

BYLAWS OF THE KENTUCKY ASSOCIATION OF REALTORS®, INC.

LAST MODIFICATION APPROVED: February 11, 2010

ARTICLE I: Name

The name of the corporation shall be "KENTUCKY ASSOCIATION OF REALTORS®, INC." (hereafter referred to as "KAR").

ARTICLE II: Mission Statement

KAR exists to support and enhance the ability of local boards and local associations and their members to succeed in their businesses in an ethical and competent manner and, through a united voice, preserve and protect real property rights.

ARTICLE III: Use of the term "REALTOR®"

Section 1. Use of the term REALTOR®, REALTORS®, 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 State Association shall have the authority to control, jointly and in full cooperation with NATIONAL ASSOCIATION OF REALTORS®, use of the terms within those areas of the Commonwealth of Kentucky not within the jurisdiction of a Member Board. Any misuse of the terms by members is a violation of a membership duty and may subject members to disciplinary action by the Board of Directors after a hearing as provided for in the association's Code of Ethics and Arbitration Manual. *(Amended 2/21/08)*

Section 2. REALTOR® Members of the State Association shall have the privilege of using the terms REALTOR® and REALTORS® in connection with their business so long as they remain REALTOR® Members in good standing. No other class of members shall have this privilege. Notwithstanding the foregoing, a REALTOR® Member who is a principal of a real estate firm, partnership or corporation may use the terms REALTOR® or REALTORS® only if all principals of such firm, partnership, or corporation who are actively engaged in the real estate profession within the state or a state contiguous thereto are REALTOR® or Institute Affiliate members. *(Amended 2/21/08)*

Section 3. An Institute Affiliate Member shall not use the terms "REALTOR®" or "REALTORS®" and shall not use the imprint of the emblem seal of NAR.

Section 4. REALTOR-ASSOCIATE® Members of the State Association shall have the right to use the term REALTOR-ASSOCIATE® so long as they remain REALTOR-ASSOCIATE® Members in good standing and the REALTOR® Member with whom they are associated or by whom they are employed is also a REALTOR® Member in good standing. *(Added 2/21/08)*

ARTICLE IV: Members and Membership

Section 1. All authority for the operation of KAR resides in its membership.

Section 2. Neither the Delegate Body nor the Board of Directors nor the Officers of KAR nor any committee, policy group, task force or member, acting individually or in concert, shall exercise any authority or power unless it is delegated to such body pursuant to the Articles of Incorporation, these Bylaws or by Resolution duly passed by the membership.

Section 3. Any power or authority delegated by the membership may be rescinded or revoked at either a

regular or special meeting by a motion carried by the same plurality as that by which the power or authority was delegated.

Section 4. The membership of KAR shall consist of six (6) classes: REALTOR® Members; Affiliate Members; Institute Affiliate Members; Member Boards and Member Associations (hereafter referred to as "Member Board or Association"); Honorary Members; and REALTOR® Emeritus Members.

Section 5. The classes of membership in KAR shall be as follows:

- (A) A REALTOR® Member shall be any individual engaged in the real estate profession as a principal, partner, corporate officer, or branch office manager acting on behalf of the firm's principal(s), and licensed or certified individuals affiliated with said REALTOR® Member who maintains membership in any Member Board or Association and who meets the qualifications for REALTOR® membership established by the state association (which must be consistent with NAR's Membership Qualification Criteria). Secondary REALTOR® membership shall also be available to individuals who hold primary membership in a board/association in another state and who desire to obtain direct membership in the state association without holding membership in a local board/association in the state.
- (B) Affiliate Members shall be real estate owners and other individuals or firms who are Affiliate Members of Member Board or Associations.
- (C) Institute Affiliate members shall be individuals who hold a professional designation awarded by a qualified 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® membership, subject to payment of applicable dues for such membership. *(Amended 2/21/08)*
- (D) Member Board or Association are local boards and associations of REALTORS® that are recognized by the National Association of REALTORS®.
- (E) Honorary Members shall be individuals other than those engaged in the real estate business who have contributed notably to this Association.
- (F) REALTOR® Emeritus Members are REALTOR® Members whose longevity of participation and quality of service to this Association has distinguished them among their peers. The designation of REALTOR® Emeritus Member must be specially conferred by vote of the NAR Board of Directors.

