

**Bylaws
OF THE
AIKEN ASSOCIATION OF REALTORS®
(Adopted 2020)**

ARTICLE I - Name

Section 1. Name. The Name of this organization shall be the Aiken Association of REALTORS®, Inc. (hereinafter referred to as the "Association"). (Amended 2020)

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

ARTICLE II - Objectives

The objectives of the Association are:

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

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

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

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

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

Section 6. To designate, for the benefit of the public, those individuals authorized to use the Terms REALTOR® and REALTORS® as licensed, prescribed, and controlled by the NATIONAL ASSOCIATION OF REALTORS® ("NAR" or "National Association").

ARTICLE III - Jurisdiction

Section 1. The territorial jurisdiction of the Association, as a Member of the NATIONAL ASSOCIATION OF REALTORS® is: Aiken County, South Carolina except that part of Aiken County North and West of a line drawn on a map of Aiken County and made a part of file, which is approximately equal distance from the city limits of Aiken, South Carolina, and North Augusta, South Carolina, all of Barnwell County, South Carolina, and all of Allendale County, South Carolina (Amended 2020)

Section 2. Territorial jurisdiction is defined to mean:

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

Section 3. The Corporation shall maintain its Principal Office as required by the South Carolina Nonprofit Corporation Act of 1994, as amended (the "Act"), in the City of Aiken, State of South Carolina or such other place as designated from time

ARTICLE IV - Membership

Section 1. Classes of Membership

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

Individuals who, as sole proprietors, partners, or corporate officers, or branch office managers, are engaged actively in the real estate profession, including buying, selling, exchanging, renting or leasing, managing, appraising for others for compensation, counseling, building, developing or subdividing real estate, and who maintain or are associated with an established real estate office in the state of South Carolina or a state contiguous thereto. All persons who are partners in a partnership, or all officers in a corporation who are actively engaged in the real estate profession within the state, or a state contiguous thereto, shall qualify for REALTOR® Membership only, and each is required to hold REALTOR® Membership (except as provided in the following paragraph) in an association of REALTORS® within the state or a state contiguous thereto unless otherwise qualified for Institute Affiliate Membership. (Amended 2018)

In the case of a real estate firm, partnership, or corporation, whose business activity is substantially all commercial, only those principals actively engaged in the real estate business in connection with the same office, or any other offices within the jurisdiction of the association in which one of the firm's principals holds REALTOR® membership, shall be required to hold REALTOR® membership unless otherwise qualified for Institute Affiliate Membership. (Amended 2018)

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

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

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

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

(d) 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 (or mediate if required by the Association) pursuant to Article 17 of the Code of Ethics and the payment of Association dues. The "Designated

REALTOR®" must be a sole proprietor, partner, corporate officer or branch office manager acting on behalf of the firm's principal(s) and must meet all other qualifications for REALTOR® Membership.

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

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

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

(h) Honorary Members. Honorary members shall be individuals not engaged in the real estate profession who have performed notable service for the real estate profession, for the Association, or for the public.

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

Section 2. Privileges of REALTOR® Members. REALTOR® Members, whether primary or secondary, in good standing whose financial obligations to the Association are paid in full shall be entitled to vote and hold elective office in the Association; may use the terms REALTOR® and REALTORS®, and have the primary responsibility to safeguard and promote the standards, interests, and welfare of the Association and the real estate profession.

Section 3. Obligations of REALTOR® Members. It shall be the duty and responsibility of every REALTOR® Member of this Association to abide by the Constitution and Bylaws and the Rules and Regulations of the Association, the Constitution and Bylaws of the State Association, the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS®, and to abide by the Code of Ethics of NATIONAL ASSOCIATION OF REALTORS®, including the duty to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics, and as further defined and in accordance with the procedures set forth in the Code of Ethics and Arbitration Manual of this Association as from time to time amended.

ARTICLE V - Qualification and Election

Section 1. Application. An application for membership shall be made in such manner and form as may be prescribed by the Association's Board of Directors ("Board" or "Board of Directors") and made available to anyone requesting it. The application form shall contain among the statements to be signed by the applicant (1) that applicant agrees as a conditions to membership to thoroughly familiarize himself with the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, the Constitutions, Bylaws, and Rules and Regulations of the Association, the State and National Associations, and if elected a Member, will abide by the Constitution and Bylaws and the Rules and Regulations of the Association, State and National Associations, and if a REALTOR® Member, will abide by the Code of Ethics of the

NATIONAL ASSOCIATION OF REALTORS® including the obligation to arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics, and as further specified in the *Code of Ethics and Arbitration Manual* of the NATIONAL ASSOCIATION OF REALTORS®, as from time to time amended, and (2) that applicant consents that the Association, through its Membership Committee or otherwise, may invite and receive information and comment about applicant from any Member or other persons, and that applicant agrees that any information and comment furnished to the Association by any person in response to the invitation shall be conclusively deemed to be privileged and not form the basis of any action for slander, libel, or defamation of character. The applicant shall, with the form of application, have access to a copy of the Bylaws, Constitution, Rules and Regulations, and Code of Ethics referred to above.

