



colorado association *of*
REALTORS[®]

BYLAWS

Approved: April 26, 2018

**COLORADO ASSOCIATION OF REALTORS®
BYLAWS**

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ARTICLE 1 - NAME

1.0 Name

The name of the organization shall be the "Colorado Association of REALTORS®," hereinafter referred to as "CAR".

ARTICLE 2 - OBJECTIVES

2.0 The objectives of CAR shall include, but not be limited to, the following:

- A. 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;
- B. 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®, hereinafter referred to as "NAR";
- C. 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;
- D. To further the interests of home and other real property ownership;
- E. To unite those engaged in the real estate profession in Colorado with NAR, thereby furthering their own objectives throughout the state and the nation, and obtaining the benefits and privileges of membership therein;
- F. To designate for the benefit of the public, those individuals authorized to use the term "REALTOR®" and "REALTORS®" as licensed, prescribed, and controlled by NAR; and
- G. To provide those engaged in the real estate profession in Colorado with continuing education in matters affecting real estate and real estate ownership.

2.1 Defined Terms

As used throughout these Bylaws, the following words shall be defined as follows:

- "Board" or "Boards" = local real estate board(s) or association(s) within the state of Colorado
- "REALTOR® Member," "REALTOR®, or "REALTORS®" = individual member(s) of a Board

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- “Chair” = Chairman of the Board of Directors
- “Board of Directors” = the governing body of CAR consisting of individual Directors
- “Past Chair” = previous Chair or President of the Board of Directors
- “Director” or “Directors” = member(s) of the Board of Directors
- “Member in good standing” = one who is not in default in payment of dues or other
- Board obligations, and who is not under suspension or expulsion.
- “Leadership Council” = Chair, the Immediate Past Chair, the Chair-Elect, the Treasurer, the
- District Chairs, the Division Chairs and the local Board AE representative, the Chief Executive
- Officer shall serve as a non-voting ex-officio member.

ARTICLE 3 - MEMBERSHIP

3.0 Classes of Membership

The membership of CAR shall consist of five classes:

- A. Boards (comprised of REALTOR® Members)
- B. Directors
- C. Institute Affiliate Members
- D. Affiliate Members
- E. Honorary Members
- F. Suspended Members

Directors and REALTOR® Members shall be active Members in good standing of CAR.

- A. Boards - Boards shall consist of local real estate boards/associations within the state of Colorado which shall include city, county, or inter-county Boards and all of the REALTOR® members of such Board which shall hold membership in NAR through such Board and CAR. Favorable

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consideration will normally be given to any applicant group large enough and cohesive enough to be viable as a Board, to grant and regulate the proper use of the terms REALTOR® and REALTORS®, to enforce the Code of Ethics of NAR, and to properly serve its Members and the public.

- B. Directors - A Director is a member of the CAR Board of Directors and shall be a REALTOR® Member in good standing. Each Director shall be engaged in:
- 1) The real estate profession
 - 2) Maintain a current, valid real estate license
 - 3) Be licensed or certified by an appropriate Colorado state regulatory agency to engage in the appraisal of real property
 - 4) Have a place of business within the state or any state contiguous to the state of Colorado.
- C. Institute Affiliate Members - Institute Affiliate Members shall be individuals who hold a professional designation awarded by an Institute, Society or Council affiliated with NAR 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. Boards will 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 or highest elected officer of a Board; or to be a Participant in the Board's multiple listing service.
- D. Affiliate Members - Affiliate Members shall be individuals and/or firms engaged in business in a field pertaining to, or companion to, the real estate business, but not engaged in real estate brokerage or sales, not associated with an established real estate office and not eligible for membership. Such individuals or firms are eligible for Affiliate Membership in CAR.
- 1) Affiliate Members are entitled to the usual services of CAR and may attend meetings, serve on committees of CAR and participate in conventions, conferences and educational activities. They shall not have the right to use the term REALTOR® or the marks of NAR. They shall not have the right to vote or hold elective office in CAR.
 - 2) The Directors shall determine the standards and requirements for eligibility of membership and shall have the authority to determine what activities shall be considered to fall within the purview of this

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Section and shall determine the duties and obligations, if any, of Affiliate Membership.

