

**APPROVED BY-LAWS OF  
MINNESOTA ASSOCIATION OF REALTORS®  
September 26, 2018**

**ARTICLE I**

Name and Purpose

Section 1. Name. The name of the organization shall be Minnesota Association of REALTORS®, a non-profit Minnesota corporation (the Association).

Section 2. Purpose. The purpose of the Association shall be to support all segments of its membership, in concert with local Boards/Associations of REALTORS® (Member Board/Association) and the National Association of REALTORS® (the National Association), by:

- (a) Developing and delivering programs, services and related products that will assist members in serving the public with the highest degree of professional ability in matters involving real estate;
- (b) Protecting the right of members to conduct business without undue regulatory restraints; and
- (c) Promoting the preservation of private rights to real property.

**ARTICLE II**

Membership

Section 1. Classes. The members of the Association shall consist of the following six classes:

- (a) REALTOR® Member
- (b) Member Board/Association
- (c) Affiliate Member
- (d) Honorary Member
- (e) Institute Affiliate
- (f) REALTOR® Emeritus
- (g) Secondary Member

Section 2. Definitions.

(a) REALTOR® Member. REALTOR® Members shall be:

(1) principals of real estate firms, or

(2) individuals in positions of management control on behalf of principals who are not physically present and engaged in the real estate business in connection with the firm's office, or

(3) individuals employed by or affiliated as independent contractors with REALTOR® principals of real estate firms, and who are deemed qualified for REALTOR® membership by maintaining a current, valid license under Minnesota Statutes, chapter 82, or be licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property. Individuals employed by or affiliated as independent contractors with the REALTOR® principals of a real estate firm shall be eligible to be considered for primary membership as REALTORS® only in those Member Boards/Associations in which a principal of the real estate firm or an individual in a position of management control on behalf of a principal who is not physically present and engaged in the real estate business in connection with the firm's real estate office holds primary or secondary REALTOR® membership.

The REALTOR® Member applicant shall agree in writing that if elected to membership he or she will abide by the Code of Ethics of the National Association and by the Constitution, By-laws, and Rules and Regulations of the Member Board/Association, State Association, and the National Association.

(b) Member Board/Association. A Member Board/Association shall be a Board located in the State of Minnesota, all of the REALTOR® members of which are members of the Association and the National Association.

(c) Affiliate Member. An Affiliate Member shall be any individual or business entity who:

(1) Does not meet the qualifications of a REALTOR® Member, Member Board/Association, Honorary Member, Institute Affiliate or REALTOR® Emeritus, but who has interests requiring information concerning real estate and endorses the objectives of the Association, or

(2) Is an Affiliate member of a Member Board/Association and is current in payment of dues to the Association.

(d) Honorary Member. Honorary Member shall be any individual who is not actively engaged in the real estate business, who has contributed notably to the Association and the real estate profession and who is invited to become an Honorary Member by the Board of Directors of the Association.

(e) Institute Affiliate. Institute Affiliate members shall be individuals who hold a professional designation awarded by an Institute, Society or Council affiliated with the National Association that addresses a specialty area other than residential brokerage or individuals who otherwise hold a class of membership in such Institute, Society or Council that confers the right to hold office. Any such individual, if otherwise eligible, may elect to hold REALTOR® membership, subject to payment of applicable dues for such membership. No Institute Affiliate member may be granted the rights to use the term REALTOR®, or the REALTOR® logo or to serve as President of the State Association and shall agree to abide by the Constitution, By-laws and Rules and Regulations of the Member Board/Association, the State Association, and the National Association, and further, is encouraged to abide by the principles established in the Code of Ethics of the National Association, but is not subject to disciplinary authority of the State Association with regard to conduct inconsistent with the Code of Ethics.

The Institute, Society or Council affiliated with the National Association for Institute Affiliate Membership include five affiliates; Institute of Real Estate Management (IREM), Commercial Investment Real Estate Institute (CIREI), REALTORS® Land Institute (RLI), Society of Industrial and Office REALTORS® (SIOR) and American Society of Real Estate Counselors (ASREC).

(f) REALTOR® Emeritus. A REALTOR® Member who has held membership in the National Association as a REALTOR®, REALTOR®-Associate, or both, for a cumulative period of forty (40) years, upon certification by the National Association's Board of Directors shall be designated "REALTOR® EMERITUS." An individual who has been affiliated with a firm comprised of REALTOR® members for forty (40) years or more, but who was ineligible for REALTOR membership for any portion of that time on the basis of sex, national origin, marital status or other basis now prohibited by the By-laws of the National Association shall be eligible for REALTOR® Emeritus status.

(g) Secondary Member. When a member has joined a primary association and paid local, state and national dues through another state, a secondary membership may be held in a local association in Minnesota without holding membership in the state association. Alternately, secondary membership may be held directly in the state association without holding membership in a local association in Minnesota.

(h) 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 stated in Article III of our Bylaws. The Designated REALTOR® must be a sole proprietor, partner, corporate officer, or branch manager acting on behalf of the firm's principal(s) and must meet all other qualifications for REALTOR® Membership established in Article II, Section 2 (a) of the Bylaws.

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

(1) All final findings of Code of Ethics violations and violations of other membership duties in this or any other REALTOR® association within the past three years

(2) Pending ethics complaints (or hearings)

(3) Unsatisfied discipline pending

(4) Pending arbitration requests (or hearings)

(5) Unpaid arbitration awards or unpaid financial obligations to any other association or association MLS

(6) Any misuse of the term REALTOR® or REALTORS® in the name of the applicant's firm

(j) Provisional membership may be granted in instances where ethics complaints or arbitration requests (or hearings) are pending in other associations or where the applicant for membership has unsatisfied discipline pending in another association (except for violations of the Code of Ethics) provided all other qualifications for membership have been satisfied. Associations may reconsider the membership status of such individuals when all pending ethics and arbitration matters (and related discipline) have been resolved or if such matters are not resolved within six months from the date that provisional membership is approved.

Provisional members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of REALTOR® membership. If a member resigns from another association with an ethics complaint or arbitration request pending, the association may condition membership on the applicant's certification that he/she will submit to the pending ethics or arbitration proceeding (in accordance with the established procedures of the association to which the applicant has made application) and will abide by the decision of the hearing panel.

### Section 3. Member Discipline

(a) Any REALTOR® Member of the Association may be disciplined for violations of these bylaws, the Code of Ethics, or other duties of membership, after a hearing as described in the Code of Ethics and Arbitration Manual of the National Association, provided that the discipline imposed is consistent with the discipline authorized by the Professional Standards Committee of the National Association as set forth in the Code of Ethics and Arbitration Manual of the National Association.

