approval of the application, basing such objection on lack of qualification as set forth in these Bylaws, the Board Staff shall invite such objecting member to submit his or her objections in writing. Objections which are not submitted in writing shall be totally disregarded. The Board Staff 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 or her qualifications.

(b) The Board Staff shall review the qualifications of those applicants for whom no objections were filed thereto and determine the applicant's eligibility to membership. If the applicant is deemed to be eligible, he or she shall be declared accepted for membership and shall be so advised by written notice.

(c) The Board of Directors shall review the qualifications of those applicants for whom objections were filed and then vote on the applicant's eligibility to membership. If the applicant received

a majority vote of the Board of Directors, he or she shall be declared accepted for membership and shall be so advised by written notice.

(d) The Board Staff may not reject an application without providing the applicant with an opportunity to appear before the Board of Directors, to call witnesses on his or her behalf, to be represented by counsel, and to make such statements as the applicant 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. 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.

(e) 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, the Board of Directors 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 declaring that the rejection of the application violates no rights of the applicant.

Section 4. New Member Code of Ethics Orientation. Applicants for REALTOR® and REALTOR-ASSOCIATE® membership and provisional REALTOR® Members and REALTOR-ASSOCIATE® (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® and REALTOR-ASSOCIATE® membership or provisional members who have completed comparable orientation in another association, provided that REALTOR® or REALTOR-ASSOCIATE® membership has been continuous, or that any break in membership is for one year or less.

Failure to satisfy this requirement within 90 days of the date of application (or, alternatively, the date that provisional membership was granted), will result in denial of the membership application or termination of provisional membership.

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

Section 5. Continuing Member Code of Ethics Training. Effective January 1, 2001, through December 31, 2004, and for successive four year periods thereafter, each REALTOR® and REALTOR-ASSOCIATE® member of the association (with the exception of REALTOR® and REALTOR-ASSOCIATE® members granted REALTOR® Emeritus status by the National 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® and REALTOR-ASSOCIATE® members who have completed training as a requirement of membership in another association and REALTOR® and REALTOR-ASSOCIATE® 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 complete the required periodic ethics training shall be considered a violation of a membership duty.

Failure to meet the requirement 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.

A member who has had his or her membership terminated for failure to meet the required periodic ethics training may apply for reinstatement in a manner prescribed for new applicants.

Section 6. Status Changes.

(a) A REALTOR® and REALTOR-ASSOCIATE® who changes the conditions under which he holds membership shall be required to provide written notification to the Board within 30 days. A REALTOR® (non-principal) and REALTOR-ASSOCIATE® 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) or REALTOR-ASSOCIATE® does not satisfy the requirements established in these Bylaws for the category of membership to which they have transferred within 30 days of the date they advised the Board of their change in status, their new membership application will terminate automatically unless otherwise so directed by the Board of Directors.

A REALTOR® (or REALTOR-ASSOCIATE®, where applicable) who is transferring their license from one firm comprised of REALTOR® principals to another firm comprised of REALTOR® principals shall be subject to all of the privileges and obligations of membership during the period of transition. If the transfer is not completed within 30 days of the date the board is advised of the disaffiliation with the current firm, membership will terminate automatically unless otherwise so directed by the Board of Directors.

(The Board of Directors, at its discretion, may waive any qualification which the applicant has already fulfilled in accordance with the Board's 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 selection for membership by the Board and shall be based on the new membership status for the remainder of the year.

ARTICLE VI – Privileges and Obligations of Membership

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

Section 2. Violation of Bylaws and Rules and Regulations. 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 or Board Rules and Regulations not inconsistent with these Bylaws, after a hearing as provided in the Rules of Procedure & Guidelines of the Professional Standards and Arbitration Committee

of the Board. Although Members other than REALTORS® and REALTOR-ASSOCIATES® are not subject to the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® nor its enforcement by the Board, such Members are encouraged to abide by the principles established in the Code of Ethics and to conduct their business and professional practices accordingly. Further, Members other than REALTORS® and REALTOR-ASSOCIATES® may upon recommendation by a hearing panel of the Professional Standards and Arbitration Committee, be subject to discipline as described above, for any conduct, which in the opinion of the Board of Directors, applied on a nondiscriminatory basis, reflects adversely on the terms REALTOR® or REALTORS®, or REALTOR-ASSOCIATE® or the real estate industry, or for conduct that is inconsistent with or adverse to the objectives and purposes of the Board, the State Association, and the NATIONAL ASSOCIATION OF REALTORS®.

Section 3. Other Violations. Any REALTOR® or REALTOR-ASSOCIATE® Member of the Board may be disciplined by the Board of Directors for violations of the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® 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 OF REALTORS®.

Section 4. Resignation - Generally. Resignations of Members shall become effective when received in writing by the Board; provided, however, that if the Member submitting the resignation is indebted to the Board for dues, fees, fines, or other assessments of the Board or any of its services, departments, divisions, or subsidiaries, the Board may condition the right of the resigning Member to reapply for membership upon payment in full of all such monies owed.

Section 5. Resignation With Pending Ethics Matter. If a Member resigns from the Board or otherwise causes their membership to lapse 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 or she will submit to the pending ethics proceeding and will abide by the decision of the hearing panel. If the Member resigns from the Board without having complied with sanctions imposed as a result of an ethics hearing decision, and the sanction remains unsatisfied at the time that the former Member seeks to reapply to the Board, the Board of Directors may condition any reapplication of the former Member upon his or her promise to comply with the sanction.