Section 2. Qualification

(a) An applicant for REALTOR® Membership who is a sole proprietor, partner, corporate officer, or branch office manager of a real estate firm, shall supply evidence that he/she is actively engaged in the real estate profession and maintains a current, valid real estate broker's or salesperson's license or is licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property, has a place of business within the state or a state contiguous thereto (unless a secondary member), has no record of recent or pending bankruptcy*, has no record of official sanctions involving unprofessional conduct**, agrees to complete course of instruction covering the Bylaws and Rules and Regulations of the Association, the Bylaws of the State Association, and the *Constitution and Bylaws* and Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, and shall pass such reasonable and nondiscriminatory written examinations thereon as may be required by the Committee, and shall agree that if elected to membership, he will abide by such *Constitution, Bylaws, Rules and Regulations, and Code of Ethics*. (Amended 2018)

(*) If the applicant or the applicant's real estate firm is named as a debtor in such bankruptcy proceeding, membership may not be denied unless the Board of Directors establishes that its interests and those of its members and the public could not be adequately protected by requiring that the applicant pay cash in advance for Association dues and Association MLS fees for up to one (1) year from the date that membership is approved. In the event that an existing member initiates bankruptcy proceedings, the member may be placed on a "cash basis" from the date that bankruptcy is initiated until one (1) year from the date that the member has been discharged from bankruptcy. (Amended 2018)

(**)The Association may only consider:

- A. Civil judgments against the applicant imposed within the past seven (7) years involving judgments of (1) civil rights laws, (2) real estate license laws, (3) or other laws prohibiting unprofessional conduct against the applicant rendered by the courts or other lawful authorities.
- B. Criminal convictions if within the past seven (7) years involving a crime that reasonably relates to the real estate business or puts clients, customers, or other real estate professionals at risk. The applicant must provide and the Association must consider mitigating factors relating to that criminal history. (Amended 2018)

Note 1: Article IV, Section 2, of the *NAR Bylaws* prohibits Member Associations from knowingly granting REALTOR® or REALTOR-ASSOCIATE® membership to any applicant who has unfulfilled sanction pending which was imposed by another board or association of REALTORS® for violation of the Code of Ethics. (Amended 2018)

(b) Individuals who are actively engaged in the real estate profession other than as sole proprietors, partners, corporate officers, or branch officer managers in order to qualify for REALTOR® Membership, shall at the time of application, be associated either as an employee or an Independent Contractor with a Designated REALTOR® Member of the Association or a Designated REALTOR® Member of another association (if a secondary member) and must maintain a current, valid real estate broker's or salesperson's license or be licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property, has no record of official sanctions involving unprofessional conduct*, shall

complete a course of instruction covering the Bylaws and Rules and Regulations of the Association, the Bylaws of the State Association and the Constitution and Bylaws and Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, and shall pass such reasonable and nondiscriminatory written examination thereon as may be required by the Membership Committee, and shall agree in writing that if elected to membership he will abide by such Constitution, Bylaws, Rules and Regulations and the Code of Ethics.(Amended 5/07)

(*The Association may only consider:

- A. Civil judgments against the applicant imposed within the past seven (7) years involving judgments of (1) civil rights laws, (2) real estate license laws, (3) or other laws prohibiting unprofessional conduct against the applicant rendered by the courts or other lawful authorities.
- B. Criminal convictions if within the past seven (7) years involving a crime that reasonably relates to the real estate business or puts clients, customers, or other real estate professionals at risk. The applicant must provide and the Association must consider mitigating factors relating to that criminal history. (Amended 2018)

(c) The Board of Directors 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 (3) 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. (Amended 2018)

"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; see Article V, Section 2 (a) Note 1) provided all other qualifications for membership have been satisfied, the Association 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. Election

The procedure for election to membership shall be as follows.

(a) The Association Executive (or duly authorized designee) shall determine whether the applicant is applying for the appropriate class of membership. If the Association has adopted provisional membership, applicants for REALTOR® membership may be granted provisional membership immediately upon submission of a completed application form and remittance of applicable Association dues and any applicable fee. Provisional members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of membership. Provisional membership is granted subject to final review of the application by the Board of Directors. (Amended 2018)

(b) If the Board of Directors determines that the individual does not meet all of the qualifications for membership as established in the Association's Bylaws, or, if the individual does not satisfy all of the requirements of membership (for example, completion of a mandatory orientation program) within sixty (60) days from the Association's receipt of their application, membership may, at the discretion of the Board of Directors, be terminated. The Board of Directors shall vote on the applicant's eligibility from membership. If the applicant receives a majority vote of the Board of Directors, he/she shall be declared elected to membership shall be advised by written notice. (Amended 2018)

(c) The Board of Directors may not reject an application without providing the applicant with advance notice of the findings, an opportunity to appear before the Board of Directors, to call witnesses on his/her behalf, to be represented by counsel, and to make such statements as he/she deems relevant. The Board of Directors may also have counsel present. The Board of Directors shall require that written minutes be made of any hearing before it or may electronically or mechanically record the proceedings. (Updated 2016)

(d) If the Board of Directors determines that the application should be rejected, it shall record its reasons with the Association Executive (or duly authorized designee). If the Board of Directors believes that denial of membership to the applicant may become the basis of litigation and a claim of damage by the applicant, it may specify that denial shall become effective upon entry in a suit by the Association for a Declaratory Judgment by a court of competent jurisdiction of a final judgment declaring that the rejection violates no rights of the applicant. (Amended 2018)

Section 4. Status Changes

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

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

(The Board of Directors, at its discretion, may waive any qualification, which the applicant has already fulfilled in accordance with the Association's Bylaws.)

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

(c) Dues shall be prorated from the first day of the month in which the member is notified of election by the Board of Directors and shall be based on the new membership status for the remainder of the year. (Added 1/05)

ARTICLE VI - Privileges and Obligations

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

Section 2. Any member of the Association may be reprimanded, fined, placed on probation, suspended, or expelled by the Board of Directors for a violation of these Bylaws, and Association Rules and Regulations not inconsistent with these Bylaws, after a hearing as provided in the Code of Ethics and Arbitration Manual of the Association. (Amended 2018)

Section 3. Resignations of Members shall become effective when received in writing by the Board of Directors, provided, however, that if any Member submitting the resignation is indebted to the Association for dues, fees, and fines, or other assessments of the Association or of any of its services, departments, divisions, or subsidiaries, the Board of Directors may condition the right of the resigning Member to reapply for membership upon payment in full of all such monies owed.