(b) 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 readmission to REALTOR® membership, or unless connection with the firm, partnership or corporation is severed, or management control is relinquished, whichever may apply. The membership of all other principals, partners, or corporate officers shall suspend or terminate during the period of suspension 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 suspension or until readmission to membership, whichever may apply. Removal of an individual from any form or degree of management control must be certified to the Association by the Member who is being suspended or expelled and by the individual who is assuming management control, and the signatures of such certification must be notarized. In the event the suspended or expelled Member is so certified to have relinquished all form or degree of management control of the firm, the membership of other partners, corporate officers, or other individuals affiliated with the firm shall not be affected, and the firm, partnership or corporation may continue to use the terms REALTOR® and REALTORS® in connection with its business during the period of suspension or until the former Member is admitted to membership of the Association.

The foregoing is not intended to preclude a suspended or expelled Member from functioning as an employee or independent contractor, providing no management control is exercised. Further, the membership of REALTORS® other than principals who are employed or affiliated as independent contractors with the disciplined Member shall suspend or terminate during the period of suspension of the disciplined Member or until readmission of the disciplined Member, or unless connection of the disciplined Member with the firm, partnership, 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 Association, whichever may apply. If a REALTOR® Member other than a sole proprietor in a firm, partner in a partnership, or an officer of a

corporation is suspended or expelled, the use of the terms REALTOR® or REALTORS® by the firm, partnership, or corporation shall not be affected.

(c) In any action taken against a REALTOR® Member for suspension or expulsion under Section 3 hereof, notice of such action shall be given to all REALTORS® employed by or affiliated as independent contractors with such REALTOR® Member and they shall be advised that the provisions in Article II, Section 3 (b), shall apply.

### **ARTICLE III**

#### **Dues and Fees**

Section 1. Dues Payable. Manner and Time. The annual dues of members shall be as follows:

(a) REALTOR® Members. The annual dues of each REALTOR® Member shall be in such amount as established from time to time by the Board of Directors.

(b) Member Board/Association.

(1) The annual dues of each Member Board/Association shall be computed by multiplying the annual dues amount established from time to time by the Board of Directors times the number of REALTOR® Members, Institute Affiliates and Affiliate Members who elect to be members of the Association appearing on the National REALTOR® Database System for the relevant fiscal year. Once annual dues are paid, no credit shall be given for REALTOR® Members, Institute Affiliates and Affiliate Members who have elected to be members of the Association that are deleted from the National REALTOR® Database System during such fiscal year.

(2) A Member Board/Association shall have its dues reduced by an amount established by the Board of Directors of the Association times the number of REALTOR® Members, Institute Affiliates and Affiliate Members who elect to be members of the Association who maintain a principal place of business within the jurisdiction of another Member Board/Association which pays such REALTOR® Members' dues, Institute Affiliates' dues and Affiliate Members' dues. For purposes of the reduction described in this Subsection (2), no REALTOR® Member, Institute Affiliate or Affiliate Member shall be counted unless he or she has given written notice to the Association and to each Member Board/Association of which he or she is a Member specifying the Member Board/Association responsible for payment of such Board Member's dues.

(c) Affiliate Members. The annual dues for Affiliate Members shall be established from time to time by the Board of Directors of the Association. Affiliate members of Member Boards/Associations have the option of joining the Association.

(d) Honorary Member. An Honorary Member shall pay no dues.

(e) Institute Affiliate Members. The annual dues of each Institute Affiliate member shall be established in Article II of the bylaws of the National Association.

(f) REALTOR® Emeritus. A REALTOR® Emeritus who has been certified by the National Association shall pay no dues.

(g) Secondary Member. A secondary member who has joined a primary association and paid local, state and national dues through another state, and who elects to hold secondary membership in Minnesota without joining a local Minnesota association shall be subject to the same annual state dues at the time of secondary membership application to the Minnesota Association of REALTORS®.

(h) Distinguished Service Award Member. Any member of the Minnesota Association of REALTORS® who has been awarded the National Association of REALTORS®' Distinguished Service Award shall pay no dues.

#### Section 2. Dues Payment.

(a) No later than five days after the last day of each month, commencing in ~~October~~ January, each Member Board/Association shall remit to the Association all payments of Association dues received during the previous month.

(b) Notwithstanding paragraph (a) above, the dues for all REALTOR® Members, Institute Affiliates, Affiliate and Secondary Members who elect to be members of the Association whose names appear on the National REALTOR® Database System shall be due and payable to the Association no later than ~~December~~ January 31 of such fiscal year. Such members joining after that date shall pay on a prorated monthly basis.

(c) The annual dues of each member board/association shall also include an amount established from time to time by the Board of Directors times the number of real estate salespersons and licensed or certified appraisers employed by or affiliated as independent contractors with REALTOR® Members of the board/association who are not themselves REALTOR® Members, Institute Affiliates or Affiliate Members who elect to be members of the Association. In

calculating the dues payable by a member board/association, nonmembers, as defined in the preceding sentence, shall not be included in the composition of dues if dues have been paid in another board/association in the state, provided the board/association notifies the state association in writing of the identity of the board/association to which dues have been remitted.

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

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

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

Section 3. Nonpayment of Financial Obligations. If dues, fees, or fines duly levied in accordance with the provisions of these By-laws or the provisions of other Rules and Regulations of the Association or any of its services, departments, divisions or subsidiaries are not paid within one month after the due date, the nonpaying Member will be suspended from the Association. Two months after the due date, membership of the nonpaying Member shall be terminated at the discretion of the Executive Committee. Three months after the due date, membership of the nonpaying member shall automatically terminate unless within that time the amount due is paid in full. 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 Executive Committee. A former Member who has had his or her membership terminated for nonpayment of fees, fines or other assessments duly levied in accordance with the provisions of these By-laws or the provisions of other Rules and Regulations of the Association or any of its services, departments, divisions or subsidiaries may apply for reinstatement in the manner prescribed for new applicants for



membership through a local Board/Association, after making payment in full of all accounts due as of the date of termination.

## ARTICLE IV

### Board of Directors

Section 1. Composition. The business and affairs of the Association shall be managed by its Board of Directors. The Board membership shall consist of the following:

(a) Each member Board/Association shall be entitled to Directors based on their total member count as of ~~August~~ November 1 each year, consistent with the formula set forth below and based on paid membership. Each such Director shall be selected by a procedure to be determined by the governing body of such Member Board/Association for a three-year term commencing ~~October~~ January 1 and ending ~~September~~ December 30<sup>1</sup> of the third fiscal year thereafter. Each such Director shall not serve more than two consecutive terms unless the Member Board/Association has less than 50 members. Local Board/Associations entitled to representation of two or more Directors shall use staggering terms in the appointment process to ensure that such terms do not expire at the same time.

<u>Local Assn. Membership Total</u>	<u>Directors(s)</u>
1-500	1
501-1200	2
1201-2500	3
2501 and above	4

A local Board/Association representative's three-year term shall be served by the same member and shall not be shared by two or more local Board/Association members within that three-year term period.