Section 6. Resignation With Pending Arbitration Matter or Award. If a Member resigns or otherwise causes their membership to lapse from the Board with an arbitration pending in which he or she is a party, it shall be the obligation of the Member to continue to participate in the arbitration proceeding and to be bound by the decision and award of the hearing panel. If the Member resigns from the Board without having complied with an existing award in arbitration, the Member shall remain obligated to satisfy the award. If the award remains unsatisfied at the time that the former Member seeks to reapply to the Board, the Board of Directors may condition any reapplication of the former Member upon his or her promise to pay the award, plus any costs that have previously been established as due and payable by the former Member, provided that the award has not, in the meanwhile, been otherwise satisfied. 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® or REALTOR-ASSOCIATE®.

Section 7. REALTOR® Members.

(a) 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.

(b) REALTOR® Members, whether primary or secondary, may use the terms REALTOR® and REALTORS®, which use shall be subject to the provisions of Article VIII.

(c) REALTOR® Members, whether primary or secondary, have the primary responsibility to safeguard and promote the standards, interests, and welfare of the Board and the real estate profession.

(d) If a REALTOR® Member is a principal, partner or officer in a firm, partnership, or corporation and is suspended or expelled from the Board, 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 readmission to REALTOR® membership, or unless affiliation with the firm, partnership, or corporation is severed, whichever may apply. The membership of all other principals, partners, or officers of said firm, partnership or corporation shall suspend or terminate

(i) during the period of suspension of the disciplined Member, or

(ii) until readmission of the disciplined Member, or

(iii) unless affiliation of the disciplined Member with the firm, partnership, or corporation is severed, whichever may apply.

Further, the membership of REALTORS® other than principals, partners or officers who are employed by or affiliated as independent contractors with the disciplined Member shall suspend or terminate

(i) during the period of suspension of the disciplined Member, or

(ii) until readmission of the disciplined Member, or

(iii) until affiliation of the disciplined Member with the firm, partnership, or corporation is severed, or

(iv) 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 who is other than a principal, partner or officer in a firm, partnership or corporation is suspended or expelled, the use of the terms REALTOR® or REALTORS®, by the firm, partnership, or corporation shall not be affected.

(e) In any action taken against a REALTOR® Member who is a principal, partner or officer of a firm, partnership or corporation for suspension or expulsion under Section 7(d) hereof, notice of such action shall be given to all REALTORS® and/or REALTOR-ASSOCIATES® employed by or affiliated as independent contractors with such REALTOR® Member and they shall be advised that the provisions in Article VI, Sections 7(d) and 8(d) shall apply.

Section 8. REALTOR-ASSOCIATE® Members.

(a) REALTOR-ASSOCIATE® Members shall have the right to use the term REALTOR-ASSOCIATE® subject to Article VIII of these Bylaws, and they shall have all the rights and privileges of membership in the Board except the right to use the terms REALTOR® and REALTORS®. REALTOR-ASSOCIATE® Members in good standing whose financial obligations to the Board are paid in full shall be entitled to vote and, to the extent provided in these Bylaws, to hold elective office in the Board.

(b) REALTOR-ASSOCIATE® Members shall promote the interests and welfare of the Board and the real estate profession.

(c) REALTOR-ASSOCIATE® Members shall maintain and promote the same high standards of ethical conduct in their real estate business as is required of REALTOR® Members.

(d) The membership of REALTOR-ASSOCIATE® Members shall suspend or terminate

(i) during the period of suspension or termination of a REALTOR® Member (principal) of the firm, partnership, or corporation with which the REALTOR-ASSOCIATE® Member is associated, or

(ii) until readmission of the disciplined REALTOR® Member, or

(iii) unless connection of the disciplined REALTOR® Member with the firm, partnership, or corporation is severed and management control is relinquished, or

(iv) unless the REALTOR-ASSOCIATE® Member elects to sever his connection with the disciplined REALTOR® Member and affiliates with another REALTOR® Member in good standing in the Board, whichever may apply.

Section 9. 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 rights 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 Board of the local association; or to be a Participant in the local association's Multiple Listing Service.

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

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

Section 12. Honorary Members. Honorary membership shall confer only the right to attend membership meetings and participate in discussions.

Section 13. Student Members. Student Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors.

Section 14. Certification by REALTOR®. Designated REALTOR® Members shall certify to the Board during the last quarter of each year, on a form provided by the Board, a complete listing of all individuals licensed or certified with the REALTOR®'s office(s) and shall designate a primary Board for each individual on this listing. Designated REALTOR® Members shall also identify any non-member licensees in the REALTOR®'s office(s) and if Designated REALTOR® Member dues have been paid to another Board based on said non-member licensees, the Designated REALTOR® Member shall identify the Board to which dues have been remitted. These declarations shall be used for purposes of calculating dues under Section 2 of Article X. Designated REALTOR® Members shall also notify the Board of any additional individual(s) licensed or certified with the Designated REALTOR® Member's firm(s) within 30 days of the date of affiliation or severance of the individual.

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.

ARTICLE VII – Professional Standards & Arbitration

Section 1. Rules of Procedure & Guidelines. The responsibility of the Board and of Board Members relating to the enforcement of the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, the disciplining of Members and the arbitration of disputes, and the organization and procedures incident thereto shall be governed by the Rules of Procedure & Guidelines of the Professional Standards & Arbitration Committee of the Honolulu Board of REALTORS® as from time to time amended, which by this reference is made a part of these Bylaws.

Section 2. Membership Responsibility. It shall be the duty and responsibility of every REALTOR® and REALTOR-ASSOCIATE® Member of the Board to abide by the Bylaws and the rules and regulations of the Board; Bylaws, rules and regulations of HiCentral MLS, Ltd., a taxable subsidiary of the Board, to the extent that any such REALTOR® and REALTOR-ASSOCIATE® are MLS Participants or Subscribers; the Bylaws of the Hawaii Association of REALTORS®; and 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 the Board as from time to time amended.