Section 4. If a Member resigns from the Association or otherwise causes membership to terminate with an ethics complaint pending, the complaint shall be processed until the decision of the Association with respect to disposition of the complaint is final by this Association (if respondent does not hold membership in any other association) or by any other association in which the respondent continues to hold membership. If an ethics respondent resigns or otherwise causes membership in all associations to terminate before an ethics complaint is filed alleging unethical conduct occurred while the respondent was a REALTOR®, the Complaint, once filed, shall be processed until the decision of the Association with respect to disposition of complaint is final. In any instance where an ethics hearing is held subsequent to an ethic respondent's resignation or membership termination, any discipline ratified by the Board of Directors shall be held in abeyance until such time as the respondent rejoins an association of REALTORS®. (Updated 2018)

(a) If a member resigns or otherwise causes membership to terminate, the duty to submit to arbitration (or to mediation if required by the Association) continues in effect even after membership lapses or is terminated, provided that the dispute arose while the former member was a REALTOR®. (Amended 1/00 and 11/11)

Section 5.

(a) If a REALTOR® member is a sole proprietor in a firm, a partner in a partnership or an officer in a corporation, and is suspended or expelled, the firm, partnership or corporation shall not use the terms REALTOR® or REALTORS® in connection with its business during the period of suspension, or until 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 until readmission 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/herself from any form or degree of management control of the firm for the term of the 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 in 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/her 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.

(b) In any action taken against a REALTOR® Member for suspension or expulsion under Section 5(a) hereof, notice of such action shall be given to all REALTORS® employed by or affiliated as independent contractors with such REALTOR® Member and they shall be advised that the provisions in Article VI, Section 5(a) shall apply.

(c) If a REALTOR/Member is found to be improperly advertising (against SC License Law, Code of Ethics, etc.), discipline will be as follows:

- 1st Offense: A warning letter will be sent to the agent and their BIC via email, USPS, Navica log-on notification and text message.
- 2nd Offense: MLS Services will be suspended for 7 days and a \$250 reinstatement will apply. Agent and BIC will be notified via email, certified mail, Navica login notification and text message. LLR will also be notified. Agent will be given 5 business days from electronic notification to submit appeal to the Association Board of Directors before services are suspended and LLR is notified.

Appeal process: Submit appeal via writing or request Meeting with Board of Directors. (Added 2020)

Section 6. Institute Affiliate Members. Institute Affiliate Members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors consistent with the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS®.

Note: Local associations establish the rights and privileges to be conferred on Institute Affiliate Members except that no Institute Affiliate Member may be granted the right to use the term REALTOR®, or the REALTOR® logo; to serve as President of the local Association; or to be a Participant in the local Association's Multiple Listing Service (Adopted 5/02)

Section 7. Affiliate Members. Affiliate Members shall have such privileges and rights and be subject to such obligations as may be prescribed by the Board of Directors. These rights include an invitation to attend Association membership meetings, a complete list of current members and their company listed on our public MLS site. (Amended 2018)

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

Section 9. Honorary Membership. Honorary Membership shall confer only the right to attend Association Membership meetings and participate in discussions. (Amended 2018)

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

Section 11. Certification by REALTORS®. "Designated" REALTOR® Members of the Association shall certify to the Association during the first Quarter of each year, on a form provided by the Association, a complete listing of all individuals licensed or certified with the REALTOR'S® office(s) and shall designate a primary association for each individual who holds membership. Designated REALTOR® shall also identify any non-member licensees in the REALTOR'S® office(s) and if Designated REALTOR® dues have been paid to another association based on said non-member licensees,

the Designated REALTOR® shall identify the association to which dues have been remitted. These declarations shall be used for purposes of calculating dues under Article X, Section 2(a) of the Bylaws. If the Designated Realtors fails to fill out and return the certification form within thirty (30) days of receipt of form, an e-mail reminder and a certified letter will be sent giving them 10 days to return the form. If the form is still not returned a \$300 fine will be assessed after the 10 day notice. "Designated" REALTOR® Members shall also notify the Association of any additional individual(s) licensed or certified with the firm(s) within 30 days of the date of affiliation or severance of the individual. The Association audits its REALTOR® member list against the South Carolina Real Estate Commission roster on a quarterly basis. If a discrepancy is found on the Commission report the office will give you 14 calendar days written notice to clear up membership discrepancies. If clarification is not received in 14 calendar days, offices will be fined \$100.00 for the first offense and \$250 for each offense thereafter. (Amended 2018)

Section 13. Harassment. Please see Aiken Association of REALTORS®'s Policies and Procedures Manual for updated Harassment Policy. (Amended 2020)

NOTE: Suggested procedures for processing complaints of harassment are available online at <http://www.nar.realtor> or from the Member Policy Department. (Amended 2020)

ARTICLE VII – Code of Ethics **Professional Standards and Training**

Section 1. New Member Code of Ethics Orientation. Applicants for REALTOR® membership and provisional REALTOR® members (where applicable) shall complete an orientation program on the Code of Ethics of not less than two (2) hours and thirty (30) minutes of instructional time. This requirement does not apply to applicants for REALTOR® membership or provisional members who have completed comparable orientation in another association, provided REALTOR® membership has been continuous, or that any break in membership is for one year or less.