(b) Each Real Estate Company shall be entitled to select Directors based on their total brokers and salespersons as of ~~August~~ November 1 consistent with the formula set forth below. Any member counted in the Real Estate Company count under this section shall not be counted in the franchisor count under Section 1 (c), and all the members of any real estate company shall either be counted as a Real Estate Company or as a Franchisor, and not split between the two. These representatives shall be a corporate officer or a designated representative of the corporate officer. A real estate company representative must be a member in good standing of the Association.

<u>Company Brokers &amp; Salespersons Total</u>	<u>Director(s)</u>
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500-1000	1
1001-2000	2
2001 and above	3

(c) Each Real Estate Brokerage Franchisor with 500 or more REALTOR® Member salespersons and brokers shall be entitled to select one Director. Any member counted in the Real Estate Company count under Section 1 (b) shall not be counted in this franchisor count, and all the members of any real estate company shall either be counted as a Real Estate Company or as a Franchisor, and not split between the two. A real estate brokerage franchisor representative must be a REALTOR® Member in good standing of the Association.

(d) The officers of the Association: President, President-Elect, Treasurer and Immediate Past-President.

(e) Two Past-Presidents selected by the Council of Past-Presidents of the Association for a one-year term.

(f) During their term as Chairperson, the Chairperson of the following Committees and Forums: Communications, Diversity, Forms, Government Affairs, Member Engagement, Professional Development, Professional Standards, Public Advocacy, Strategic Issues Forum and Strategic Planning.

(g) Those National Association Directors elected by the Board of Directors in accordance with NAR rules.

(h) Executive Committee members as specified in Article VI, Section 3(d).

(i) The Board of Directors should, to the greatest extent possible, also represent the population of the state of Minnesota in its age, gender, and racial make up specifically including but not limited to: 1.) Black/African American, 2.) Hispanic/Latino, 3.) Asian/Native Hawaiian/other Pacific Islander, and 4.) American Indian/Alaska Native populations. To achieve these goals the Board of Directors will include ten (10) at-large Directors appointed by the Leadership Team, subject to approval by the Board of Directors.

(j) A Director must be a member in good standing of the Association.

Section 2. General. No Director of the Association representing a Member Board/Association, Company or Franchise shall be removed from the Association's Board of Directors prior to expiration of his or her term solely by reason of a reduction in the number of Directors to which such Member Board/Association, Company or Franchise is entitled pursuant to Section 1(a), (b) and (c) above.

Section 3. Meeting. The Board of Directors shall meet at least three times

during each fiscal year at a time, date and place to be determined by it. Special meetings of the Board of Directors may be called at any time upon ten days written notice by the President or by any ten Directors.

Section 4. Quorum and Voting. At all meetings of the Board of Directors, 51% of all the Directors shall be required to constitute a quorum for the transaction of business. The act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. Each Director shall have one vote.

Participation in a meeting by electronic communication shall be deemed personal presence at the meeting pursuant to Minnesota Statutes, section 317A.231, subdivision 2. Pursuant to Article XII of the Association's Articles of Incorporation, a vote by electronic means is permitted and calls for a majority vote of those Directors or committee members participating in the vote.

Section 5. Removal. In addition to the method provided in Minnesota Statutes, sections 317A.223 or 317A.225, with respect to the removal of a Director, a Director shall be removed when such Director is absent from two consecutive regularly scheduled meetings as on the Association calendar at the beginning of the fiscal year of the Board of Directors, Executive Committee, Communications Committee, Diversity Committee, Forms Committee, Government Affairs Committee, Member Engagement Committee, Professional Development Committee, Public Advocacy Committee, Strategic Issues Forum, Strategic Planning Committee, and any Task Force or Work Group(s) appointed by the President during the member's term of office. Upon removal, the seat will be filled by appointment from the respective appointing entity as prescribed in Article IV, Section 1 (a) – (c), (e), (g) – (i) with officers serving on the Board of Directors being replaced pursuant to Article V, Section 10 and Chairpersons of the Committees and Forums being replaced by the Vice-Chairperson of the respective Committee and Forum, to serve out the remaining term. A Director may be excused from an absence if the absence is due to (a) their involvement at a National Association of REALTORS® (NAR) function and/or (b) their involvement at a local board function as an officer for the local Board. To obtain an excused absence, the Director shall submit a written statement, stating one of these reasons, to the Association no later than ten calendar days prior to the regularly scheduled meeting as on the Association calendar at the beginning of the fiscal year. Failure to submit the written statement within ten calendar days prior to the regularly scheduled meeting will result in an unexcused absence and be counted towards the absence of two consecutive meetings. A Director who has been removed from missing two consecutive meetings during the member's term is not eligible for reappointment during the current term of office. Such removal may be appealed in writing within 30 days of notification to the Leadership Team by the member if the two consecutive absences were the result of extenuating circumstances. Extenuating circumstances include death, accident or serious illness within the member's immediate family.

Section 6. Action in Writing. Any action, which may be taken at a meeting of the Board of Directors, may be taken without a meeting if authorized by a writing or writings signed by all the Directors.

Section 7. Vacancies. In the event of a resignation, a death, or a retirement of a director, the Board of Directors, by a majority vote at a regularly scheduled meeting or by electronic vote, may choose a successor who shall serve for the unexpired term in respect of which such vacancy occurred.

## **ARTICLE V**

### Officers

Section 1. Election. The Board of Directors, at their ~~Summer~~ Fall Business meeting, shall elect a President-Elect and a Treasurer. In addition, the Directors may elect such other officers and agents as the Board of Directors may determine necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. There shall also be a President of the corporation, which office shall be filled by the President-Elect immediately following their inauguration each year.

Section 2. Nominations. Except as otherwise provided herein, the Board of Directors shall elect the officers from the slate presented to them by the Nominating Committee pursuant to Section 4 of Article VI below. Candidates for Association offices, in addition to those nominated by the Nominating Committee, may be placed in nomination by petition if such petition is received at the Association's principal office no later than thirty (30) days before the Board of Directors Meeting at the ~~Summer~~ Fall Business Meetings. A timely petition shall be accepted if it is signed by not less than three members of the Association. No member may be nominated for office unless that member has served on the Association Board of Directors or on an Association committee for at least one year during the previous three (3) years.

Section 3. Terms. Except as otherwise provided herein, the officers of the Association shall hold office for approximately one year commencing immediately after their inauguration and terminating upon the election and qualification of their respective successors.

Section 4. Chief Executive Officer. The Board of Directors shall appoint a Chief Executive Officer to serve as the chief administrative officer of the Association. Such Chief Executive Officer shall direct general active management of the business of the Association and shall see that all orders and resolutions of the Board of Directors are carried into effect. He or she shall execute all contracts, mortgages and other instruments of the Association. Such

Chief Executive Officer may be terminated by the Board of Directors at any time, with or without cause except as otherwise provided in a contract of employment approved by the Board of Directors.