Section 3. The responsibility of the Board and of Board members relating to the enforcement of the Code of Ethics, the disciplining of members, the arbitration of disputes, and the organization and

procedures incident thereto, shall be consistent with the cooperative professional standards enforcement agreement entered into by the Board and residing in the Mediation, Grievance and PSAC Committees, administered by the CEO, consistent with NAR rules, regulations and guidelines, which by this reference is made a part of these Bylaws.

ARTICLE VIII – Use of the terms REALTOR[®], REALTORS[®] and REALTOR-ASSOCIATE[®]

Section 1. Control of Use. Use of the terms REALTOR[®], REALTORS[®], and REALTOR-ASSOCIATE[®] by Members shall at all times be subject to the provisions of the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS[®] and to the rules and regulations prescribed by its Board of Directors. The 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. Use In Connection with Place of Business. 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 so long as they remain REALTOR[®] Members in good standing. No other class of Members shall have this privilege.

Section 3. Use By Principals. REALTOR[®] Members who are principals, partners or officers of a real estate firm, partnership, or corporation may use the terms REALTOR[®] and REALTORS[®] only if all of the principals, partners or officers of such firm, partnership, or corporation who are actively engaged in the real estate profession within the state are REALTOR[®] Members of the Board or Institute Affiliate Members as described in Section 1(c) 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.

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

Section 5. Use By Institute Affiliate Members. Institute Affiliate Members shall not use the terms REALTOR[®], REALTORS[®], or REALTOR-ASSOCIATE[®], nor the imprint of the emblem seal of the NATIONAL ASSOCIATION OF REALTORS[®].

ARTICLE IX – State and National Memberships

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

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

Section 3. Adoption of Code of Ethics and Policies. The Board adopts the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and agrees to enforce the Code among its REALTOR® and REALTOR-ASSOCIATE® Members. The Board and all of its Members agree to abide by the Constitution, Bylaws, Rules and Regulations, and policies of the NATIONAL ASSOCIATION OF REALTORS® and the HAWAII ASSOCIATION OF REALTORS®.

ARTICLE X – Dues & Assessments

Section 1. Application Fees. The Board of Directors may adopt application fees for REALTOR®, REALTOR-ASSOCIATE® and other categories of membership in reasonable amounts, not exceeding three (3) times the amount of the annual dues for that category of membership. The application fee shall be required to accompany each application for such membership and shall become the property of the Board upon final approval of the application.

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

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

office where the Designated REALTOR® holds membership, and any other offices of the firm located within the jurisdiction of this board.

For purposes of this Section, a REALTOR® Member of a Member Board shall be held to be any Member who has a place or places of business within the state or a state contiguous thereto and who, as a principal, partner, corporate officer, or branch office manager of a real estate firm, partnership, or corporation, is actively engaged in the real estate profession as defined in Article III, Section 1, of the Constitution of the NATIONAL ASSOCIATION OF REALTORS®. An individual shall be deemed to be licensed with a REALTOR® if the license of the individual is held by the REALTOR®, or by any broker who is licensed with the REALTOR®, or by any entity in which the REALTOR® has a direct or indirect ownership interest and which is engaged in other aspects of the real estate business (except as provided for in Section 2(a) (1) hereof) provided that such licensee is not otherwise included in the computation of dues payable by the principal, partner, or corporate officer of the entity.

A REALTOR® with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR® for consideration on a substantially exclusive basis shall annually file with the association on a form approved by the association a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers and are not engaged in listing, selling, leasing, managing, counseling or appraising real property. The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR® filing the form for purposes of this Section and shall not be included in calculating the annual dues of the Designated REALTOR®.

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

(b) REALTOR-ASSOCIATE® Members. The annual dues of each REALTOR-ASSOCIATE® Member shall be established annually by the Board of Directors.

(c) Institute Affiliate Members. The annual dues of each Institute Affiliate Member shall be established in Article II of the Bylaws of the NATIONAL ASSOCIATION OF REALTORS®.

(d) Affiliate Members. The annual dues of each Affiliate Member shall be established annually by the Board of Directors.

(e) Public Service Members. The annual dues of each Public Service Member shall be established annually by the Board of Directors.

(f) Honorary Members. No annual dues for membership in the Board shall be required of the Honorary Members.

(g) Student Members. Dues payable, if any, shall be at the discretion of the Board.

(h) Past Presidents or Chairs of the Board. No annual dues for membership in the Board shall be required of the Past Presidents or Chairs of the Board who maintain primary membership in the HONOLULU BOARD OF REALTORS®. The Board shall assume responsibility for that portion of the annual dues payable by the Board to the State Association and the NATIONAL ASSOCIATION OF REALTORS® except when the Past President or Chair of the Board is a Past President of the State Association. Should

a Past President or Chair of the Board change residence from the state, the Board shall continue to accept responsibility for any annual dues payable to the NATIONAL ASSOCIATION OF REALTORS®. This, however, does not affect a Designated REALTOR® Member's dues obligation to the Board with respect to those licensees employed by or affiliated with the Designated REALTOR® Member who are themselves not Members of the Board.

(i) Active Duty National Guard, Military or Coast Guard Reserve. Annual dues for membership in the Board shall be waived for REALTOR® and REALTOR-ASSOCIATE® members who are called to active duty in the National Guard, Military or Coast Guard Reserve, during the period of such active duty.

(j) Active Duty Military deployed to a combat zone may apply to be exempt from dues & assessments.

Section 3. Dues Payable. Dues for all Members shall be payable annually in advance on or before the first day of each fiscal year. Dues shall be computed from the first day of the month in which a Member applies for membership and shall be pro-rated for the remainder of the fiscal year.