- 3) If an office or firm holds Affiliate Membership, individual officers and/or associates of such firm shall also be eligible for Affiliate Membership on an individual basis.
- E. Honorary Member - Honorary Members shall be individuals other than those engaged in the real estate business who have contributed notably to this Association.
- F. Suspended Member - Suspended Members after due notice and hearing, the Directors shall have the power to expel, suspend or reprimand any Member. Members who fail to comply with the Bylaws, the duties of membership and/or the Code of Ethics. Any such Member expelled shall thereupon lose all rights and privileges in CAR. A suspended member remains a Member with obligation for continued payment of dues and adherence to the Code of Ethics.

3.1 Membership Discipline

Any Member of the Association may be reprimanded, placed on probation, suspended or expelled for:

- A. Failure to comply with the Bylaws, the duties of membership and/or the Code of Ethics. Harassment of an association or MLS employee or association officer or Director after an investigation in accordance with the procedures of the Association. As used in this section, harassment means any verbal or physical conduct including threatening or obscene language, unwelcome sexual advances, stalking, actions including strikes, shoves, kicks, or other similar physical contact, or threats to do the same, or any other conduct with the purpose or effect of unreasonably interfering with an individual's work performance by creating a hostile, intimidating or offensive work environment. The decision of the appropriate disciplinary action to be taken shall be made by the investigatory team comprised of the Chair, Chair-Elect and one member of the Board of Directors selected by the highest-ranking officer not named in the complaint and upon consultation with legal counsel for the Association. Disciplinary action may include any sanction authorized in the association's Code of Ethics and Arbitration Manual. If the complaint names the Chair or Chair-Elect those individuals may not participate in the proceedings and shall be replaced by the immediate past chair or, alternatively, by another member of the Board of Directors selected by the highest-ranking officer not named in the complaint.

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ARTICLE 4 - USE OF THE TERM REALTOR®

- 4.1** Use of the terms REALTOR® and REALTORS® by Members shall at all time, be subject to the provisions of the Constitution and Bylaws of NAR and to the Rules and Regulations prescribed by its Board of Directors. CAR shall have the authority to control, jointly and in full cooperation with NAR, 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.
- 4.2** Directors and REALTOR® Members shall have the privilege of using the term REALTOR® in connection with their business so long as they remain Members in good standing.
- 4.3** A REALTOR® Member of a firm, partnership, corporation or trust may use the term REALTOR® or REALTORS® only if all of the principals of such firm, partnership, corporation or trust who are actively engaged in the real estate business within a state or a state contiguous thereto are REALTOR® Members or Institute Affiliate Members.
- 4.4** An Institute Affiliate Member shall not use the terms REALTOR® or REALTORS® and shall not use the marks of NAR except those of the Institute, Society or Council affiliated with NAR of which they are a Member.
- 4.5** Affiliate Members shall not use the term REALTOR® or REALTORS® and shall not use the marks of NAR.

ARTICLE 5 - MEMBERSHIP DUES

- 5.0** The annual dues amount of Boards shall be approved by the Directors and be consistent with NAR's Policies, Constitution and Bylaws.
- A. The annual dues of each Board shall be an amount times the number of designated broker REALTORS® and REALTOR® Members of such Board plus an amount times the number of real estate licensees and licensed or certified appraisers employed by or affiliated as independent contractors with a designated broker REALTOR® who are not themselves REALTORS® or Institute Affiliate Members.
- B. The annual dues of real estate licensees and licensed or certified appraisers employed by or affiliated as independent contractors with a designated broker REALTOR® Member who holds REALTOR® membership shall be an amount as approved by the Directors.

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C. The annual dues of any individual holding secondary membership directly in the state association shall be an amount as established in Article 5, Section 1 of these Bylaws.

5.1 The annual dues and/or application fees of Institute Affiliate Members shall be an amount as from time to time approved by the Directors consistent with NAR's Policies, Constitution and Bylaws. "The annual dues of each Institute Affiliate Member shall be as established in Article 2 of the Bylaws of NAR."

Note: The Institutes, Societies and Councils of NAR shall be responsible for collecting and remitting dues to the National Association for Institute Affiliate Members (\$105.00). NAR shall credit \$35.00 to the account of a local association for each Institute Affiliate Member whose office address is within the assigned territorial jurisdiction of that association, provided, however, if the office location is also within the territorial jurisdiction of a Commercial Overlay Board (COB), the \$35.00 amount will be credited to the COB, unless the Institute Affiliate Member directs that the dues be distributed to the other Board. NAR shall also credit \$35.00 to the account of state associations for each Institute Affiliate Member whose office address is located within the territorial jurisdiction of the state association. Local and state associations may not establish any additional entrance, initiation fees or dues for Institute Affiliate Members, but may provide service packages to which Institute Affiliate Members may voluntarily subscribe.