Section 6. Any membership in KAR shall terminate when the qualifications for membership are no longer being met.

Section 7. Without regard to whether a member of KAR in any class qualifies for membership, the Board of Directors may suspend a member's privileges or expel any member which it determines has acted in a manner contrary to the best interests of KAR or its mission. Such suspension or expulsion shall occur only after at least ten (10) days notice to such member and only upon a vote by two-thirds (2/3) of the directors present and voting.

Section 8. A regular meeting of the membership shall be held annually at such place and time as determined by the Board of Directors.

Section 9. An annual convention shall be held in conjunction with the regular meeting of the membership.

Section 10. Special meetings of the membership may be conducted, provided notice of the meeting is given to all members at least thirty (30) days prior to the scheduled meeting and further provided that the notice shall include an order of business listing the substance of all matters to be addressed at such meeting. No business other than that listed shall be conducted unless directly related to the purpose of the meeting. Notice shall be

deemed sufficient if placed in a publication distributed to all members; however, this is not the exclusive method of notice.

Section 11. Any member may waive notice of any meeting. The attendance of a member at any meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. **Notices of regular or special meetings of the membership may be sent by first-class mail, electronic communication, including e-mail, or any other means permitted by law that has been approved by the Board of Directors for sending such notices.**

Section 12. A special meeting of the membership may be called by:

- (A) The President;
- (B) The Executive Vice President upon the written petition of a majority of the Board of Directors;
- (C) The Executive Vice President upon the written petition of one-third (1/3) of the Delegate Body;

Section 13. Only REALTOR® Members and REALTOR® Emeritus Members shall be entitled to cast a vote at regular or special meetings of the membership. REALTOR® Members and REALTOR® Emeritus Members are entitled to vote:

- (A) On all amendments, deletions and additions to these Bylaws in accordance with Article X, Section 10 of these Bylaws;
- (B) On the election of At-Large Delegates in accordance with Article V, Section 2(E) of these Bylaws. *(Section amended 9/28/06)*

Section 14. If a REALTOR® Member resigns from the Board or Association of which he or she is a member or otherwise causes membership to terminate with an ethics complaint pending, Boards of Directors of any Board or Association of this state to which such former REALTOR® Member applies 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. Similarly, the duty to submit to arbitration continues in effect even after membership lapses or is terminated, provided the dispute arose while the former member was a REALTOR®.

ARTICLE V: Delegate Body

Section 1. The Delegate Body shall be responsible for:

- (A) Electing the officers of KAR;
- (B) Electing representatives to NAR;
- (C) Approving the strategic plan and budget prepared and recommended by the Board of Directors.
- (D) Furthermore, and as a specific power delegated to it, the Delegate Body may review and reverse decisions of the Board of Directors upon a majority vote of the delegates including delegates who also serve as directors. *(Section amended 9/28/06)*

Section 2. The number of delegates shall be determined as follows:

- (A) Each Past President of the Association shall serve as a delegate so long as such Past President maintains membership in KAR. Any Past President who misses two (2) consecutive meetings without such absence being excused by the remainder of the Delegate Body at such meeting shall not be removed from the Delegate body but shall be deprived of voting privileges until the third meeting of the Delegate Body consecutively attended by such Past President;
- (B) Each Member Board or Association shall elect, in a manner determined by each such Member Board or

Association, one (1) or more delegates. These delegates shall serve terms of three (3) years and their terms shall be staggered in order to provide for continuity in Delegate Body membership and representation. The number of delegates to be elected by any Member Board or Association shall be determined in accordance with a formula established by the Board of Directors and contained in the KAR Policies and Procedures Manual. Such formula shall be reviewed by the Board of Directors at the first regular meeting of each calendar year and modified as the Board of Directors deems appropriate for elections during the annual convention and regular meeting of membership.