Section 4. Fees and Charges for Board Services. The Board of Directors may prescribe fees and charges for its products, programs and services from time to time, and such fees may be changed without regard to the notice provisions otherwise required by Article XIV, Section 4.

Section 5. Nonpayment of Financial Obligations.

(a) If dues, fees, fines, or other assessments are not paid by the due date, the nonpaying Member is subject to suspension from the Board at the discretion of the Board of Directors. One (1) month after the due date, membership of the nonpaying Member shall automatically terminate unless within that time the entire amount due is paid. However, no action shall be taken to suspend or expel a Member for nonpayment of disputed amounts until the accuracy of the amount owed has been confirmed by the Board of Directors. Notwithstanding anything herein to the contrary, if the Board establishes a taxable subsidiary as the Multiple Listing Service, then the nonpayment of financial obligations pertaining to the Multiple Listing Service shall be governed by the bylaws, rules and regulations of the taxable subsidiary.

(b) In the event the membership of a REALTOR® Member licensee is terminated for nonpayment of dues, fees, fines, or other assessments and if the said licensee remains affiliated with the firm of a Designated REALTOR® Member, the dues obligation of such Designated REALTOR® Member (as set forth in Section 2(a), above) will be increased to include an assessment for the non-member licensee.

Section 6. 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 Board Multiple Listing Service shall be noticed to the delinquent Board Member in writing setting forth the amount owed and the due date.

Section 7. Dues of REALTOR® Emeriti. No annual dues for membership in the Board shall be required of REALTOR® or REALTOR-ASSOCIATE® Members who are REALTOR® Emeriti (as recognized by the NATIONAL ASSOCIATION OF REALTORS®), Past Presidents and Past Treasurers of the NATIONAL ASSOCIATION OF REALTORS® or recipients of the Distinguished Service Award. The Board shall assume responsibility for that portion of the annual dues payable by the Board to the State Association. This, however, does not affect a Designated REALTOR® Member's dues obligation to the Board with respect to

those licensees employed by or affiliated with the Designated REALTOR® Member who are themselves not Members of the Board.

ARTICLE XI – Officers and Directors

Section 1. Officers. The officers of the Board shall be a President of the Board, a President-Elect, a Secretary, and an Immediate Past President each of whom shall serve for a term of one (1) year or until their successors are elected. The Board of Directors shall nominate and elect the President-Elect and a Secretary from amongst the sitting members of the Board at its January meeting. The President-Elect shall automatically succeed to the office of President of the Board after the completion of his or her term as President- Elect. In the event of a vacancy occurring in any elected office, the Board of Directors shall nominate and elect a qualified director to fill such office.

Section 2. Duties of Officers. The duties of the officers shall be as follows:

(a) President of the Board. The President of the Board shall be the chief elected officer of the Board, and shall serve as its chief governing officer, presiding at meetings of the membership and those of the Board of Directors. The President of the Board shall also have such rights and responsibilities provided by the NATIONAL ASSOCIATION OF REALTORS® to the holder of the highest elective office of the Board. At any time after being elected (even before assuming office) the President of the Board may appoint committees for the elective year the President of the Board will serve. Such appointments shall be subject to the approval of the Board of Directors. The President of the Board shall be an ex officio member without vote of all committees, except those committees in which the President of the Board is designated to serve as a member, in which case the President of the Board will be a voting member and shall perform other duties as prescribed in these Bylaws or in the Board of Directors' governing policies then in effect. The President shall serve as the Board's representative on the HAWAII ASSOCIATION OF REALTORS® Board of Directors. In the event the President is then serving as an elective officer of the HAWAII ASSOCIATION OF REALTORS®, the next senior officer of the Board not then so serving shall serve as the Board's representative on the HAWAII ASSOCIATION OF REALTORS® Board of Directors.

(b) President-Elect. The President-Elect shall perform the duties of the President of the Board in the event of the President of the Board's absence or disability and shall perform such other duties as may be delegated to the office by the Board of Directors.

(c) Secretary. The Secretary shall oversee the records and the seal of the Board, conduct all necessary correspondence, and perform all duties usual to such office, including acting as Secretary for the Board of Directors, or as may be delegated to the office by the Board of Directors.

Section 3. Chief Executive Officer. There shall be a Chief Executive Officer who shall be appointed and employed by the Board of Directors upon and subject to the terms and conditions of a written contract of employment specifying duties, authority, compensation and other benefits. The Chief Executive Officer shall be the head of and shall supervise the administrative staff, and such NAR mandated committees as Mediation, Grievance and PSAC, and shall perform such other duties as may be delegated to the Chief Executive Officer by the Board of Directors. Unless waived by the Board of Directors, the Chief Executive Officer shall provide a fidelity bond in a corporate surety qualified to do business in the State of Hawaii in such amount as shall be prescribed by the Board of Directors, the cost of which bond shall be paid by the Board.

Section 4: Board of Directors. The governing body of the Board shall be a Board of Directors composed of not less than eleven (11), not more than thirteen (13) Directors at Large (one of whom shall serve as President, one of whom shall serve as President-Elect, one of whom shall serve as Immediate Past President and one of whom shall serve as Secretary), and four (4) Regional Directors.

(a) Directors at Large. REALTOR® and REALTOR-ASSOCIATE® Members of the Board shall elect Directors at Large, who shall be elected to serve staggered terms of three (3) years or until their successors are elected. Notwithstanding the foregoing, the term of a Director at Large elected to serve as President-Elect shall be extended if necessary to allow such Director at Large to serve as President and Immediate Past President. In case of a vacancy occurring, the Board of Directors shall nominate and elect a REALTOR® or REALTOR-ASSOCIATE® Member to fill the unexpired term. No Director at Large shall be elected for more than two (2) successive terms.