Section 5. President. The President shall be the Chairperson of the Board of Directors of the Association and shall provide the general direction of its affairs. The President shall preside at all meetings of the Board of Directors. The President shall be an ex officio member of any standing Committee and Forum which may be constituted hereunder and shall perform all such other duties as are incident to the office of the President or are properly required of the President by the Board of Directors. The President may delegate such duties and responsibilities to such members of the Board of Directors or Committee or Forum members or officers, as deemed appropriate by the President, including without limitation to the Chief Executive Officer.

Section 6. President-Elect. The President-Elect shall succeed to the office of the President. In the event of the absence or disability of the President, the President-Elect shall perform his or her duties. If the office of the President should become vacant between elections, the President-Elect shall fill the vacancy and complete the unexpired term. The President-Elect shall then become President for a full term after the completion of the unexpired term. The President-Elect shall, in addition to other duties, work directly with Committee and Forum Chairpersons, Vice-Chairpersons, and staff liaisons of Standing Committees and Forums to monitor their progress in meeting the goals established in the strategic plan and shall report such progress to the Executive Committee as necessary.

Section 7. Treasurer. The Treasurer shall be Chairperson of the Finance Committee, be involved in the preparation of the budget and periodically review in concert with the Association's accounting firm and the Chief Executive Officer the Association's financial status including balance sheet, profit and loss statements and related financial reports and documentation.

Section 8. Leadership Team. For purposes of these By-laws, the Leadership Team shall consist of the Chief Executive Officer, President, President-Elect, Treasurer and Immediate Past-President.

Section 9. National Directors. The Board of Directors, at the ~~October~~ Fall Business meeting, shall elect a representative or representatives to serve on the Board of Directors of the National Association. The number of National Directors shall be determined by the National Association on July 31<sup>st</sup> according to the membership allotment process. Each Director shall serve a three-year term commencing on January 1 following election. Each National Director shall not serve more than two consecutive three-year terms. A National Association Director shall also serve on the Association's Board of Directors.

Section 10. Vacancies. If the office of any officer, National Director, or agent becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the Directors then in office, although less than a quorum, by a majority vote, shall choose a successor or successors who shall hold office for the unexpired term in respect of which such vacancy occurred.

Section 11. Removal. In addition to the method provided in Minnesota Statutes, section 317A.341, subdivision 2, with respect to the removal of an officer, the Board of Directors shall remove any officer when such officer is absent from two consecutive regularly scheduled meetings as on the Association calendar at the beginning of the fiscal year. An Officer may be excused from an absence if the absence is due to (a) their involvement at a National Association of REALTORS® (NAR) function and/or (b) their involvement at a local board function as an officer for the local Board. To obtain an excused absence, the Officer shall submit a written statement, stating one of these reasons, to the Association no later than ten calendar days prior to the regularly scheduled meeting as on the Association calendar at the beginning of the fiscal year. Failure to submit the written statement within ten calendar days prior to the regularly scheduled meeting will result in an unexcused absence and be counted towards the absence of two consecutive meetings.

## **ARTICLE VI**

### **Committees and Forums**

Section 1. Standing Committees and Forums. The following shall be standing committees and forums of the Board of Directors:

- (a) Executive Committee
- (b) Nominating Committee
- (c) Finance Committee
- (d) Professional Standards Committee
- (e) Professional Standards Policy Committee
- (f) Government Affairs Committee
- (g) Forms Committee
- (h) Association Executive Council

- (i) Public Advocacy Committee
- (j) Diversity Committee
- (k) Risk Management Committee
- (l) Professional Development Committee
- (m) Member Engagement Committee
- (n) Communications Committee
- (o) Strategic Planning Committee
- (p) Strategic Issues Forum

Subject to Sections 3, 4, and 5 below, such Committees and Forums shall perform such duties, as the Board of Directors shall from time to time prescribe.

Section 2. Ad-Hoc Committee. The President, in the exercise of his or her discretion and within the confines of the budget, shall have the power to create any temporary committee or Work Group as may be necessary for the operation of the Association.

Section 3. Executive Committee. The membership of the Executive Committee shall consist of:

- (a) President, President-Elect, Treasurer and Immediate Past-President;
- (b) Each Real Estate Company with 1000 or more brokers and salespersons, determined as of ~~August~~ November 1 of each fiscal year, shall be entitled to select one representative to serve on the Executive Committee. This representative shall be a corporate officer or a designated representative of the corporate officer. These real estate companies shall select their Executive Committee representative from their Board of Directors representatives. A real estate company representative must be a REALTOR® Member in good standing of the Association.
- (c) Each Real Estate Brokerage Franchisor with 500 or more REALTOR® Member brokers and salespersons, determined as of ~~August~~ November 1 of each fiscal year, shall be entitled to select one representative to serve on the Executive Committee. Any member counted in the Real Estate Company count under Section 3 (b) shall not be counted in this franchisor count, and all the members of any real estate company shall either be counted as a Real Estate Company or as a Franchisor, and not split between the two. These real estate brokerage franchisors shall select their Executive Committee representative from

their Board of Directors representatives. A real estate brokerage franchisor representative must be a REALTOR® Member in good standing of the Association.

(d) A representative of the Association Executive Council may attend meetings as an invited guest but shall not serve as a voting member.

(e) Eight at-large members elected by the Board of Directors by Region. For the purposes of this subsection 3(d), the Board of Directors of the Association shall, for administrative purposes, divide the State of Minnesota into six regions. Eight at-large representatives shall be elected as follows: one member from region 1, one member from region 2, one member from region 3, one member from region 4 and two members from region 5 and two members from region six. Representatives from Regions 2 and 4 shall be elected for terms commencing in even-numbered fiscal years and representatives from Regions 1 and 3 shall be elected for terms commencing in odd-numbered fiscal years. Regions 5 and 6 will each elect one representative each fiscal year. Representatives may serve no more than two consecutive two-year terms. A member can nominate himself or herself. An application form must be received by the Association within the deadline stated in the annual application process notification. Election to the Executive Committee by the Board of Directors shall occur at the fall meeting with the term to commence immediately upon the election by the Board of Directors. Candidates at large may make a short presentation before the Board vote. The Board of Directors will be provided with background of each candidate prior to the fall meeting. Any person elected to the Executive Committee under this subsection (d) will automatically become a member of the Board of Directors.

(f) Removal. The Board of Directors shall remove any member of the Executive Committee when such member is absent from two consecutive regularly scheduled meetings as on the Association calendar at the beginning of the fiscal year of the Board of Directors or two regularly scheduled consecutive meetings as on the Association calendar at the beginning of the fiscal year of the Executive Committee during the member's term of office. An Executive Committee member may be excused from an absence if the absence is due to (a) their involvement at a National Association of REALTORS® (NAR) function and/or (b) their involvement at a local board function as an officer for the local Board. To obtain an excused absence, the Executive Committee member shall submit a written statement, stating one of these reasons, to the Association no later than ten calendar days prior to the regularly scheduled meeting as on the Association calendar at the beginning of the fiscal year. Failure to submit the written statement within ten calendar days prior to the regularly scheduled meeting will result in an unexcused absence and be counted towards the absence of two consecutive meetings.