- (C) Any member of KAR who serves as a director or officer of NAR elected by the Delegate Body of KAR shall also serve as a delegate for a concurrent term to KAR's Delegate Body; (amended 6/19/09)
- (D) Any member of KAR who serves as a director or officer of KAR shall also serve as a delegate for a concurrent term to KAR's Delegate Body;
- (E) Three (3) at-large delegates shall be elected by the membership during each convention, held in conjunction with the regular annual membership meeting, to serve terms of three (3) years each, such that there shall be nine (9) at-large delegates serving at all times;
- (F) Any recipient of the NAR Distinguished Service Award shall serve as a Delegate for life.
- (G) Any REALTOR or REALTOR-ASSOCIATE member in good standing shall be eligible to serve on the Delegate Body. *(Added 2/12/09)*
- (H) The Executive Vice President shall serve as an ex-officio, non-voting member of the Delegate Body.

Section 3. Subject to the applicability and operation of Section 4 of this Article V, vacancies on the Delegate Body shall be filled as follows:

- (A) Should a vacancy occur for any reason with regard to a delegate serving by virtue of Article V, Section 2(B), such vacancy shall be filled by the Member Board or Association in any manner prescribed by such Member Board or Association at its next meeting;
- (B) Should a vacancy occur for any reason with regard to a delegate serving by virtue of Article V, Section 2(C), such vacancy shall be filled by the member who succeeds the delegate as an officer or director of NAR provided that such successor in office is a member of KAR. Should a member who would be entitled to serve as a delegate pursuant to Article V, Section 2(C) (his or her successor) decline to serve as a delegate, such vacancy shall not be filled;
- (C) Should a vacancy occur for any reason with regard to a delegate serving by virtue of Article V, Section 2(D), such vacancy shall be filled by the member who succeeds the delegate as an officer of KAR. Should a member who would be entitled to serve as a delegate pursuant to Article V, Section 2(D) (his or her successor) decline to serve as a delegate, such vacancy shall not be filled;
- (D) Should a vacancy occur for any reason with regard to a delegate serving by virtue of Article V, Section 2(E), the Board of Directors shall designate a successor to the vacated office for the balance of the term of that office. Such successor shall be determined by a majority vote of the Board of Directors.
- (E) Should a vacancy be filled in accordance with this Section 3, the successor shall not take office until the subsequent meeting of the Delegate Body.

Section 4. Except as otherwise provided in Article V, Section 2(A), any delegate may be removed from office by a majority vote of the Delegate Body only upon the basis of a report by the Executive Vice President that such delegate has two (2) consecutive unexcused absences. Any delegate removed in accordance with this provision shall immediately be notified in writing of such removal. Removal shall be reviewable by the Board of Directors upon petition of the removed delegate in accordance with the Policies and Procedures Manual. Any delegate whose petition is granted shall be reinstated for the balance of his or her term unless the vacancy has been filled in accordance with Article V, Section 3.

Section 5. The Delegate Body shall conduct at least one (1) regular meeting each year during which it shall undertake all business that comes before it and with regard to which it has authority to act.

Section 6. The Delegate Body may conduct special meetings, provided notice of the meeting is given to all delegates at least seven (7) days prior to the scheduled meeting and further provided that the notice shall include an order of business listing the substance of all matters to be addressed at such meeting. A special meeting of the Delegate Body may be called by:

- (A) The President;
- (B) The Executive Vice President upon the written petition of a majority of the Board of Directors;
- (C) The Executive Vice President upon written petition of a majority of the Delegate Body.