(b) Regional Directors. For purposes of eligibility to serve as a Regional Director or for electing Regional Directors, membership within a regional district shall be determined by the REALTOR's® and REALTOR-ASSOCIATE's® preferred mailing address as recorded in the then current board member record data base. There shall be four (4) Regional Directors elected by the REALTOR® and REALTOR-ASSOCIATE® Members within their regional districts for a term of two (2) years, with the Windward/North Shore Regional Director representing both the Windward and North Shore regional districts as defined in Article XXI. Regional Directors shall be elected to serve staggered terms of two (2) years or until their successors are elected. In case of a vacancy occurring, the Board of Directors shall nominate and elect a REALTOR® or REALTOR-ASSOCIATE® Member to fill the unexpired term. No Regional Director shall be elected for more than two (2) successive terms.

(c) National Directors. The National Directors, being the Member of the Board then serving as Directors at Large of the NATIONAL ASSOCIATION OF REALTORS®, shall be entitled to attend meetings of the Board of Directors and to participate in discussions but shall not be entitled to vote. The then current year's President of the Board shall hold the position of the Board's National Director. In case the Board needs an additional Board National Director, the Immediate Past President shall fill the position. If the Immediate Past President is unable to serve, the Board of Directors shall appoint a REALTOR® or REALTOR-ASSOCIATE® Member to fill the position.

Section 5. Nomination and Election of Directors.

(a) Eligibility to be a Candidate for the HBR Board of Directors

(i) A nominee must hold an active real estate license in the State of Hawaii and shall have been an active member of the Honolulu Board of REALTORS® for at least three (3) years prior to nomination.

(ii) A nominee shall have served as a member of a committee or task force at the Honolulu Board of REALTORS® or equivalent local board or the Hawaii Association of REALTORS® or equivalent Association in any other state, for at least two (2) years prior to his/her nomination and/or has experience in serving in a leadership capacity for at least two (2) years with a Chapter Institute, Regional Group, or other Community Organizations.

(iii) A nominee must not have any determined violations of the Code of Ethics or membership duties within the past three (3) years prior to nomination, unsatisfied discipline pending, unpaid arbitration awards or financial obligations to this Board or any other Board or MLS, and must not have been convicted of any felony.

(iv) If nominee has been previously the subject of any disciplinary action of the Real Estate Commission of the State of Hawaii or such equivalent in any other state, the matter will be clarified and taken into consideration by the Nominating Committee.

(v) A recommended list of nominees will be presented to the Honolulu Board of REALTORS® Directors for determination.

(b) Nomination of Directors.

(i) The Nominating Committee shall nominate one (1) or more candidates for each position of a Director (either Regional or Directors at Large) whose term expired, and shall send a list of the names of all of the candidates so nominated to each REALTOR® and REALTOR-ASSOCIATE® Member not less than sixty (60) days prior to the date of the annual meeting, at which time the election of Directors shall take place.

(ii) Additional candidates for any Director position may be nominated by petition signed by not less than one percent (1%) of eligible REALTOR® and REALTOR-ASSOCIATE® Members as of June 1 of the current election year and submitted to the Chief Executive Officer not less than forty (40) days prior to the date of the annual meeting; A member shall not be allowed to nominate by petition more than one (1) nominee for each position A candidate may accept nomination for one position, and each candidate upon being nominated must signify, in writing, a willingness to serve if elected. Each petition may list only one candidate.

(c) Election of Directors. A printed or electronic ballot containing the names of all candidates for which they have been nominated shall be made available to each REALTOR® and REALTOR-ASSOCIATE® Member and publicized not less than twenty (20) days prior to the date of the annual meeting. The deadline for receiving all ballots shall be specified on the ballot and Annual Meeting Notice. The President of the Board shall appoint, with the approval of the Board of Directors, not less than five (5) REALTOR® and REALTOR-ASSOCIATE® Members, the majority of whom shall be REALTOR® members, and none of whom is a candidate, to act under the direction of an appointee of the President of the Board (not a candidate), as an Election Committee to count and tabulate votes of the printed and electronic ballots. All ballots shall be verified against the membership list. On the day of the Annual Meeting, all verified ballots shall be counted in one (1) sitting. The candidates for the respective elective offices receiving the most votes shall be declared elected thereto. The candidates for Directors at Large receiving the most votes shall be declared elected as Directors at Large. In case of a tie vote, the issue shall be determined by lot. The results of the election shall be announced as soon as practicable after tabulation for the votes.

(d) Election of Officers.

(i) The officers of the Board shall be elected by the Board of Directors, except for the office of President of the Board which shall be automatically assumed by the President-Elect upon the completion of his or her term.

(ii) At the first meeting of the newly-elected Board of Directors following the Annual Meeting, the members of the Board of Directors shall elect from among those Directors properly qualified, a President-Elect and a Secretary. Only Directors at Large who have served at least one year on the Board are eligible to be elected for the office of President-Elect. Any sitting Director is eligible to be elected for the office of Secretary.

(iii) The Directors shall vote for the offices of President-Elect and Secretary by secret ballot and those officers shall be elected by majority vote of those present. The President-Elect and Secretary shall take office immediately upon their election.

Section 6. Authority to Execute Documents. All checks, drafts, notes, bonds, acceptances, deeds, leases, contracts, and other important instruments shall be executed on behalf of the Board by such person or persons as shall be designated and authorized by resolution adopted by the Board of Directors. In the absence of a resolution applicable to any such instrument, the instrument shall be executed on behalf of the Board by the President of the Board or the President-Elect or the Secretary.