5.2 The annual dues for the REALTOR® membership or firm membership and other members of such firm or office of an Affiliate Member shall be an amount as from time to time approved by the Directors consistent with NAR's Policies, Constitution and Bylaws.

5.3 In calculating the dues payable to CAR by a Board, only Primary Members of a Board shall be considered.

5.4 On or before January 1 of each year CAR will notify each Board in writing that dues are due. Each Board shall then submit to CAR a list of its current REALTOR® Members (as defined in the NAR Constitution and Bylaws) along with the required dues and any assessments.

5.5 All CAR dues shall be payable in advance as collected by each Board from its REALTOR® Members. Dues pro-rated for new REALTOR® Members will be submitted to CAR within one month after installation in the Board. Affiliate Members shall be individually responsible for payment of Membership dues directly to CAR.

5.6 The dues of each Board shall be paid annually in advance and shall be due January 1 of each year. Any Board or Institute Affiliate Member delinquent in payment of dues by more than thirty (30) days may be required to show cause as to why the Board of Directors, at its discretion, should not revoke the charter of

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such Board or drop such Institute Affiliate Member or REALTOR® Member from membership.

- 5.7** Any dues changes must be approved in advance by at least a two-thirds majority vote of the Directors present and voting at any duly constituted meeting, provided that notice of such proposed change is given to the Directors and Boards at least thirty (30) days prior to such meeting.

ARTICLE 6 - OFFICERS, ELECTIVE & APPOINTIVE DUTIES

- 6.0** The elective year shall begin on December 1st of each year.
- 6.1** Elective Officers - The Elective Officers of CAR shall be the Chairman of the Board ("Chair"), Chairman of the Board-Elect ("Chair-Elect"), one District Chair from each district (as set forth by Article 10) and the Treasurer, all of whom shall be REALTOR® Members. The Chair shall not be eligible for re-election. All elected officers shall be elected to serve for one year or until their successors are elected and qualified and must meet the criteria as specified for each office as approved by the Directors.
- 6.2** In the event there are no candidates for one of the elective offices, the CAR Leadership Council may serve as a selection committee to recruit candidates for vacant offices. In the event there are no candidates for Chair-Elect, the Treasurer shall serve in this position until a qualified candidate is elected and inducted.
- 6.3** Duties of Elective 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 respectively by the Directors from time to time and as such as are required by law.
- A. The Chair shall be the highest elected officer of CAR and shall preside at its meetings and those of the Board of Directors and Leadership Council. The Chair-Elect may, at the direction of the Chair, preside at the meetings. The Chair shall appoint all committees, shall be an ex-officio member of all committees and shall perform all other duties usual to such office.
- B. The Chair-Elect shall perform the duties of the Chair in the event of absence or disability and shall have such other powers and duties as may be prescribed by the Board of Directors, the Leadership Council or the Chair. The Chair-Elect shall succeed to the office of Chair. If the office of the Chair should become vacant between elections, the Chair-Elect shall fill the vacancy and complete the unexpired term. The Chair-Elect who fills a vacancy in the office of Chair shall automatically become Chair for a full term after completion of the unexpired term, shall head CAR delegations to NAR meetings and shall be responsible for the coordination of meetings of delegations.

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- C. The Treasurer shall be the Chair of the Finance Committee and shall monitor all monies received and paid out. At each meeting of the Directors, the Treasurer shall submit a report of the financial status of CAR for the preceding period. If the Chair-Elect is unable or unwilling to act, the Treasurer shall perform the duties of the Chair-Elect during the Chair-Elect's absence from office until the next Directors meeting at which time a new acting Chair-Elect will be appointed by the Directors.
- D. The District Chairs shall coordinate the work of CAR in their respective districts and act as representatives of the Chair in such matters as may be assigned to them. The District Chairs serve as members of the Leadership Council and the Board of Directors.