In the event of removal of an officer under paragraph (f) of this section, the President, President-Elect, Treasurer and Immediate Past-President shall be



replaced pursuant to Article V, Section 10.

In the event of removal of a member of a real estate company under paragraph (b) of this section, the successor shall be selected pursuant to in-company procedure.

In the event of removal of a member of a real estate company under paragraph (c) of this section, the successor shall be selected pursuant to the brokerage franchisor procedure.

In the event of removal of a member at large under paragraph (e) of this section, the President, President-Elect, Treasurer, and Immediate Past-President shall submit recommendations to the Executive Committee for its successor selected from the applicant's vacant region. The Executive Committee, by a majority vote at a regularly scheduled meeting or by electronic vote shall choose a successor who shall serve for the unexpired term in respect of which such vacancy occurred.

(g) Vacancies. In the event of a resignation, a death, or a retirement of a member of the Executive Committee, the Leadership Team shall submit recommendations to the Executive Committee for its successor in respect to which such vacancy occurred. The Executive Committee, by a majority vote at a regularly scheduled meeting or by electronic vote, shall choose a successor who shall serve for the unexpired term in respect of which such vacancy occurred.

The Executive Committee shall act in the interval between Board of Directors meetings on personnel, strategic planning and other management issues and is at all times subject to the control and direction of the Board of Directors. The President shall be Chairperson of the Executive Committee and shall only vote in case of a tie vote.

#### Section 4. Nominating Committee.

(a) Membership on the Nominating Committee shall consist of 16 Members, seven of whom are elected by the Board of Directors and seven of whom are appointed by the President. In addition, the Immediate Past-President shall serve on the Nominating Committee as Chairperson, the President shall serve as Vice-Chairperson, and the President-Elect as a member of the Committee. All Regions of the state must have at least one representative on the Nominating Committee.

(b) In odd-numbered fiscal years, three members shall be appointed by the President and four members shall be elected by the Board of Directors. In even numbered fiscal years, four members shall be appointed by the President and three members shall be elected by the Board of Directors. All terms shall be two-

year terms commencing on ~~October~~ January 1st of the year they are appointed/elected.

(c) The Nominating Committee shall approve up to three candidates for each Association office, except the office of President. Each member of the Board of Directors shall be given written notice of the slate of nominees proposed by the Nominating Committee no later than 45 days before the election is held. Recommendations for officers shall be submitted to the Nominating Committee no later than 90 days before such election.

(d) The Nominating Committee shall also approve up to three candidates for each opening on the Board of Directors of the National Association. To be eligible as a candidate for National Director, you must be currently serving on the Association's Board of Directors or have served in the immediate three preceding years. Such representatives shall be elected by the Board of Directors of the Association at the ~~October~~ Fall Business meeting.

(e) Removal. The Board of Directors shall remove any member of the Nominating Committee when such member is absent from two consecutive regularly scheduled meetings as on the Association calendar at the beginning of the fiscal year of the Nominating Committee during the member's term of office. Upon said removal the seat will remain vacant until the term expires. A Nominating Committee member may be excused from an absence if the absence is due to (a) their involvement at a National Association of REALTORS® (NAR) function and/or (b) their involvement at a local board function as an officer for the local Board. To obtain an excused absence, the Nominating Committee member shall submit a written statement, stating one of these reasons, to the Association no later than ten calendar days prior to the regularly scheduled meeting as on the Association calendar at the beginning of the fiscal year. Failure to submit the written statement within ten calendar days prior to the regularly scheduled meeting will result in an unexcused absence and be counted towards the absence of two consecutive meetings.

(f) Vacancies. In the event of a resignation, a death, or a retirement of a member of the Nominating Committee the seat will remain vacant until the term expires.

#### Section 5. Finance Committee.

(a) Membership on the Finance Committee shall be as follows:

(1) President, President-Elect, Treasurer, Immediate Past- President, with Treasurer serving as Chairperson.

(2) The Executive Committee shall select Association Members in good standing to serve on the Finance Committee for a two-year term upon reviewing criteria

submitted by members consisting of industry experience and financial management knowledge of the member wishing to serve.

(3) Two of the nine members selected by the Executive Committee must be from greater Minnesota and two members must be from the Metropolitan area for no more than two consecutive two-year terms.

(4) Representatives of large companies and brokerage franchises may appoint representatives to serve on the Finance Committee consistent with the formulas set forth in Article IV, Section 1 (b) and (c).

(b) Duties. Set the yearly budget and oversee its implementation and periodically review the Association's financial status. Review staff reimbursements and credit card expenses at least twice within the fiscal year. Staff will work with the auditors to pull a representative number of expense filings.

(c) Vacancies. In the event of a resignation, a death, or a retirement of a member of the Finance Committee, the Executive Committee may choose a successor who shall serve for the unexpired term in respect of which such vacancy occurred.

Section 6. Professional Standards Committee. Membership on the Professional Standards Committee shall consist of REALTOR® Members in good standing and will be selected to serve on the Committee based upon the following criteria.

(a) Members applying must have held membership as a REALTOR® Member for a minimum of three years.

(b) The Leadership Team shall annually select from those Members that meet the requirement above and upon reviewing criteria submitted by those Members consisting of a minimum number of closed transactions per year, as agreed to by the Leadership Team, and/or industry experience of the Member wishing to serve on the Professional Standards Committee.

(c) Members who are selected to serve on the Professional Standards Committee will be required to attend an annual training program every year sponsored by the Association.

Section 7. Professional Standards Policy Committee.

(a) Membership on the Professional Standards Policy Committee shall be as follows:

(1) Chairperson and Vice-Chairperson of the Professional Standards Committee. The Vice-Chairperson of the Professional Standards Committee shall serve as Chairperson of the Professional Standards Policy Committee and the Chairperson of the Professional Standards

Committee shall serve as the Vice-Chairperson of the Professional Standards Policy Committee.

- (2) Any Minnesota member currently serving on the National Association of REALTORS® Professional Standards Committee
- (3) The Leadership Team shall annually select members in good standing to serve on the Professional Standards Policy Committee upon reviewing applications submitted by members.

Section 8. Government Affairs Committee. Association members in good standing may serve on the Government Affairs Committee by submitting an application form for the committee.

Section 9. Forms Committee. The Leadership Team shall annually select Association members in good standing to serve on the Forms Committee upon reviewing criteria submitted by members including, but not limited to, a minimum number of closed transactions per year, as agreed to by the Leadership Team, and/or industry experience of the member in good standing wishing to serve on the Forms Committee.