A special meeting of the Delegate Body may also be called for the purpose of reviewing or reversing decisions made at a special meeting of the Board of Directors, provided the notice of the special meeting of the Delegate Body shall include an order of business listing the substance of any decisions of the Board of Directors to be addressed at the special meeting of the Delegate Body. The officer calling the special meeting of the Delegate Body may elect that the special meeting will consist only of electronic voting or polling of the Delegate Body to review or reverse decisions made at a special meeting of the Board of Directors, provided that the notice of the special meeting shall provide delegates with clear instructions as to the timing and procedures for participating in any electronic voting or polling. Participation by a delegate in such electronic voting or polling shall constitute presence in person at the special meeting of the Delegate Body. The vote of a majority of the delegates participating in electronic voting or polling shall constitute the action of the Delegate Body pursuant to the special meeting even though the electronic voting or polling takes place over a period of time, provided that the number of delegates participating in the electronic voting or polling would be sufficient to constitute a quorum at a physical meeting of the Delegate Body.

Section 7. Any delegate may waive notice of any meeting. The attendance of a delegate at any meeting shall constitute a waiver of notice of such meeting, except where a delegate attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. **Notices of regular or special meetings of the Delegate Body may be sent by first-class mail, electronic communication, including e-mail, or any other means permitted by law that has been approved by the Board of Directors for sending such notices.**

Section 8. The terms for all KAR elected positions and all KAR elected positions to NAR shall be limited to two consecutive full terms. Partial terms for all KAR elected positions and all KAR elected positions to NAR shall not count as a full term for purposes of term limits specified in these Bylaws. Only full terms commencing after October 1, 2007 shall be counted toward term limits specified in these Bylaws. *(Section Added 11/28/07)*

ARTICLE VI: Board of Directors

Section 1. The Board of Directors shall be comprised of:

- (A) The President by virtue of his or her election or succession to that office, and who shall preside at all board meetings;
- (B) The President-Elect, Immediate Past President, Treasurer, and Treasurer-Elect, by virtue of his or her election or succession to those respective offices;
- (C) Six KAR Region Directors and nine At-Large Directors elected as follows:
 - (1) Each KAR region shall elect one (1) KAR Region Director. The manner of the election shall be either directly by the entire membership of the region or indirectly by all member board or association in the respective regions. The term of office for KAR Region Director is two (2) years.
 - (2) Three (3) At-Large Directors shall be elected by the membership during each convention, held in conjunction with the regular annual membership meeting, to serve terms of three (3) years each, such that there shall be nine (9) At-Large Directors serving at all times. *(Section Amended 2/12/09)*
- (D) The Executive Vice President shall serve as an ex-officio, non-voting member of the Board of Directors.

Section 2. The Board of Directors shall set policy for KAR and, through the President, shall monitor the Executive Vice President and staff to ensure that policies created by the Board are being implemented.

Section 3. The manner and mechanism by which policy-making and policy implementation shall be undertaken shall be determined by the Board of Directors and detailed in the KAR Policies and Procedures manual.

Section 4. Any delegate who is elected by the Delegate Body to serve as a director shall continue to serve his or her or her term as a delegate.

Section 5. There shall be at least one (1) regular meeting of the Board of Directors at which the business of the Association shall be conducted.

Section 6. The Board of Directors may conduct special meetings, provided notice of the meeting is given to all delegates at least seven (7) days prior to the scheduled meeting and further provided that the notice shall include an order of business listing the substance of all matters to be addressed at such meeting. A special meeting of the Board of Directors may be called by:

- (A) The President;
- (B) The Executive Vice President upon the written petition of two or more officers other than the President;
- (C) The Executive Vice President upon written petition of a majority of the Board of Directors.

A special meeting of the Board of Directors may be held as a conference call and may take place through any means of electronic communication through which the directors may simultaneously hear each other during the conference call, provided that the same notice is given for the conference call as would be required for any other special meeting of the Board of Directors, and provided further that the number of directors participating in the conference call would be sufficient to constitute a quorum at any other special meeting of the Board of Directors. Participation by a director in a conference by such means constitutes presence in person at the special meeting of the Board of Directors.