6.4 Additional Appointive Officers and Duties.

- A. Division Chairs – From the slate submitted by the Chief Executive Officer and pursuant to the terms of the Credentials Policy, the Chair shall appoint Division Chairs from the REALTOR® Members of CAR in good standing.
 - 1) The function and duty of the Division Chairs shall be to assist the Chair in executing the objectives based on CAR's Strategic Plan for the following divisions.
 - i. Legal and Risk
 - ii. Government Affairs
 - iii. Member Services
 - 2) The Division Chairs shall serve at the pleasure of the Chair and their term of office shall terminate with the end of the term of office of the Chair who appointed them. If a Division Chair should leave office prior to term expiration, for whatever reason, the Chair may appoint a replacement.
 - 3) Division Chair even though they may also be a director shall have only one vote.
- B. Association Executive Representative – The Chair shall appoint from among the highest ranking executive officer of any Board or MLS a single representative to serve as the Association Executive Representative (AE Representative). The AE Representative shall serve at the pleasure of the Chair and the AE Representative's term of office shall terminate with the end of the term of office of the Chair who appointed the AE Representative. If an AE Representative should leave office prior to term expiration, for whatever reason, the Chair may appoint a replacement.

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C. There shall be a Chief Executive Officer who shall be appointed by the Directors. The Chief Executive Office shall have the authority to employ and discharge all staff members and shall be responsible for the supervision of all staff members and perform other duties pursuant to the Policy Governance Manual. The Chief Executive Officer shall be bonded or insured in such amount as the Directors may determine the cost to be paid by CAR. The Chief Executive Officer shall serve as the Corporate President and Corporate Secretary.

6.5 Vacancies not otherwise provided for among the officers or in the Board of Directors shall be filled by the Board of Directors until the next annual election.

6.6 In the event of the death, disability, removal or incapacity of an elected or appointed officer, the office shall be filled until the next Board of Directors meeting by a person appointed by the CAR Leadership Council.

ARTICLE 7 - DIRECTORS AND LEADERSHIP COUNCIL

7.0 Board of Directors

The government of CAR shall be vested in a Board of Directors of 1 - 200 Members as determined by the Board of Directors from time to time. The Board of Directors shall be composed of: the Chair, the Immediate Past Chair, the Chair-Elect, the District Chair of each district, the Treasurer, a representative from each of the Affiliate Institutes, Councils or Societies of NAR, each NAR Director, the Division Chairs, AE Representative, the Directors elected, and the Appointed CAR Past Chair.

A. The Chief Executive Officer shall serve as a non-voting ex-officio Member of the Board of Directors. Except as provided in Section 8.1(G) proxy votes will not be counted. Under no circumstance will absentee votes be counted at any duly constituted meeting.

B. No Director may sell his/her vote on any matter regardless of whether or not a valid proxy notice is filed with the Chief Executive Officer in compliance with Article 8. Any Director who sells his/her vote will be subject to discipline which may include the removal from his/her respective elected and/or appointed capacity.

C. The term of office of the Directors shall start on December 1st of each year. Each Director shall serve until a replacement has been duly elected and installed.

D. Those Officers and Directors whose terms have expired do not have the right to make motions or vote.

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- E. The Directors shall have sole authority to appropriate money but should not unreasonably obligate CAR beyond their tenure of office.
- F. The Directors shall meet upon call of the Chair or upon written petition of one-third of the Directors. It shall be the policy of the Directors to annually hold two regular meetings (“Board of Directors Meeting”).
- G. One-third of the total number of Directors shall constitute a quorum for the transaction of CAR business.
- H. If a Director is appointed or elected to a second CAR office or position within CAR which also carries designation as a Director, the following applies: voting power remains unchanged at one vote and no vacancy shall be created because of a dual role unless one position is resigned.

7.1 Leadership Council

There shall be a Leadership Council from the REALTOR® membership in good standing and the Chair shall serve as Chair thereof. The Chair-Elect may, at the direction of the Chair, preside at the Leadership Council meetings. The Leadership Council shall, in the interim between regular meetings of the Directors, conduct the affairs of CAR according to the policies and instructions of the Directors and shall meet on call of the Chair.

- A. The Leadership Council shall be composed of the Chair, the Immediate Past Chair, the Chair-Elect, the Treasurer, the District Chairs, the Division Chairs the AE Representative, and if appointed, an appointed Past Chair. The Chief Executive Officer shall serve as a non-voting ex-officio member of the Leadership Council.
- B. One-half of the Leadership Council shall constitute a quorum for the transaction of CAR business at Leadership Council meetings.