Vacancies. In the event of a resignation, a death, or a retirement of a member of the Forms Committee, the Leadership Team may appoint a successor who shall serve for the unexpired term, providing the vacancy occurs before the first committee meeting of the new fiscal year.

Section 10. Association Executive Council. Local Association Executives may serve on the Association Executive Council.

Section 11. Public Advocacy Committee.

- (a) Membership on the Public Advocacy Committee shall be as follows:
  - (1) Chairperson-elect of the Government Affairs Committee and Chairperson-elect of the MN-RPAC Trustees. The MN-RPAC Chairperson-elect serving as Chairperson and Chairperson-elect of Government Affairs serving as Vice-Chairperson.
  - (2) Four Association members (two in the odd-numbered year, two in the even-numbered year) in good standing from a slate of members recommended by the Association Government Affairs Committee and annually selected by the Leadership Team to serve no more than two consecutive two-year terms.
  - (3) Four MN-RPAC Trustee members (two in the odd-numbered year, two in the even-numbered year) in good standing from a slate of members recommended by the MN-RPAC Trustees and annually selected by the Leadership Team to serve no more than two consecutive two-year terms.

(4) Committee membership consisting of two members from Greater Minnesota and two members from the Metropolitan area elected by the Board for no more than two consecutive two-year terms. The Leadership Team shall annually select (one Greater MN and one Metro in odd-numbered years, one Greater MN and one Metro in even-numbered years) Association members in good standing to serve on the Public Advocacy Committee upon reviewing criteria submitted by members consisting of REALTOR® governmental and/or political affairs experience.

(5) The length of initial appointments shall be at the discretion of the Leadership Team.

(b) Duties: Coordinate, review and recommend all Minnesota proposals for NAR's REALTOR® Party Initiative (RPI) funding. Establish guidelines for uniformity in messaging and membership maximization of RPI funding.

(c) Removal: The Board of Directors shall remove any member of the Public Advocacy Committee when such member is absent from two consecutive meetings during the member's term of office. Upon said removal the seat will remain vacant until the term expires.

(d) Vacancies: In the event of a resignation, a death, or a retirement of a member of the Public Advocacy Committee, the Board of Directors, by a majority vote at a regularly scheduled meeting or by electronic vote, may choose a successor who shall serve for the unexpired term in respect of which such vacancy occurred.

Section 12. Diversity Committee. Association members in good standing may serve on the Diversity Committee by submitting an application form for the committee.

Section 13. Risk Management Committee.

(a) Membership on the Risk Management Committee shall be as follows:

(1) President- Elect

(2) Immediate Past-President

(3) Chairperson of Forms Committee

(4) Chairperson of Government Affairs Committee

(5) The Leadership Team shall annually select Association members in good standing to serve upon reviewing criteria submitted by REALTOR® members with legal or risk management expertise as determined by the Leadership Team.

The President-Elect shall serve as Chairperson and the Immediate Past-President shall serve as Vice-Chairperson.

Section 14. Professional Development Committee. The Leadership Team shall annually select Association members in good standing to serve on the Professional Development Committee upon reviewing applications submitted by members.

Section 15. Member Engagement Committee. The Leadership Team shall annually select Association members in good standing to serve on the Member Engagement Committee upon reviewing applications submitted by members.

Section 16. Communications Committee.

- (a) Membership on the Communications Committee shall be as follows:
  - (1) Committee Chairperson, as appointed by the Leadership Team.
  - (2) Committee Vice-Chairperson, as appointed by the Leadership Team.
  - (3) The Leadership Team shall annually select Association members in good standing to serve on the Communications Committee upon reviewing applications submitted by members.

Section 17. Strategic Planning Committee. The Leadership Team and Standing Committee and Forum Chairpersons and Vice-Chairpersons will serve on the Strategic Planning Committee. The President-Elect shall serve as Chairperson and the President shall serve as Vice-Chairperson. The duty of the Strategic Planning Committee is to provide recommendations to the Executive Committee regarding the Association's strategic planning initiatives.

Section 18. Strategic Issues Forum. The Leadership Team shall annually select Association members in good standing to serve on the Strategic Issues Forum upon reviewing applications submitted by members. The duty of the Strategic Issues Forum is to provide recommendations to the Strategic Planning Committee regarding future industry issues and concerns.

Section 19. Appointment of the Vice-Chairperson. The Leadership Team shall appoint a Vice-Chairperson, with input from the staff liaison, at the beginning of each fiscal year for the Professional Standards, Government Affairs, Diversity, Forms, Professional Development, Member Engagement Committee, Strategic Planning Committee and the Strategic Issues Forum. The Vice-Chair will automatically ascend to the Chairperson. If a member in good-standing wishes to oppose the Vice-Chairperson that is appointed by the Leadership Team, the Board of Directors must consider the candidates and approve of a Vice-Chairperson at their first meeting after the beginning of the fiscal year. Any candidate running against an appointed Vice-Chairperson must have served on the respective Committee for a minimum of two years and must be present at the first Board of Directors meeting after the beginning of the fiscal year to make a presentation to the Board of Directors indicating the reasons they should be elected in place of the appointed Vice-Chairperson. The candidate that is appointed by the Leadership Team does not require Board approval.

Section 20. Removal. The Leadership Team shall remove any member of the, Communications Committee, Diversity Committee, Finance Committee, Forms Committee, Government Affairs Committee, Professional Development Committee, Professional Standards Policy Committee, Public Advocacy Committee, Member Engagement Committee, Risk Management Committee, Strategic Planning Committee, and the Strategic Issues Forum when such member is absent from two consecutive regularly scheduled meetings as on the Association calendar at the beginning of the fiscal year. The Leadership Team shall also remove any Member of the Professional Standards Committee who fails to attend the annual training program. The Leadership Team may remove any Member of the Professional Standards Committee who has a change of information contained in their application during the appointed term on the Committee. The removal shall be in effect through the end of the fiscal year. Any Member removed from these Committees or Forums for two consecutive absences may be reconsidered to serve on the Committee or Forums in the following fiscal year. Such removal may be appealed in writing within 30 days of notification to the Leadership Team by the member if the two consecutive absences were the result of extenuating circumstances.

Section 21. Quorum and Voting. At all meetings of the Association Committees and Forums, or actions taken by the Association Committees and Forums, 51% of the committee members shall be required to constitute a quorum for the transaction of business except the Finance Committee where two-thirds of the committee members shall be required to constitute a quorum for the transaction of business.

## **ARTICLE VII**

### **Meetings of Members**

Section 1. General. All meetings of the members shall be held at such a place as may be specified by the Board of Directors from time to time.

Section 2. Membership. Special meetings of the members for any purposes, unless otherwise provided by statute, may be called by the President and shall be called by the President at the request in writing of a majority of the Board of Directors or at the request in writing of 20% of the members. Such call shall state purpose or purposes of the proposed special meeting.