Failure to satisfy this requirement within thirty (30) days of the date of application (or alternatively, the date that provisional membership was granted), will result in denial of membership application or termination of provisional membership. (Amended 2020)

Section 2. Continuing Member Code of Ethics Training. Effective January 1, 2019, through December 31, 2021, and for successive three (3) year periods thereafter, each REALTOR® member of the Association (with the exception of REALTOR® members granted REALTOR® Emeritus status by the National Association) shall be required to complete ethics training for not less than two (2) hours and thirty (30) minutes of instructional time. This requirement will be satisfied upon presentation of documentation that the member has completed a course of instruction conducted by this or another association, the South Carolina Association of REALTORS®, the NATIONAL ASSOCIATION OF REALTORS®, which meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS® from time to time. REALTOR® members who have completed training as a requirement of membership in another association and REALTOR® members who have completed the New Member Code of Ethics Orientation during any three (3) year cycle shall not be required to complete additional ethics training until a new three (3) year cycle commences. (Updated 2020)

Failure to satisfy the required periodic ethics training shall be considered a violation of a membership duty. Failure to meet the requirement in any three (3) year cycle will result in suspension of membership for the first two months (January and February) of the year following the end of any three (3) 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. (Updated 2020)

Section 3. Discipline of REALTOR® Members. Any REALTOR® member of the Association may be disciplined by the Board of Directors for violations of the Code of Ethics or other duties of membership,

after a hearing as described in the Code of Ethics and Arbitration Manual of the Association, provided that the discipline imposed is consistent with the discipline authorized by the Professional Standards Committee of the NATIONAL ASSOCIATION OF REALTORS® as set forth in the *Code of Ethics and Arbitration Manual* of the National Association.

Section 4. Enforcement of the Code. The responsibility of the Association and of Association Members relating to the enforcement of the Code of Ethics, the disciplining of Members, and the arbitration of disputes, and the organization and procedures incident thereto shall be governed by the Code of Ethics and Arbitration Manual of the NATIONAL ASSOCIATION OF REALTORS®, as amended from time to time, which is by this reference incorporated into these Bylaws, provided, however, that any Article VII provision deemed inconsistent with state law shall be deleted or amended to comply with state law. (Amended 2018)

Section 5. Cooperative Professional Standards Enforcement Agreement. The responsibility of the Association and its members relating to the enforcement of the Code of Ethics, the disciplining of members, the arbitration of disputes, and the organization and procedures incident thereto, shall be consistent with the cooperative professional standards enforcement agreement entered into by the Association, which by this reference is made a part of these Bylaws.

ARTICLE VIII – REALTOR® Trademark- Use of the Terms REALTOR® and REALTORS®

Inclusion and retention of the Registered Collective Membership Mark REALTORS® in the name of the Association shall be governed by the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS® as from time to time amended. (Added 2018)

Section 1. Use of the terms REALTOR® and REALTORS® by Members shall, at all times be subject to the provisions of the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS® and to the Rules and Regulations prescribed by its Board of Directors. The Association shall have the authority to control, jointly and in full cooperation with the NATIONAL ASSOCIATION OF REALTORS®, use of the terms within its jurisdiction. Any misuse of the terms by members is a violation of a membership duty and may subject members to disciplinary action by the Board of Directors after a hearing as provided for in the Association’s Code of Ethics and Arbitration Manual. (Amended 5/06)

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

Section 3. A REALTOR® principal Member who is a principal may use the terms REALTOR® and REALTORS® only if all of the principals of such firm, partnership or corporation who are actively engaged in the real estate profession within the state or a state contiguous thereto are REALTOR® Members of the Association or Institute Affiliate Members.

In the case of a REALTOR® principal member whose business activity is substantially all commercial, the right to use the term REALTOR® or REALTORS® shall be limited to office locations in which a principal holds REALTOR® membership. If a firm, partnership or corporation operates additional places of business in which no principal holds REALTOR® membership, the term REALTOR® or REALTORS® may not be used in any reference to those additional places of business. (Amended 2018)

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

ARTICLE IX - State and National Membership

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

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

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

ARTICLE X - Dues

Section 1. Application Fee. The Board of Directors may adopt an application fee for REALTOR® Membership in reasonable amount, not exceeding three (3) times the amount of the annual dues for REALTOR® Membership, which shall be required to accompany each application for REALTOR® Membership, and which shall become the property of the Association upon final approval of the application.

Application fee may be waived if applicant was a member in good standing within the last twelve (12) months. However, a reinstatement fee set by the Board of Directors may be charged instead.

Section 2. Dues. The annual dues of the members shall be as follows.

(a) **Designated REALTOR® Members Dues.** The annual dues of each Designated REALTOR® Member shall be in such amount as established annually by the Board of Directors, plus an additional amount to be established annually by the Board of Directors. (Amended 2018)

(b) **REALTOR® Members Dues.** The annual dues of REALTOR® Members other than the Designated REALTOR® shall be established annually by the Board of Directors. (Amended 5/5/02)

(c) **Institute Affiliate Members Dues.** The annual dues of each Institute Affiliate Member shall be as established in Article II of the Bylaws of the NATIONAL ASSOCIATION OF REALTORS®. (Amended 5/5/02)

(d) **Affiliate Members.** The annual dues of each Affiliate Member shall be in such amount as established annually by the Board of Directors. A local corporate Affiliate Membership can be purchased within the same office. The first member will pay the annual dues in such amount as established annually by the Board of Directors and then anyone from within that office can join as an affiliate for \$50/year. (Amended 8/2014)

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

(f) **Honorary Members.** Dues payable, if any, shall be at the discretion of the Board of Directors.