7.2 Past Chair

Past Chair of CAR who are REALTOR® Members of CAR, Leadership Council, NAR Directors and Institute, Societies and Councils representatives shall act as voting Members of the Board of Directors. Voting Members of the Board of Directors are required to attend meetings of the Directors and any absences shall be considered pursuant to the CAR Policy Governance Manual.

7.3 NAR Directors

NAR Director Nominees who shall represent Colorado are recommended to NAR by the Board of Directors and subsequently elected by the NAR Board of Directors according to their Constitution and Bylaws. State allocated NAR Directors shall serve a three-year term.

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ARTICLE 8 - ELECTION OF OFFICERS AND DIRECTORS

8.0 Election of Directors

Directors shall be elected or appointed annually by and from each Board for one, two or three-year terms.

- A. On or before April 30th of each year CAR, through its Chief Executive Officer, will notify each Board of its total certified membership as of March 31st and the number of Directors eligible for election or appointment by such Board shall be based on the following.

<u>REALTOR Members</u>	<u>Number of Directors</u>
1 – 250 members	1
251 – 500 members	2
501 – 1,000 members	3
1,001 – 3,000 members	4
3,001 – 5,000 members	5
5,001 – 7,000 members	6
7,001 or more members	7

- B. On or before September 1st each Board shall elect or appoint its designated number of Directors. Procedures for election or appointment shall be as provided by the Bylaws or policies of the Board.
- C. Each Board will certify to CAR on or before September 1 of each year the names of the Directors so elected or appointed in order for such new Directors to be installed prior to December 1. In the event a Board fails to certify the names of the new Directors on or before September 1, such new Directors will be installed by the Presiding officer at the next regular Director meeting. In such event, a vacancy or vacancies shall exist on the Board of Directors until the new Director (s) is installed.
- D. Boards will elect or appoint only REALTOR® Members in good standing as Directors.
- E. Vacancies - A Director who resigns will do so for the full term of office. In such case, the vacancy can be filled for the unexpired term by a recommended, qualified, REALTOR® Member from the Board concerned, or as otherwise provided in these Bylaws.
- F. Votes – Each Director shall have one vote at the Board of Directors except:

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- 1) Each Director elected and certified pursuant to paragraph A of this Section 1 for Boards with more than 2,000 certified members as of March 31st shall have two votes at the Board of Directors meetings but not in District elections or in committees.
 - 2) On or before September 1 of each year Boards choosing to have one fewer-Directors than provided in Article 8, Section 8.1 shall name the Director who will have the additional vote(s) at the Board of Directors meetings but not in District Elections or Committees.
- G. Proxy voting- A Director may transfer all, but not less than all, of his/her voting rights to another Director by delivery of a proxy notice pursuant to a form as provided in the Policy Governance Manual to the Chief Executive Officer no less than twenty-four (24) hours prior to the start of a Board of Directors meeting at which the proxy notice is to be effective. In the case of a family, health, or weather emergency, the Chief Executive Officer, in his or her sole discretion, may waive the 24-hour requirement and accept the proxy notice provided it meets the requirements provided in Policy.
- H. Designated Directors – Each Board will certify to CAR on or before September 1 of each year the names of the Directors identified in paragraph F(1) or in paragraph F(2) who shall have two votes (Designated Director). No such Designated Director shall have more than two votes by reason of being appointed or elected to a second office or position which also carries designation as a Director. Designated Directors shall count as one Director for purpose of determining a quorum at the Board of Directors and at the Annual General Membership meeting.

8.1 Annual Election

An Annual Election (“Annual Election”) will be held in June of each year at a time to be determined by the Chair. The sole purpose of the Annual Election will be to hold the elections described in this Article 8. No other business may be conducted during the Annual Election. All voting at the Annual Election will be done electronically using software specifically designed for electronic voting and which allows votes to be cast via the internet, email or other electronic means. If one-third or more of the Directors vote, a quorum will be established. The Chief Executive Officer will be responsible for selecting a software provider and overseeing the Annual Election. The Annual Election will be governed by the following election procedures (collectively “Annual Election Procedures”):

- A. Slate - The Chief Executive Officer shall submit the names of all qualified candidates for each office to be filled by election.
- B. Election/Confirmation of Chair - The Chair-Elect shall be confirmed as Chair by the Directors. in the event the Chair-Elect is unqualified, unable or

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unwilling to serve and therefore is not confirmed as Chair by the Directors, the election of the Chair shall be held according to the procedures described below for the election of Chair-Elect.