Section 3. Written Notice. Written notice of a special meeting of the members stating the time, place and purpose thereof shall be mailed at least ten days prior to the special meeting, except as otherwise provided by statute, to each member entitled to notice of the special meeting to the last known address of such member as the name appears on the National REALTOR® Database System.

Section 4. Quorum. The presence at any meeting, in person, by proxy, or by electronic communication of 1% of the members having the right to vote shall constitute a quorum for the transaction of business. If, however, such 1% of the members shall not be present in person, by proxy, or by electronic communication at any meeting, those present shall have the power to recess the meeting from time to time, without notice other than by announcement at the meeting, until the requisite number of members shall be represented. At any such adjourned meeting at which the required number of members shall be represented, any business may be transacted which might have been transacted at the meeting as originally noticed. Where the meeting is by written ballot pursuant to Minnesota Statutes, section 317A.447, 1% of the total membership having the right to vote shall constitute a quorum.

Section 5. Voting. Each REALTOR® Member shall have one vote. At all meetings of the members, each member having the right to vote shall be entitled to vote in person or by proxy, duly appointed by an instrument in writing subscribed by such member. Upon the demand of any member having the right to vote, the vote for officers or the vote upon any question before the meeting shall be by show of hands. All elections and questions shall be decided by a majority vote except as otherwise required by statute.

Section 6. Waiver. Notice of the time, place and purpose of any meeting of members, whether required by the applicable statutes of the state of Minnesota, the Articles of Incorporation or these Restated and Amended By-Laws may be waived in writing by any member. Such waiver may be given before or after the meeting and shall be filed with the Chief Executive Officer or entered upon the records of the meeting.

## **ARTICLE VIII**

### **Professional Standards and Arbitration**

The Code of Ethics of the National Association of REALTORS® is adopted as the Code of Ethics of the Association and shall be considered a part of its Rules and Regulations and the Code of Ethics and the Rules and Regulations of the Association shall, in the future, be deemed to be amended and changed whenever the Code of Ethics is amended or changed by the National Association.

Section 1. Association Responsibility. The responsibility of the Association relating to the enforcement of the Code of Ethics, the disciplining of Members, and the arbitration of disputes, and the organization and procedures incident thereto, shall be governed by the Code of Ethics and Arbitration Manual of the National Association, as adapted by the Association, and as from time to time amended, which by this reference is made a part of these By-laws, provided,



however, that any provision deemed inconsistent with state law shall be deleted or amended to comply with state law.

(a) The enforcement of the Code of Ethics, the disciplining of REALTOR® Members, the arbitration of disputes, and the organization and procedures incident thereto shall be carried out by the Minnesota Association of REALTORS® and shall be governed by the Code of Ethics and Arbitration Manual of the National Association, as adapted by the Minnesota Association of REALTORS®, and the signed agreements between the Association and the local Boards/Associations.

(b) If a REALTOR® Member (as defined in Article II, Section 2 of these bylaws) resigns from the Association or otherwise causes membership to terminate with an ethics complaint pending, the resigning Member may make application to reapply for membership with a local Board/Association only after certification that he/she will submit to the pending ethics proceeding and will abide by the decision of the hearing panel.

Section 2. Duty to Arbitrate and Abide by the Code of Ethics. It shall be the duty and responsibility of every REALTOR® Member to abide by the Constitution and Bylaws of the Minnesota Association of REALTORS®, the Constitution and By-laws 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 National Association as from time to time amended.

(a) If a REALTOR® Member (as defined in Article II, Section 2 of these bylaws) resigns or otherwise causes membership to terminate, the duty to submit to arbitration continues in effect even after membership lapses or is terminated, provided that the dispute arose while the former member was a REALTOR®.

## **ARTICLE IX Minnesota REALTORS® Forms Use**

It shall be a duty of membership for every member of the Association utilizing the Minnesota REALTORS® Forms to comply with the Forms Use Policy as published by the Association. Any violation of such duty shall be subject to the Professional Standards complaint procedures and sanctions in the *Code of Ethics and Arbitration Manual of the National Association of REALTORS®, as adapted by the Minnesota REALTORS®*. The Association staff shall alert the current Chairperson of the Risk Management Committee of any potential violations of the Forms Use Policy, and the Chairperson shall have the discretion to act as the complainant for the complaint.

## **ARTICLE X Advocacy Organization**

Section 1. Establishment. There shall be established an advocacy organization called the Minnesota Homeowners Alliance, Inc., whose purpose shall be to advance and promote issues of concern to Minnesota's property owners (the "Advocacy Organization"). It shall be a nonpartisan, nonprofit advocacy organization that qualifies under Section 501 (c) (4) of the Internal Revenue Code.

Section 2. Membership. The sole voting member of the Advocacy Organization shall be the Association. Unless otherwise determined by the Board of Directors, the Association shall exercise its rights as the sole voting member through its Executive Committee. The Executive Committee may authorize the Leadership Team to exercise its vote on any member matter, except in regard to amendment or restatement of the articles of incorporation or bylaws as provided in Section 3.

Section 3. The articles of incorporation and bylaws of the Advocacy Organization may only be amended or restated upon the approval of two-thirds (2/3) of the Board of Directors of the Association.

## **ARTICLE XI**

### Use of the Terms "REALTOR®" and "REALTORS®"

Section 1. General Use. Use of the term "REALTOR®" or "REALTORS®" by members within those areas of the state of Minnesota not within the jurisdiction of a Member Board shall at all times be subject to the provisions of the Constitution and By-Laws of the National Association and to the rules and regulations prescribed by its Board of Directors. The Association otherwise shall have authority, jointly and in full cooperation with the National Association, to control of the use of the terms within those areas of the state not within the jurisdiction of a Member Board of the National Association. 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' Rights. REALTOR® Members shall have the privilege of using the term "REALTOR®" or "REALTORS®" in connection with their business as long as they remain REALTOR® Members of the Association. A REALTOR® Member who is also a member of a firm, partnership, or a corporation may use the term "REALTOR®" only if all of the principals of such firm, partnership, or corporation who are actively engaged in the real estate business within the state or a state contiguous thereto are also REALTOR® or Institute Affiliate Members.

Section 3. Affiliate Member Limitations. An Institute Affiliate Member or Affiliate Member shall not use the term REALTOR® or REALTORS® and shall not use the imprint of the emblem seal of the National Association.

## **ARTICLE XII**

### **Harassment**

Any member of the Association may be reprimanded, placed on probation, suspended or expelled for harassment of an Association 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 contacts or threats to do the same or any other conduct with the purpose or effect of unreasonably interfering with an individual's work performance by creating a hostile, intimidating or offensive work environment. The decision of the appropriate disciplinary action to be taken shall be made by the investigatory team comprised of the President, President-elect and/or 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 involves 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 XIII**

### **Conflict of Interest**

All directors, officers, and employees of the Minnesota Association of REALTORS® shall comply with this Conflict of Interest policy. All capitalized terms are defined in Section 2 of this Article XII.