Section 7. Attendance at any meeting by a Director shall constitute that Director's waiver of objection to the notice requirements unless such Director first notifies the Board that his or her attendance is solely for the purpose of objecting to the meeting on the grounds of improper notice or other violation of these Articles. **Notices of regular or special meetings of the Board of Directors may be sent by first-class mail, electronic communication, including e-mail, or any other means permitted by law that has been approved by the Board of Directors for sending such notices.**

Section 8. Any Director may be removed from office by a majority vote of the remaining Directors only upon the basis of a report by the Executive Vice President that such director has two (2) consecutive unexcused absences. Any Director removed in accordance with this provision shall immediately be notified in writing of such removal. The Delegate Body may remove any Director with 2/3 majority vote. A copy of the proposed motion to remove a Director shall be included with the notice convening the Delegate Body meeting. The Director's position shall be vacated if a quorum of the Delegate Body is present at the noticed meeting and a 2/3 majority of the Delegates present approve the motion to vacate. *(Amended 2/12/09)*

Section 9. Qualifications for Director are as follows:

- (A) Being a member in good standing of the Kentucky Association of REALTORS® and *(Section Added 10-01-09)*
- (B) Having been a delegate, either at-large or local association/board appointed, at least two (2) of the preceding five (5) years; or
- (C) Having served on no less than two (2) KAR committees, work groups, task forces or service areas or other KAR affiliated organizations within the previous five (5) years.
(Section Revised 10-01-09)

Section 10.

- (A) Should a vacancy occur for any reason with regard to any KAR Region Director, such vacancy shall be filled by the membership of the respective region in the manner set forth in Section 1(C)(1) of this Article VI, to serve for the balance of the term of the vacated office.
- (B) Should a vacancy occur for any reason with regard to any At-Large Director, such vacancy shall be filled by the Delegate Body to serve for the balance of the term of the vacated office.
- (H) Should a vacancy occur for any reason with regard to a Director who serves by virtue of his or her election or succession as an Officer of KAR, that vacancy shall be filled in accordance with Article VII, Sections 6, 8 and 9 of these Bylaws. *(Section Added 9/28/06)*

Section 11. The terms for all KAR elected positions and all KAR elected positions to NAR shall be limited to two consecutive full terms. Partial terms for all KAR elected positions and all KAR elected positions to NAR shall not count as a full term for purposes of term limits specified in these Bylaws. Only full terms commencing after October 1, 2007 shall be counted toward term limits specified in these Bylaws. *(Section Added 11/28/07)*

ARTICLE VII: Officers

Section 1. The officers of KAR shall be comprised of The President, the President-Elect, the Treasurer, the Treasurer-Elect and the Executive Vice President. *(Section Revised 9/28/06)*

Section 2. Qualifications for office (other than Executive Vice President) are as follows:

- (A) Having a principal office in Kentucky;
- (B) Having been a member of KAR for a minimum of seven (7) years immediately preceding election; *(Section Revised 10-01-09)*
- (C) Having been a director for two (2) or more of the previous five (5) calendar years; *(Revised 9/23/04)*
- (B) Having served as a member of no less than two of the following committees: Bylaws, Audit, Strategic Plan, Government Affairs, Legal Affairs/Risk Reduction, or KREEF Trustee within the previous seven (7) years; *(Section Added 10-01-09)*
- (C) Having served as a member for at least one (1) year on the Finance Committee within the previous seven (7) years; and *(Section Added 10-01-09)*
- (D) Not concurrently holding the office of president in any Member Board or Association.

Section 3. The President, President-Elect, Treasurer and Treasurer-Elect shall be voting members of the Board of Directors and the Delegate Body and their terms in office shall be for one (1) year.

Section 4. The President shall serve as the chairman and presiding officer of the meeting of the membership, the Delegate Body and the Board of Directors and shall not cast a ballot on any motion or issue except to break a tie vote.

Section 5. The Executive Vice President shall be an ex-officio member and serve as the secretary of the meetings of the Board of Directors, meetings of the Delegate Body and membership meetings.