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

Section 3. Dues Payable. Dues for all Members shall be payable annually in advance no later than the last business day in January. Late fees will be assessed for all annual dues payments that are paid on or after the 2nd business day after they are due in the amount of \$50.00. Dues for new members shall be computed from the month of application and granting of provisional membership. The Designated REALTOR® is responsible for payment of assessments for non-member licensees and will be computed on the first day of the month in which the license is issued. Invoices will be sent to all REALTORS® by the Association by the last business day of each year for the following year's dues. (Amended 2020)

In the event a sales licensee or licensed or certified appraiser who holds REALTOR® membership is dropped for nonpayment of Association dues, and the individual remains with the designated REALTOR®'s firm, the dues obligation of the "designated" REALTOR® (as set forth in Article X, Section 2 (a)) will be increased to reflect the addition of a non-member licensee. Dues shall be calculated from the first day of the current fiscal year and are payable within 30 days of the notice of termination. (Adopted 12/08)

Section 4. Non-Payment of Financial Obligations. If dues, fees, fines, or other assessments including amounts owed to the Association or the Association's Multiple Listing Service are not paid within one month after the due date, the non-paying Member is subject to suspension at the discretion of the Board of Directors.

Two (2) months after the due date, membership of the non-paying member may be terminated at the discretion of the Board of Directors.

Three (3) months after the due date, membership of the non-paying Member shall automatically terminate unless within that time the amount due is paid. However, no action shall be taken to suspend or expel a Member for nonpayment of disputed amounts until the accuracy of the amount owed has been confirmed by the Board of Directors. A former Member who has had his membership terminated for nonpayment of dues, fees, fines, or other assessments duly levied in accordance with these Bylaws 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 a manner prescribed for new applicants for membership, after making payment in full of all accounts due as of the date of termination.

Section 5. Deposits and Expenditures. Deposits and expenditures from the operating funds shall be in accordance with policies established by the Board of Directors.

Section 6. Day to Day Finances. The Board of Directors shall administer the day to day finances of the Association. Unbudgeted expenditures in excess of \$10,000 or expenditures \$10,000 in excess of budgeted amounts may not be made unless authorized by a majority of the Association members eligible to vote and present at a duly held membership meeting. However, unbudgeted expenditures required for the protection of capital assets or to respond to emergency situations may be authorized by the Board of Directors. (Amended 2018)

Section 7. Notice of Dues, Fees, Fines, Assessments, and Other Financial Obligations of Members. All dues, fees, fines, assessments, or other financial obligations to the Association or the Association's Multiple Listing Service shall be noticed to the delinquent Association Member in writing setting forth the amount owed and due date.

Section 8. REALTOR® Emeriti. The Dues of REALTOR® Members who are REALTOR® Emeriti (as recognized by the National Association), Past Presidents and past treasurers of the National Association or recipients of the Distinguished Service Award shall be waived. (Amended 2020)

ARTICLE XI - Officers and Directors

Section 1. Officers. The elected officers of the Association shall be: a President, a President Elect, a Vice-President, a Secretary/Treasurer. The Secretary and Treasurer shall be the same person. The officers will be elected for a term of one (1) year with the exception of Secretary/Treasurer who will serve a term of two (2) years. (Amended 2018)

Section 2. Duties of Officers. The duties of the officers shall be such as their titles, by general usage would indicate and such as may be assigned to them by the Board of Directors. It shall be the particular duty of the Association Executive to keep the records of the Board of Directors and to carry on all necessary correspondence with the NATIONAL ASSOCIATION OF REALTORS® and the SOUTH CAROLINA ASSOCIATION OF REALTORS®. (Amended 2018)

Section 3. Board of Directors. The governing body of the Association shall be a Board of Directors consisting of the elected officers, the Immediate Past President, three (3) REALTOR® Members of the Association and the elected MLS Director (Committee Chairperson). The outgoing President shall serve for a term of one year. Upon organization of the Association, one-third of the non-officer Directors shall be elected for terms of one, two, and three years, respectively, or for lesser terms as may be necessary to complete the first fiscal year of the Association. Thereafter, as many non-officer Directors shall be elected each year as are required to fill vacancies. The MLS Committee Chairperson shall be an active Broker in Charge and will serve until his/her successor is elected and qualified. (Amended 2018)

- If an officer or director receives a Code of Ethics or SC Real Estate Commission violation during their term, they will be asked to resign immediately. (Added 2020)
- Term Limits. No person shall serve on the Board of Directors for more than 6 consecutive years. (Amended '11)
- No more than 1/3 of the Board of Directors can be from the same real estate firm regardless of the number of physical locations of the firm, with the exception of that follows:

Any officer or director who has been duly elected by a vote of the membership or appointed by the Board of Directors may serve out his/her term until the next election cycle if they change brokerages mid-year.

Section 4. Election of Officers and Directors.