Section 1. Conflict of Interest Defined. For purposes of this policy, the following circumstances shall be deemed to create Conflicts of Interest:

(a) Outside Interests.

- (i) A Contract or Transaction between the Association and a Responsible Person or Family Member.
- (ii) A Contract or Transaction between the Association and an entity in which a Responsible Person or Family Member has a Material Financial Interest or of which such person is a director, officer, agent, partner, associate, trustee,

personal representative, receiver, guardian, custodian, conservator, or other legal representative.

(b) Outside Activities.

- (i) A Responsible Person competing with the Association in the rendering of services or in any other Contract or Transaction with a third party.
- (ii) A Responsible Person's having a Material Financial Interest in; or serving as a director, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator, or other legal representative of, or consultant to; an entity or individual that competes with the Association in the provision of services or in any other Contract or Transaction with a third party.

(c) Gifts, Gratuities and Entertainment. A Responsible Person accepting gifts, entertainment, or other favors from any individual or entity that:

- (i) does or is seeking to do business with, or is a competitor of the Association; or
- (ii) has received, is receiving, or is seeking to receive a loan or grant, or to secure other financial commitments from the Association;
- (iii) is a charitable organization;

under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Responsible Person in the performance of his or her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value that are not related to any particular transaction or activity of the Association.

Section 2. Definitions.

- (a) A *Conflict of Interest* is any circumstance described in Part 1 of this Policy.
- (b) A *Responsible Person* is any person serving as an officer, employee, or member of the board of directors of the Association.
- (c) A *Family Member* is a spouse, domestic partner, parent, child, or spouse of a child, brother, sister, or spouse of a brother or sister, of a Responsible Person.
- (d) A *Material Financial Interest* in an entity is a financial interest of any kind that, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect a Responsible Person's or Family Member's judgment with respect to transactions to which the entity is a party. This includes all forms of compensation. (The board may wish to establish an amount that it would consider to be a "material financial interest.")
- (e) A *Contract or Transaction* is any agreement or relationship involving the sale or purchase of goods, services, or rights of any kind, the providing or receipt of a loan or grant, the establishment of any other type of pecuniary relationship, or review of

a charitable organization by the Association. The making of a gift to the Association is not a Contract or Transaction.

Section 3. Procedures.

- (a) Before board or committee action on a Contract or Transaction involving a Conflict of Interest, a director or committee member having a Conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting.
- (b) A director or committee member who plans not to attend a meeting at which he or she has reason to believe that the board or committee will act on a matter in which the person has a Conflict of Interest shall disclose to the Chairperson of the meeting all facts material to the Conflict of Interest. The Chairperson shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
- (c) A person who has a Conflict of Interest shall not participate in or be permitted to hear the board's or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.
- (d) A person who has a Conflict of Interest with respect to a Contract or Transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote. The person having a conflict of interest may not vote on the Contract or Transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the board of directors of the Association has a Conflict of Interest when he or she stands for election as an officer or for re-election as a member of the board of directors.
- (c) Responsible Persons who are not members of the board of directors of the Association, or who have a Conflict of Interest with respect to a Contract or Transaction that is not the subject of board or committee action, shall disclose to the Chairperson or the Chairperson's designee any Conflict of Interest that such Responsible Person has with respect to a Contract or Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known to the Responsible Person. The Responsible Person shall refrain from any action that may affect the Association's participation in such Contract or Transaction.

In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to the Chairperson or the Chairperson's designee, who shall determine whether there exists a Conflict of Interest that is subject to this policy.

Section 4. Confidentiality. Each Responsible Person shall exercise care not to disclose confidential information acquired in connection with such status or information the

disclosure of which might be adverse to the interests of the Association. Furthermore, a Responsible Person shall not disclose or use information relating to the business of the Association for the personal profit or advantage of the Responsible Person or a Family Member.

Section 5. Review of Policy.

- (a) Each new Responsible Person shall be required to review a copy of this Policy and to acknowledge in writing that he or she has done so.
- (b) Each Responsible Person shall annually complete a disclosure form identifying any relationships, positions, or circumstances in which the Responsible Person is involved that he or she believes could contribute to a Conflict of Interest arising. Such relationships, positions, or circumstances might include service as a director of or consultant to a not-for-profit organization, or ownership of a business that might provide goods or services to the Association. Any such information regarding business interests of a Responsible Person or a Family Member shall be treated as confidential and shall generally be made available only to the Chairperson, the Executive Director, and any committee appointed to address Conflicts of Interest, except to the extent additional disclosure is necessary in connection with the implementation of this policy.
- (c) This policy shall be reviewed annually by each member of the board of directors. Any changes to the policy shall be communicated immediately to all Responsible Persons.

**ARTICLE XIV**

Fiscal Year

The fiscal year of the Association shall be ~~October~~ January 1 through ~~September~~ December 31.

**ARTICLE XV**

Rules of Order

Robert's Rules of Order, latest edition, shall be recognized as the authority governing all meetings and conferences of the Association when not in conflict with these Restated and Amended By-Laws.

**ARTICLE XVI**

Indemnification

Any past, present or future Director, Officer, employee or other individual serving in an "official capacity" (as that term is defined in Minnesota Statutes, section 317A.521, subdivision 1) of the Association (or heirs or legal representatives of

any such individuals) made, or threatened to be made, a party to any action, suit or proceeding, whether civil, administrative or investigative, by reason of the fact that he or she is or was a Director, Officer, employee or other individual serving in such "official capacity" shall be indemnified by the Association, and the Association shall advance his or her expenses in the manner and to the full extent as provided by the law of the State of Minnesota.

## **ARTICLE XVII**

### Amendments

Section 1. The Board of Directors, by a two-thirds vote of the Directors who were present and entitled to vote on the proposed amendment, may amend the By-Laws at any meeting of the Board. Notice of the meeting and of the proposed amendment shall be given to all Directors at least ten (10) days prior to the meeting in the manner prescribed in Minnesota Statutes, section 317A.011 subdivision 14(b).

Section 2. Amendments to these By-Laws affecting the admission or qualification of REALTOR® Members and Institute Affiliate Members and the use of the terms REALTOR® or REALTORS® or any alteration in the territorial jurisdiction of a Board shall become effective only upon approval of the Board of Directors of the National Association.

Section 3. The Executive Committee may, at any regular or special meeting at which a quorum is present, approve amendments to the Bylaws which are mandated by NAR policy and shall become effective immediately.

## **ARTICLE XVIII**

### Dissolution

Upon dissolution or winding up of the affairs of the Association, the Board of Directors, after providing for the payment of all obligations, shall distribute any remaining assets to the members.

THESE BY-LAWS WERE ADOPTED ON

**February 8 September 26, 2018**

**BY RESOLUTION OF THE MEMBERS**

**OF THE**

**MINNESOTA ASSOCIATION OF REALTORS®**

**Tracie Fogelson, President**