Section 6. The offices of President-Elect and Treasurer-Elect shall be filled by election by the Delegate Body at its meeting during the annual convention. The President-Elect or Treasurer-Elect who is elected pursuant to this Article VII, Section 6, shall take office beginning January 1 of the year following his or her election. The terms of office of the President-Elect and Treasurer-Elect shall expire upon their respective succession to the offices of President or Treasurer. *(Section Revised 9/28/06)*

Section 7. The President and Treasurer shall take office beginning January 1 of the year following his or her

respective term of office as President-Elect and Treasurer-Elect unless he or she succeeds to office pursuant to Section 8(A) and (B), respectively, of this Article VI. The term of office of a President or Treasurer who succeeds to office pursuant to this Article VII, Section 7, shall expire on the 31st day of December of the year in which they succeed to office. *(Section Revised 9/28/06)*

Section 8. Any vacancy in the offices of President and Treasurer shall be filled as follows:

- (A) If there is a vacancy in the office of the President, the President-Elect shall immediately succeed to the office of the President. In the subsequent year he or she shall continue to serve as President.
- (B) If there is a vacancy in the office of the Treasurer, the Treasurer-Elect shall immediately succeed to the office of the Treasurer. In the subsequent year he or she shall continue to serve as Treasurer.
(Section Revised 9/28/06)

Section 9. Any vacancy in the offices of President-Elect and Treasurer-Elect shall be filled as follows:

- (A) If a vacancy occurs in the office of President-Elect subsequent to the annual elections, the successor President-Elect shall immediately assume office for the balance of the term and shall continue to serve as President-Elect in the subsequent calendar year.
- (B) If a vacancy occurs in the office of President-Elect prior to the annual elections, the office shall be filled by the Delegate Body at its next regular or special meeting for the balance of the term and for the subsequent calendar year.
- (C) If a vacancy occurs in the office of Treasurer-Elect subsequent to the annual elections, the successor Treasurer-Elect shall immediately assume office for the balance of the term and shall continue to serve as Treasurer-Elect in the subsequent calendar year.
- (D) If a vacancy occurs in the office of Treasurer-Elect prior to the annual elections, the office shall be filled by the Delegate Body at its next regular or special meeting for the balance of the term and for the subsequent calendar year.
(Section Added 9/28/06)

Section 10. Subject to the requirements of due process and with advice of legal counsel, any officer may be removed by a vote of two-thirds (2/3) of the Board of Directors when, in the judgment of the Board of Directors such officer is guilty of nonfeasance, misfeasance or malfeasance.

Section 11. The Board may demand bonds to ensure the performance of any officer's duties and in such amounts as it deems appropriate. Premiums for such bonds shall be borne by KAR.

Section 12. In addition to the duties and authority set out elsewhere in these Bylaws, the President shall encourage the development and improvement of KAR's policy making efforts ensuring they are designed to accomplish KAR's mission. He or she shall monitor the progress of the Executive Vice President and KAR staff in implementing the policies established by the Board of Directors. He or she shall make regular reports to the membership, Delegate Body and Board of Directors regarding the success of KAR in carrying out its mission. He or she shall appoint committees, task forces and policy groups as he or she believes appropriate to carry out the mission of KAR. He or she shall serve as an ex-officio member of all committees, task forces or policy groups except those excepted by the Board of Directors and identified in the KAR Policies and Procedures Manual. The President shall have the authority to call meetings of the membership, the officers, the Delegate Body and the Board of Directors.

Section 13. The Treasurer shall oversee the funds and investments of KAR. He or she shall make a report of the financial status of KAR at each Board of Directors Meeting, each meeting of the Delegate Body, and at meetings of the membership.

Section 14. In addition to the duties and authority set out elsewhere in these Bylaws, the Executive Vice President shall serve as the Chief Administrative and Operations Officer of KAR. He or she shall supervise staff and have decision-making authority regarding staff employment matters. He or she will be responsible for the day-to-day management of KAR and for implementing policies and procedures established by the Board of

Directors. He or she shall make a report of the operational status of KAR at each Board of Directors Meeting, each meeting of the Delegate Body, and at meetings of the membership.