Section 7. Liability of and Disclosure by Officers, Directors and Members of Committees.

(a) No contract or other transaction between the Board and a Director, Officer or Chairperson or other member of a committee of the Board or a firm, partnership, corporation, or trust in which the Director, Officer or Chairperson or other member of a committee of the Board is pecuniarily or otherwise interested or of which he or she is a principal, partner, corporate director or officer, or trustee, shall thereby be invalidated if such interest is disclosed to the Board of Directors prior to the contract or other transaction. Any Director so interested shall not be counted in determining the existence of a quorum at the meeting of the Board of Directors at which the contract or other transaction is to be authorized and shall not vote on the resolution authorizing the contract or other transaction.

(b) No Director, Officer, or Chairperson or other member of a committee of the Board shall be liable for the negligence or misconduct of any other Director, Officer, or Chairperson or other committee member, or for any loss suffered by the Board, unless caused by his or her own gross negligence or willful misconduct.

(c) Each Director, Officer, Staff Member and Chairperson or other member of any committee of the Board shall be indemnified by the Board against damages and reasonable expenses (including attorney's fees if the Board of Directors has approved the choice of attorneys) incurred by such person in connection with any action, suit, or proceeding to which he or she was made a party because of his or her actions as a Director, Officer, Staff Member, Chairperson or member of any committee, except for any activity for which he or she is finally adjudged to be liable for gross negligence or willful misconduct. If the action, suit, or proceeding is settled, indemnification shall be provided only with respect to matters which the Board of Directors determines did not constitute gross negligence or willful misconduct. Anything in this Section or these Bylaws notwithstanding, if the Board sues any member either directly or derivatively, such member shall be liable for his or her own negligence or misconduct.

Section 8. Removal of Officers and Directors. In the event that an elected 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 elected Officer or Director and signed by a majority of the Directors or by no less than one (1%) of eligible REALTOR® and REALTOR-ASSOCIATE® members as of the last day of the previous month in which the petition is filed, shall be filed with the President of the Board, or if the President of the Board is the subject of the petition, then the petition shall be filed with the next ranking Officer, and shall specifically set forth the reasons the individual is deemed to be disqualified from further service. Each petition may list only one individual.

(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 Board of Directors 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 members of the Board of Directors at least ten (10) days prior to the meeting, and shall be conducted by the President of the Board of the Board unless the President of the Board'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 Board of Directors. A three-fourths (3/4) vote of the Directors then serving shall be required for removal from office. Voting shall be conducted by secret ballot.

Section 9. Loans to Directors and Officers Prohibited. No loans shall be made by the Board to its Directors or Officers. Any Director or Officer who assents to or participates in the making of a loan shall be liable to the Board for the amount of the loan until it is repaid. For the purposes of this Section, any Director who votes against the making of a loan shall be deemed not to have assented to or participated in the making of the loan.

ARTICLE XII - Meetings

Section 1. Meetings of the Board of Directors.

(a) There shall be regular meetings of the Board of Directors, as needed, but not less than five (5) per year, at such times and places as shall be fixed by the President of the Board and the Chief Executive Officer.

(b) Special meetings of the Board of Directors may be called at any time by the President of the Board or by one-fifth (1/5) of the Directors upon written notice thereof to each Director fixing the time, place, and purpose thereof not less than two (2) nor more than ten (10) business days after the date of such written notice.

(c) At any meeting of the Board of Directors, a majority of the total number of voting Directors then serving shall constitute a quorum, and all actions of the Board of Directors must receive the approval of a majority of such quorum.

(d) Any action required or permitted by these Bylaws to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is unanimously signed by all of the Directors entitled to vote on the subject matter of the meeting. Such consent shall constitute the unanimous approval of the Directors.

(e) Directors have the responsibility and duty to attend all meetings. Any director who fails to meet this commitment shall be subject to Governing Policy 4.7.1.

(f) Proxies are not permitted for meetings of the Board of Directors.

(g) All meetings of the Board of Directors, with the exception of those held in executive session, shall be open to the membership.

Section 2. Meetings of the Membership.

(a) Annual Meeting. The annual meeting of the membership of the Board shall be held at such time and place as may be fixed by the Board of Directors.

(b) Other Meetings of the Membership. Special meetings of the membership of the Board may be called at any time by the Board of Directors, or by the President of the Board upon petition by not less than five (5%) of eligible REALTOR® and REALTOR-ASSOCIATE® Members as of the last day of the previous month in which the petition is filed, upon written notice thereof to each REALTOR® and REALTOR-ASSOCIATE® Member, fixing the time, place, and purpose thereof not less than ten (10) nor more than thirty (30) days after the date of the written notice.

(c) Quorum. At any meeting of the membership of the Board, a quorum shall be present if there are present in person or by proxy not less than ten percent (10%) of eligible REALTOR® and REALTOR-ASSOCIATE® Members, as of the last day of the previous month in which the petition is filed. Written notice of the annual meeting, including the proposed agenda, shall be sent by the Board to each REALTOR® and REALTOR-ASSOCIATE® member not less than twenty (20) days prior to the date thereof. Written notice of special meetings, including the proposed agenda, shall be sent by the Board to each REALTOR® and REALTOR-ASSOCIATE® Member not less than ten (1) days prior to the date thereof. Except as otherwise provided in these Bylaws, all actions of the membership of the Board at such a meeting must receive the approval of a majority of those REALTOR® and REALTOR-ASSOCIATE® Members who constitute a quorum by being present in person or by proxy.