(a) In July of each year, a Nominating Committee of at least five (5) REALTOR® Members from different Real Estate firms shall be appointed by the President, with the approval of the Board of Directors. The Nominating Committee shall consist of the current President Elect, who shall serve as chairman, a member of the Multiple Listing Service Committee and three (3) other REALTORS®. All must have been members of the Association for at least two (2) years. The Nominating Committee shall select one candidate for each office and one candidate for each place to be filled on the Board of Directors. Members with Code of Ethics or SC Real Estate Commission violations within the previous three (3) years shall not be nominated. The report of the Nominating Committee shall be mailed or, where permitted by state law, electronically transmitted to each member eligible to vote at least six (6) weeks preceding the election. Additional candidates for the offices to be filled may be placed in nomination by petition signed by at least 10% of the REALTOR® members eligible to vote. The petition shall be filed with the Association Executive at least (2) weeks before the election on the standard petition form provided by the Association. The Association Executive shall send notice of such additional nominations to all members eligible to vote before the election. (Amended 2020)

(b) The election of officers and directors shall take place at the Annual Meeting of Association members. Should there be no opposition to the Nominating Committee slate, those nominations will stand and no membership vote (election) shall be required. If an election is necessary, the election shall be by ballot and all votes shall be cast electronically no earlier than ten (10) calendar days before noon on the day of election, provided the total number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting. The ballot shall contain the names of all candidates and the offices for which they are nominated. No write-in votes will be accepted. Officers shall be elected by a majority of the votes cast. If none of the candidates receive a majority (more than 50%) of the votes cast, a runoff

election shall be conducted using the 2-round procedure where the top two (2) candidates are in the runoff election. (Amended 2020)

(c) The President, with the approval of the Board of Directors, shall appoint an Election Committee of three (3) REALTOR® Members to conduct the election. (Amended 2020)

Section 5. Vacancies. In the event the President-Elect is unable to complete his/her term, the vacancy shall be filled by Special Election** of the general membership. In no case shall the position of President-Elect be filled by appointment of the Board of Directors.*

* A Special Nominating Committee of five (5) REALTOR® Members from different Real Estate firms shall be appointed by the President, with the approval of the Board of Directors and shall nominate two (2) or more candidates to fill the vacancy. (Added 2018)

** A special election shall be conducted according to the election guidelines stated in Paragraph 4(b). (Added 2018)

Vacancies among the other Officers and Directors shall be filled by a majority vote of the Board of Directors until the next scheduled election, with the exception of the Past President, whose office shall not be filled if the office becomes vacant. (Amended 2011)

Section 6. Removal of Officers and Directors. In the event that an Association Officer or Director is deemed to be incapable of fulfilling the duties for which elected, but will not resign from office voluntarily, the Officer or Director may be removed from office under the following procedure:

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

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

(c) The special meeting shall be noticed to all voting Members at least ten (10) days but not more than sixty (60) days prior to the meeting stating the purpose of the meeting. The meeting shall be conducted by the President of the Association unless the President's continued service in office is being considered at the meeting. In such case, the next ranking officer will conduct the meeting of the hearing by the Members. Provided a quorum is present, a three-fourths vote of Members present, and voting shall be required for removal from office. (Amended 2018)

Section 7. Association Executive. There shall be an Association Executive, appointed by the Board of Directors, who shall be the chief administrative officer of the Association. The Association Executive shall have the authority to hire, supervise, evaluate and terminate other staff, if any, and shall perform such other duties as prescribed by the Board of Directors. The Association Executive may be terminated, without cause by the Board of Directors, subject to the terms of any employment agreement which may be in place. (Updated 2018)

ARTICLE XII - Meetings

Section 1. Annual Meetings. The Annual Meeting of the Association shall be held on the third Tuesday of October of each year, the date, place and hour to be designated by the Board of Directors.

Section 2. Meetings of Directors.

- (a) The Board of Directors shall designate a regular time and place for meetings.
- (b) Absence from three (3) regular meetings by a member of the Board of Directors during one fiscal year shall be construed as an offer to resign. In response, the Board shall vote to accept or reject the offer of resignation, in its discretion, based on all available information and their business judgment as to the best interests of the Association. (Amended 2018)
- (c) A quorum for the transaction of business shall be a majority of the Board of Directors, in office immediately before the meeting begins pursuant to S.C. Code Section 33.31-824(a).
- (d) If a quorum is present when a vote is taken, the affirmative vote of a majority of Directors present is the act of the Board, unless the Articles of Incorporation or these Bylaws require the vote of a greater number of Directors. (Amended 2018)

Section 3. Member Meetings. Meetings of the Members may be held at other times as the President or the Board of Directors may determine, or upon the written request of at least twenty five percent (25%) of the Members eligible to vote.

Section 4. Notice of Meetings. If a special meeting is called, written notice shall be given to every Member entitled to participate in the meeting at least ten (10) but not more than sixty (60) days preceding all meetings, accompanied by a statement of the purpose of the meeting and a description of any matter that must be voted on by the Members. (Amended 2018)

Section 5. Quorum. A quorum for the transaction of business at general and/or special meetings of the membership shall consist of twenty five percent (25%) of the members eligible to vote, except as otherwise required by S.C. Code Section 33.31-722. (Amended 2018)

Section 6. Electronic Transaction of Business. To the fullest extent permitted by law, the Board of Directors or membership may conduct business by electronic means. (Added 5/5/05)

Section 7. Director Action without Meeting. Unless specifically prohibited by the Articles of Incorporation, any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the directors. The consent shall be evidenced by one or more written approvals, each of which sets forth the action taken and bears the signature of one or more directors. All the approvals evidencing the consent shall be delivered to the Association Executive to be filed in the corporate records. The action taken shall be effective when all the directors have approved the consent unless the consent specifies a different effective date. (Amended 2018)

Section 8. Proxies. A Member may appoint a proxy, in writing, to vote for the Member. The appointment of a proxy is effective upon receipt by the Secretary/Treasurer of the Board of Directors or other person authorized to tabulate votes. Directors may not vote by proxy. (Added 2018)

Section 9. Voting Requirements. The affirmative vote of a majority of Members present, in person or by proxy, where a quorum is present, is the Act of the membership. (Added 2018)

ARTICLE XIII – Committees

Section 1. Standing Committees. The President shall appoint from among the REALTOR® Members, subject to confirmation by the Board of Directors, the following standing committees:

Bylaws Review Committee
Professional Standards in Partnership with SCR
Grievance in Partnership with SCR
Finance

Legislative, RPAC & Issues Mobilization
Programs & Events
Equal Opportunity
MLS Committee

Section 2. Special Committees. The President shall appoint, subject to confirmation by the Board of Directors, such special committees, task forces, study groups, working groups, advisory groups or ad hoc committees as deemed necessary. (Amended 2018)

Section 3. Organization. All committees shall be of such size and shall have such duties, functions, and powers as assigned to them by the President or the Board of Directors, except as otherwise provided by these Bylaws. (Amended 2018)

Section 4. President. The President shall be an ex-officio member of all standing committees and shall be notified of their meetings.