Section 15. Further duties of the officers shall be determined and amended as necessary or appropriate by the Board of Directors and set out in the KAR Policies and Procedures Manual.

ARTICLE VIII: Dues and Assessments

The Board of Directors is hereby granted the authority and power and vested with the responsibility of establishing, on an annual basis, the dues and, if deemed necessary by the Board of Directors, assessments to be paid by members of the various classes as described in Article IV, Section 5(A) - 5(F). All matters relating to the imposition and collection of membership dues and assessments of any kind shall be determined by the Board of Directors and set forth in the KAR Policies and Procedures Manual. During its last regular meeting in each calendar year, the Board of Directors shall review the KAR Policies and Procedures Manual as it relates to dues and assessments and amend such policy as necessary.

ARTICLE IX: Code of Ethics & Professional Standards

Section 1. All REALTOR® members of KAR shall abide by the Code of Ethics of NAR (the "Code"). KAR will resolve all disputes between REALTORS® and involving REALTOR® members in accordance with the Code and the KAR Professional Standards Agreement (the "Agreement"), as amended from time to time, and as set forth in the KAR Policies and Procedures Manual. All Member Board or Association shall resolve disputes following the procedure contained in the Code and the Agreement. To the extent anything in the Agreement is prohibited by the Code, the provisions of the Code shall prevail.

Section 2. Allegations of ethical violations and contractual disputes (and specific non-contractual disputes as defined in Standard of Practice 17-4) between REALTORS® and between REALTORS® and their customers or clients may be submitted to an ethics or arbitration panel at KAR under the following circumstances:

- (A)** Allegations of unethical conduct made against a REALTOR® in the instance in which the local Board retains jurisdiction pursuant to participation in the KAR Professional Standards Agreement because of size or other valid reason, determines that it cannot provide a due process hearing of the matter and petitions KAR to conduct a hearing.
- (B)** Where the REALTORS® are members of a Board that has delegated to KAR the responsibility for enforcing the Code pursuant to the KAR Professional Standards Agreement.

Section 3. Professional Standards hearings and the organization and procedures incident thereto shall be governed by the Code of Ethics and Arbitration Manual of the National Association of REALTORS®, as from time to time amended, which by this reference is made a part of these Bylaws.

Section 4. New Member Code of Ethics Orientation. Applicants for REALTOR® and REALTOR-ASSOCIATE® membership shall complete an orientation program on the Code of Ethics of not less than two hours and thirty minutes of instructional time. This requirement does not apply to applicants who have completed comparable orientation in another association, provided that membership has been continuous, or that any break in membership is for one year or less.

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

Note: This orientation program must meet the learning objectives and minimum criteria established from time to time by the National Association of REALTORS®. (*Section Added 2/21/08*)

Section 5. Continuing Member Code of Ethics Training. Effective January 1, 2001, through December 31, 2004, and for successive four year periods thereafter, each REALTOR® and REALTOR-ASSOCIATE® member of the association shall be required to complete quadrennial ethics training of not less than two hours and thirty minutes of instructional time. This requirement will be satisfied upon presentation of documentation that the

member has completed a course of instruction conducted by this or another association, or the NATIONAL ASSOCIATION OF REALTORS®, or any other recognized educational institution or provider which meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS® from time to time. Members who have completed training as a requirement of membership in another association and members who have completed the New Member Code of Ethics Orientation during any four year cycle shall not be required to complete additional ethics training until a new four year cycle commences.

Failure to satisfy this requirement shall be considered a violation of a membership duty for which membership shall be suspended until such time as the training is completed.

Members suspended for failing to meet the requirement for the first four (4) year cycle (2001 through 2004) will have until December 31, 2005 to meet the requirement. Failure to meet the requirement by that time will result in automatic termination of membership.