(d) Proxy Representation. A REALTOR® or REALTOR-ASSOCIATE® Member may, by a written instrument filed with the Chief Executive Officer or with the presiding officer of a meeting of the membership of the Board, appoint another REALTOR® or REALTOR-ASSOCIATE® Member present in person at the meeting, as his or her proxy, in which event he or she shall be deemed present for purposes of ascertaining the presence of a quorum and the proxy may cast his or her vote.

(e) Eligibility to Vote at Membership Meetings. The REALTOR® and REALTOR-ASSOCIATE® Members entitled to vote shall be determined by the membership records of the Board as they stand thirty (30) days prior either to the time fixed for the meeting at which the vote is to be taken or, in the case of an election, to the deadline specified for return of ballots.

Section 3. Waiver of Notice.

(a) Whenever any notice is required to be given to any member or Director under these Bylaws, a written waiver of such notice signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance at a meeting without protest shall constitute a waiver of notice of that meeting.

(b) When two-thirds of the Directors or members entitled to vote at any membership meeting sign, by themselves or their proxies or other authorized representatives, a written consent or approval on the record of the meeting, actions taken at the meeting, however called or notified, shall be valid.

ARTICLE XIII – Annual Audit

Section 1. Procedure. The accounts of the Board shall be audited annually as of the close of each fiscal year by a certified public accountant or certified public accounting firm approved annually by the Board of Directors. The annual audited balance sheet and revenue and expense statements of the Board shall be made available to all of its REALTOR® and REALTOR-ASSOCIATE® Members promptly after approval by the Board of Directors. There shall be such interim and pre-audit reviews and analysis of the accounts of the Board as may be directed by the Board of Directors.

ARTICLE XIV – Committees

Section 1. Standing Committees. The President of the Board shall appoint, subject to confirmation by the Board of Directors, members to the following standing committees, including a Chairperson for each committee. Members of the standing committees must be appointed from among the REALTOR® and REALTOR-ASSOCIATE® Members. Board staff members may also serve on the standing committees as the Board of Directors may determine. In the event of a vacancy occurring, the President of the Board, with the approval of the Board of Directors, shall appoint a REALTOR® or REALTOR-ASSOCIATE® Member qualified under this Section to fill the vacated position, to complete the unexpired term. Standing committee members shall serve until their successors are duly appointed. Unless otherwise stated in these bylaws, terms of office for committee members shall be one (1) year. The standing committees may develop rules and regulations, or any amendments, subject to approval by the Board of Directors, to define the scope of their responsibilities and the method of their operation. Any action recommended by a committee shall be subject to the approval of, or subsequent ratification by, the Board of Directors. Appointments to the Professional Standards Committee and Grievance Committee shall be consistent with the cooperative professional standards enforcement agreement of the Board.

(a) Nominating Committee. The Nominating Committee shall recommend nominees to the HBR Board of Directors for determination. The Nominating Committee shall consist of seven (7) members, including the President of the Board, the President-Elect, one of the most recent past Presidents or Chairs of the Board available, and four (4) members of which no more than two (2) shall be Directors. The members shall be recommended by the President-Elect and approved by the Board of Directors, and shall serve a terms of one (1) year. No two (2) members of the same firm may serve on the Committee simultaneously. The Committee shall be chaired by the President-Elect.

(b) Audit Committee. The Audit Committee shall assist the Board of Directors in the review of the annual audit and selection of independent audit firm. The Audit Committee shall consist of seven (7) to nine (9) members consisting of the President of the Board, the President-Elect, the immediate Past President of the Board, two (2) members of the Board of Directors, and up to four (4) Members-at-Large who shall not be members of the Board of Directors. Committee shall be chaired by a member appointed by the Board President.

(c) Election Committee. The Election Committee shall oversee the process of elections for the Board of Directors. The Election Committee shall consist of not less than five (5) REALTORS® and REALTOR-ASSOCIATE® Members, the majority of whom shall be REALTOR® members, none of whom is a candidate nor affiliated with a candidate's company. Committee shall be chaired by the Board Secretary, regardless of company affiliation.

(d) REALTOR® of the Year Committee. The REALTOR® of the Year Committee shall review and select a REALTOR® member who has contributed to the advancement of the REALTOR® profession. The REALTOR® of the Year Committee shall consist of past REALTORS® of the Year. Committee shall be chaired by REALTOR® of the Year from two (2) years prior.

(e) Policy Governance Committee. The Policy Governance Committee shall review articles of Policy Governance. The Policy Governance Committee shall consist of not less than seven (7) sitting members of the Board of Directors of which no more than three (3) shall be newly elected members. Committee shall be chaired by the President-Elect.

Section 2. Other Committees. The Board of Directors may establish, from time to time, such additional committees as it may deem necessary to assist it in its work. The resolution establishing such committees shall state the purpose, time line, and authority of each committee. Unless stipulated otherwise within these Bylaws or the Board of Directors' Governing Policies, the President of the Board is authorized to appoint a Chairperson and the members of each Board Committee, subject to confirmation by the Board of Directors. Such committees may develop rules and regulations, or any amendments, subject to approval by the Board of Directors, to define the scope of their responsibilities and the method of their operation. Any action recommended by a committee shall be subject to the approval of, or subsequent ratification by, the Board of Directors.

Section 3. Attendance at Meetings. Attendance at committee meetings is required. The Committee Chair has authority to dismiss any member who fails to meet this requirement.

ARTICLE XV – Fiscal and Elective Year

Section 1. Definition. The fiscal and elective year of the Board shall be from January 1 to December 31 inclusive, or until their successors are duly elected, which ever is later.

ARTICLE XVI – Governance and Rules of Order

Section 1. Governance. The Board of Directors and the CEO are governed by the law, the Articles of Incorporation, Bylaws, and the Governing Policies.