Section 5. President Elect. The President Elect shall serve on the Program and Events Committee.(Amended 2018)

Section 6. Vice-President. The Vice-President shall serve on the Programs and Events Committee. (Amended '11)

Section 7. Treasurer. The Secretary/Treasurer shall chair the Finance Committee. The President, Past President and President Elect shall serve on the Finance Committee. (Added 2018)

Section 8. Action without Meeting. Any committee may act by unanimous consent in writing without a meeting. The consent shall be evidenced by one or more written approvals, each of which sets forth the action taken and bears the signature of one or more of the members of the committee. (Added 5/5/05)

Section 9. Attendance by Telephone. Members of a committee may participate in any meeting through the use of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Such participation shall be at the discretion of the President and shall constitute presence at the meeting. (Added 5/5/05)

ARTICLE XIV - Fiscal and Elective Year

Section 1. The fiscal and elective year of the Association shall be from January 1st to December 31st.

ARTICLE XV - Rules of Order

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

ARTICLE XVI - Amendments

Section 1. These Bylaws may be amended by a majority vote of the Members qualified to vote at any meeting at which a quorum is present, whether in person or by qualified proxy. Alternatively, these Bylaws may be amended by written or electronic ballot, provided the total number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting, in accordance with SC Code §33-31-708. (Amended 2018)

Section 2. The substance of such proposed amendment or amendments shall be plainly stated in the notice of the meeting or the vote. Notice shall be mailed to every Member eligible to vote at least ten (10) days (but not more than sixty (60) days) prior to the meeting or vote. (Amended 2018)

Section 3. The Board of Directors may, at any regular or special meeting of the Board of Directors at which a quorum is present, approve amendments to the bylaws which are mandated by NAR policy. Amendments to these Bylaws affecting the admission or qualification of REALTOR® and Institute Affiliate Members, the use of the terms REALTOR®, REALTORS®, or any alteration in the territorial Jurisdiction of the Association shall become effective upon their approval as authorized by the Board of Directors of the NATIONAL ASSOCIATION OF REALTORS®. (Amended 2018)

ARTICLE XVII - Dissolution

Section 1. Upon the dissolution of this association, the Board of Directors, after providing for the payment of all obligations, shall distribute any remaining assets to the South Carolina Association of REALTORS® or, within its discretion, to any other non-profit tax exempt organization.

ARTICLE XVIII - Multiple Listing

Section 1. Authority. The Association shall maintain for the use of its Members a Multiple Listing Service which shall be subject to the Bylaws of the Association of REALTORS® and such Rules and Regulations as may be hereinafter adopted. (Amended 2020)

ARTICLE XIX – Standards of Conduct and Indemnification **(Added 2018)**

Section 1. Standards of Conduct for Officers.

- (a) An officer with discretionary authority shall discharge his duties under that authority:
 - (1) in good faith;
 - (2) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
 - (3) in a manner the officer reasonably believes to be in the best interests of the Association, and its members, if any.

- (b) In discharging his duties, an officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:
 - (1) one or more officers or employees of the Association who the officer reasonably believes to be reliable and competent in the matters presented;
 - (2) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence.

- (c) An officer is not acting in good faith if the officer has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (b) unwarranted.

- (d) An officer is not liable to the Association, any member, or other person for any action taken or not taken as an officer, if the officer acted in compliance with this section.

- (e) Subject to applicable statutes, an action against an officer asserting the officer's failure to act in compliance with this section and consequent liability must be commenced before the sooner of (i) three years after the failure complained of or (ii) two years after the harm complained of is, or reasonably should have been, discovered. This limitations period does not apply if the failure to act in compliance with this section has been fraudulently concealed.

Section 2. General Standards for Directors.

- (a) A director shall discharge his duties as a director, including his duties as a member of a committee:
- (1) in good faith;
 - (2) with the care an ordinarily prudent person in a like position would exercise under similar circumstances;
 - (3) in a manner the director reasonably believes to be in the best interests of the Association.
- (b) In discharging his or her duties, a director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:
- (1) one or more officers or employees of the Association who the director reasonably believes is reliable and competent in the matters presented;
 - (2) legal counsel, public accountants, or other persons as to matters the director reasonably believes are within the person's professional or expert competence;
 - (3) a committee of the board of which the director is not a member, as to matters within its jurisdiction, if the director reasonably believes the committee merits confidence.
- (c) A director is not acting in good faith if the director has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (b) unwarranted.
- (d) A director is not liable to the Association, a member, or any other person for any action taken or not taken as a director, if the director acted in compliance with this section.
- (e) A director shall not be deemed to be a trustee with respect to the Association or with respect to any property held or administered by the Association, including without limit, property that may be subject to restrictions imposed by the donor or transferor of the property.
- (f) Subject to applicable statutes, an action against a director asserting the director's failure to act in compliance with this section and consequent liability must be commenced before the sooner of (i) three years after the failure complained of or (ii) two years after the harm complained of is, or reasonably should have been, discovered. This limitations period does not apply if the failure to act in compliance with this section has been fraudulently concealed.