Failure to meet the requirement for the second (2005 through 2008) cycle and subsequent four (4) year cycles will result in suspension of membership for the first two months (January and February) of the year following the end of any four (4) year cycle or until the requirement is met, whichever occurs sooner. On March 1 of that year, the membership of a member who is still suspended as of that date will be automatically terminated. (Adopted 1/01, revised 5/05) *(Section Added 2/21/08)*

Section 6. If a REALTOR® Member (as defined in Article IV, Section 5(A) of these Bylaws) resigns from the Board or otherwise causes membership to terminate with an ethics complaint pending, that Board of Directors may condition the right of the resigning Member to reapply for membership upon the applicant's certification that he or she will submit to the pending ethics proceeding and will abide by the decision of the hearing panel. If a REALTOR® 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®.

ARTICLE X: Miscellaneous Provisions

Section 1. With the exception of the Executive Vice President, no officer, director, delegate or member shall receive any compensation for services.

Section 2. The fiscal year of KAR shall be the calendar year.

Section 3. Robert's Rules of Order, Current Edition, and KAR's Special Rules of Order, if any are created and made a part of the KAR Policies and Procedures Manual, shall be recognized as the authority governing all meetings of KAR when not in conflict with the Bylaws or Articles of Incorporation; provided, however, that the decisions of the Past Presidents shall be based upon its members' own sense of fairness. The Past Presidents may rely on Robert's Rules but shall not be bound by such authority. The Past Presidents shall be bound by any matters governing elections and made a part of KAR Policies and Procedures Manual by the Board of Directors. *(Revised 2/11/10)*

Section 4. All references to the masculine shall also include the feminine where circumstances make it appropriate. All references to the singular shall also include the plural and vice versa where circumstances make it appropriate.

Section 5. Twenty-five percent (25%) of the total number of REALTOR® Members, Institute Affiliate Members and REALTOR® Emeritus Members registered at a regular meeting of the membership shall constitute a quorum for such meeting.

Section 6. One or more REALTOR® Members from at least fifty percent (50%) of the Member Board or Association in good standing shall constitute a quorum at special meetings of the membership.

Section 7. A majority of the elected delegates eligible to vote shall constitute a quorum for meetings of the Delegate Body.

Section 8. A majority of the elected directors eligible to vote shall constitute a quorum for meetings of the

Board of Directors.

Section 9. The terms for all KAR elected positions and all KAR elected positions to NAR shall be limited to two consecutive full terms. Partial terms for all KAR elected positions and all KAR elected positions to NAR shall not count as a full term for purposes of term limits specified in these Bylaws. Only full terms commencing after October 1, 2007 shall be counted toward term limits specified in these Bylaws. *(Section Added 11/28/07)*

Section 10. Any provision of these Bylaws which becomes obsolete or inoperable by virtue of the passage of time shall automatically be deleted from subsequent printed editions of the Bylaws.

Section 11. These Bylaws may be amended at any regular or special meeting of KAR membership by affirmative vote of two-thirds (2/3) of the REALTOR® Members and REALTOR® Emeritus Members present and voting provided that a quorum is present and provided further that written notice of the substance of any proposed amendment, specifically identifying the Article and Section to be amended, shall first have been sent to each REALTOR® Member at least thirty (30) days in advance of the meeting. The written notice of the substance of any proposed amendment of these Bylaws may be sent by first-class mail, electronic communication, including e-mail, or any other means permitted by law that has been approved by the Board of Directors for sending such notices. *(Revised 2/11/10)*

Section 12. Amendments of these Bylaws shall not become effective until approved by NAR. Should NAR notify KAR that any provision not included in these Bylaws must be included prior to approval, such provision shall be inserted in the Bylaws subject to ratification by the KAR Board of Directors only in accordance with Section 12 of this Article X.

Section 13. Notwithstanding Section 10 of this Article X, these Bylaws may be amended by majority vote of the Board of Directors if such amendment is mandated by NAR policy.

Section 14. Upon dissolution of KAR and payment of its just debts, the Board of Directors, in its discretion, shall distribute any remaining assets to educational institutions of higher learning within the Commonwealth of Kentucky.

LAST MODIFICATION APPROVED: February 11, 2010