Section 2. Conduct of Meetings. Robert's 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 XVII - Amendments

Section 1. Procedure. These Bylaws may be amended by the vote of the majority of the REALTOR® and REALTOR-ASSOCIATE® Members present in person or by proxy at a meeting of the Board at which a quorum is present in person or by proxy, provided that the proposed amendment or amendments shall first have been submitted in writing to the Board of Directors and notice of the substance of such amendment or amendments with accompanying supporting reasons and recommendation of the Board of Directors shall be given to REALTOR® and REALTOR-ASSOCIATE® Members not less than twenty (20) days prior to the meeting. Nothing herein shall preclude voting on any changes to the proposed amendment or amendments. Amendments to the Bylaws may be offered

by Members by petition signed by not less than two hundred fifty (250) REALTOR® and REALTOR-ASSOCIATE® Members, and submitted to the Chief Executive Officer not less than sixty (60) days prior to the date of the annual meeting. Notwithstanding any of the foregoing, the Board of Directors may, at any regular or special meeting of the Board of Directors at which a quorum is present, approve amendments to the Bylaws which are mandated by NATIONAL ASSOCIATION OF REALTORS®' policy.

Section 2. Approval By the NATIONAL ASSOCIATION OF REALTORS®. Amendments to these Bylaws affecting the admission or qualification of REALTOR®, REALTOR-ASSOCIATE®, and Institute Affiliate Members, the use of the terms REALTOR®, REALTORS®, and REALTOR-ASSOCIATE®, or any alternation 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®.

ARTICLE XVIII – Multiple Listing Service

Section 1. Authority to Operate or Establish Taxable Subsidiary. The Board may operate and maintain in the interest of better serving the public a Multiple Listing Service providing the orderly dissemination and correlation of real property listing information. Furthermore, if the Board deems it to be in the best interest of the Board participants, their clients, and customers, the Board shall have the power and authority to establish a wholly owned Multiple Listing Service taxable subsidiary to directly manage, operate and maintain the Multiple Listing Service.

Section 2. Purpose. Whether under the direct authority of the Board or a newly established taxable subsidiary of the Board, the 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. Rules and Regulations. The responsibilities, powers, and procedures of the Board of Directors with respect to the Multiple Listing Service shall be governed by the Rules and Regulations of the Multiple Listing Service of the Board, as from time to time amended; the Multiple Listing Service shall be directly governed by the rules and regulations of the board of directors of such taxable subsidiary and not by the Board of the Honolulu Board of REALTORS®, Inc.

ARTICLE XIX – Availability of Information

Section 1. Confidentiality. Members shall be provided access to files and records of the Board upon reasonable request being given and upon payment of any costs incurred thereby, except for files and records deemed confidential under State or Federal law, files and records related to Professional Standards & Arbitration, Mediation and Grievance matters, preliminary financial records and other financial information not approved by the Board of Directors, and any other proprietary material declared confidential by the Board of Directors, the dissemination of which would have a negative financial impact upon the Board or its membership.

ARTICLE XX - Dissolution

Section 1. Distribution of Assets. 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 HAWAII ASSOCIATION OF REALTORS® or, within its discretion, to any other non-profit tax-exempt organization.

ARTICLE XXI – Regional Districts

Section 1. Composition of Regional Districts. The Honolulu Board of REALTORS® shall consist of the following Regional Districts and membership and voting rights in each District for representation is determined by zip code of your preferred mailing address as contained in the HBR member records data base.

METRO REGIONAL DISTRICT

Downtown, Pacific Heights, Pauoa	96813
McCully (Ward Avenue to Kalakaua Avenue	96814
Waikiki	96815
Nuuanu, Alewa, Kalihi	96817
Salt Lake, Aliamanu, Foster Village	96818
Kalihi Valley, Moanalua	96819
Punchbowl, Makiki, Manoa	96822
Moiliili	96826

EAST OAHU REGIONAL DISTRICT

St.Louis Heights, Kaimuki, Palolo, Kapahulu, Diamond Head, Kahala, Maunalani Heights, Waialae Kahala.....	96816
Aina Haina, Wailupe, Waialae Iki Ridge, Niu Valley, Kuliouou	96821
Hawaii Kai, Haunama Bay, Sandy Beach	96825

LEEWARD REGIONAL DISTRICT

Aiea	96701
Ewa, Ewa Beach	96706
Kapolei, KoOlina.....	96707
Pearl City	96782
Wahiawa	96786
Mililani Town	96789
Nanakuli, Lualualei, Waianae, Pokai Bay, Makaha	96792
Kunia, Waikele, Waipahu	96797

NORTH SHORE REGIONAL DISTRICT

Haleiwa, Sunset Beach, Waimea Bay	96712
Kahana, Punaluu, Hauula	96717
Kaaawa	96730
Kahuku	96731
Laie	96762
Waialua, Mokuleia	96791

WINDWARD REGIONAL DISTRICT

Kailua	96734
Kaneohe, Kahaluu, Waiahole/Waikane	96744
Waimanalo	96795

Section 2. Representation of Regional Districts. The Regional Districts shall have the following representation on the Board of Directors:

- (a) Metro Regional Director to represent Metro Regional District
- (b) East Oahu Regional Director to represent East Oahu Regional District
- (c) Leeward Regional Director to represent Leeward Regional District
- (d) Windward Regional Director to represent North Shore Regional District and Windward Regional District

Section 3. Amending Regional Districts. In the event a request is made to change the regional district of a specific geographic area from one region to another, the Board of Directors shall have the authority to approve or deny such requests. The Board of Directors may amend the description or representation of regional districts from time to time as it deems necessary. The Board of Directors reserves the authority to include additional regions as it deems appropriate.