Section 3. Director Conflict of Interest.

- (a) A conflict of interest transaction is a transaction with the Association in which a director of the corporation has a direct or indirect interest. A conflict of interest transaction is not voidable or the basis for imposing liability on the director if the transaction was fair to the Association at the time it was entered into or is approved as provided in subsections (b) or (c).
- (b) A transaction in which a director has a conflict of interest may be authorized, approved, or ratified by the vote of the Board of Directors or a committee of the Board if:
- (i) the material facts of the transaction and the director's interest are disclosed or known to the board or committee of the Board; and
 - (ii) the directors approving the transaction in good faith reasonably believe that the transaction is fair to the Association.
- (c) For purposes of this section, a director of the Association has an indirect interest in a transaction if:
- (1) another entity in which the director has a material interest or in which the director is a general partner is a party to the transaction; or
 - (2) another entity of which the director is a director, officer, or trustee is a party to the transaction.
- (d) For purposes of subsections (b) a conflict of interest transaction is authorized, approved, or ratified if it receives the affirmative vote of a majority of the directors on the Board or on the committee

who have no direct or indirect interest in the transaction, but a transaction may not be authorized, approved, or ratified under this section by a single director. If a majority of the directors on the Board who have no direct or indirect interest in the transaction vote to authorize, approve, or ratify the transaction, a quorum is present for the purpose of taking action under this section. The presence of, or a vote cast by, a director with a direct or indirect interest in the transaction does not affect the validity of any action taken under subsections (b)(1) if the transaction is otherwise approved as provided in subsection (b).

(g) The articles, bylaws, or a resolution of the Board may impose additional requirements on conflict of interest transactions.

Section 4. Authority to indemnify.

(a) Except as provided in subsection (d), the Association may indemnify an individual made a party to a proceeding because the individual is or was a director against liability incurred in the proceeding if the individual:

(1) conducted himself in good faith; and

(2) reasonably believed:

(i) in the case of conduct in his official capacity with the Association, that his conduct was in its best interests; and

(ii) in all other cases, that his conduct was at least not opposed to its best interests; and

(3) in the case of a criminal proceeding, had no reasonable cause to believe his conduct was unlawful.

(b) A director's conduct with respect to an employee benefit plan for a purpose the director reasonably believed to be in the interests of the participants in and beneficiaries of the plan is conduct that satisfies the requirements of subsection (a)(2)(ii).

(c) The termination of a proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the director did not meet the standard of conduct described in this section.

(d) The Association may not indemnify a director under this section:

(1) in connection with a proceeding by or in the right of the Association in which the director was adjudged liable to the Association; or

(2) in connection with any other proceeding charging improper personal benefit to the director, whether or not involving action in his official capacity, in which the director was adjudged liable on the basis that personal benefit was improperly received by the director.

(e) Indemnification permitted under this section in connection with a proceeding by or in the right of the Association is limited to reasonable expenses incurred in connection with the proceeding.

Section 5. Mandatory indemnification. Unless limited by its Articles of Incorporation, the Association shall indemnify a director who was wholly successful, on the merits or otherwise, in the defense of a proceeding to which the director was a party because he is or was a director of the Association against reasonable expenses actually incurred by the director in connection with the proceeding.

Section 6. Advances for expenses.

(a) The Association may pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding in advance of final disposition of the proceeding if:

(1) the director furnishes the Association a written affirmation of his good faith belief that he has met the standards of conduct described in Section 33-31-851;

(2) the director furnishes the Association a written undertaking, executed personally or on the director's behalf, to repay the advance if it is ultimately determined that the director did not meet the standard of conduct; and

(3) a determination is made that the facts then known to those making the determination would not preclude indemnification under this chapter.

(b) The undertaking required by subsection (a)(2) must be an unlimited general obligation of the director but need not be secured and may be accepted without reference to financial ability to make repayment.

(c) Determinations and authorizations of payments under this section must be made in the manner specified in S.C. Code Section 33-31-855.

ARTICLE XX – Financial Disclosures and Requests for Information
(Added 2018)

Tax Exempt Documents

The Association is required to provide copies of their Tax Exempt Application (including all Schedules and attachments and other material submitted with the Application) and any letter or other document issued by the IRS, with respect to the Application, and copies of its annual information returns (IRS Form 990) for the past 3 years upon request by a member of the Association. Documents will be provided promptly in response to any in-person request and within thirty (30) days of a written request. The Association may require payment in advance for actual postage costs and a copying fee of One Dollar (\$1.00) for the first page and fifteen cents (\$0.15) for each page thereafter. However, the Association does not have to provide copies if the materials are posted on its website or widely available on the internet. (See IRS Exempt Organization Public Disclosure and Availability Requirements).

Financial Reviews

Financial reviews of the Association's financial statements are required annually by applicable IRS rules. A financial audit will be obtained when deemed necessary by the Board of Directors.

The Board of Directors has the fiduciary responsibility to ensure that its budgets, accounts and spending are monitored with the appropriate Internal Controls. These Internal Controls shall be reviewed each year by the Association's accountants during their annual review or audit.

Financial statements will be reviewed by the Board of Directors on a monthly basis. A member of the Association may request a copy of the annual review or audit for the prior year.

Requests for other accounting and financial records, organizational documents, minutes and other information, of Aiken Association of REALTORS®, will be considered by the Board in accordance with SC Code §33-31-1601 et. seq. (Added 2018)