- C. Balloting and Voting - The Chief Executive Officer shall use reasonable efforts to cause an electronic ballot listing the nominees for Chair, Chair-Elect, Treasurer, District Chair-Elects and NAR Directors to be delivered electronically to each Director eligible to vote on such matter.
- 1) All votes shall be by electronic ballot and immediately tabulated. An impartial committee selected by the Chair will oversee the tabulation of the results.
 - 2) With the exception of the NAR Directors each nominee for the offices of Chair, Chair-Elect, Treasurer, and District Chair-Elect must be elected by a majority vote of the Directors eligible to vote on the first ballot ("First Ballot"). In the event there are more than two nominees for a particular office and no single nominee receives a majority vote of the Directors present on the First Ballot, a run-off vote shall be taken between the two nominees receiving the most votes. If there are only two nominees for a particular office and the nominees tie on the First Ballot a run-off will be held between the two nominees. In any case, the run-off vote will be deemed to be a continuation of the Annual Election at which the vote on the First Ballot was taken and a quorum will be deemed to exist. Each nominee will be elected by a majority vote of the Directors voting in the run-off election. The run-off election will be held no later than ten (10) days from the date of the First Ballot. If a tie occurs in a run-off election, the winner will be determined by each nominee drawing one card from a standard playing card deck of fifty-two (52) cards. The nominee drawing the higher card with Ace being the highest card will be declared the winner. If both players draw cards of the same number (or rank in the case of face cards) the nominees will redraw until a winner is determined. The suit of the card is disregarded for all purposes.
 - 3) In the case of NAR the positions to which CAR is entitled to, as determined by NAR's Bylaws will be filled in the order of the results of the voting. The nominee with the most number of votes will receive CAR's recommendation for a NAR Director position with the longest available term. The nominee with the second most vote total will receive CAR's recommendation for NAR Director with the second longest available term. This process will be repeated until there are no more recommendations to be filled. In the case of a tie, the order of priority will be determined by each nominee drawing one card from a standard playing card deck of fifty-two (52) cards. The nominee drawing the higher card, with Ace being the highest card, will receive

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the NAR Director with the longest term. If both players draw cards of the same number (or rank in the case of face cards) the nominees will redraw until a winner is determined. The suit of the card is disregarded for all purposes.

- i. No proxy, absentee or alternate vote will be counted. Each Director is responsible for casting his or her own vote. No Director may sell, assign, give, or otherwise transfer his or her vote on any matter. Any Director that does so will be subject to discipline by the CAR Board of Directors which may include removal from elected and/or appointed positions.
- ii. Names of the newly elected officers and elected NAR Directors to be recommended to NAR shall be printed in the official CAR publication as determined by the CAR Board of Directors as stated in Article 15.

8.2 Election of District Chairs and District Chair-Elects

Each district shall submit all candidates for District Chair and District Chair-Elect to the Chief Executive Officer prior to the Annual Election. Each District Chair-Elect shall be elected by the district Directors from within their respective district as described in the applicable Annual Election Procedures of Article 8.

- A. Quorum Requirement - One-half of the Directors from each district shall constitute a quorum for the election of District Chair-Elects. In the event a district does not have a quorum present, the election of that District Chair-Elect shall be by vote of the entire CAR Directorship present in accordance with this Article. If it is determined that the quorum requirements of this subparagraph did not exist on the First Ballot, then a second vote will be taken using the rules and procedures of a run-off ballot described above. As provided herein, the second vote will be taken using the entire CAR Directorship. Conflict of Interest – CAR Directors and elected and appointed Officers when acting in their elected or appointed capacity shall act and vote in the best interests of CAR without influence of any conflict of interest.
- B. Vacancies - A District Chair and District Chair-Elect who resigns will do so for the remainder of term of office. In the event a District Chair during his/her term of office resigns or is otherwise unable or unwilling to serve, upon affirmation the District Chair-Elect shall automatically become District Chair for the unexpired term thereafter in addition to their elected term. In the event an incoming District Chair-Elect resigns or is otherwise unable or unwilling to serve his/her replacement will be determined as described in the CAR Credentials Policy Manual.

8.3 Elections and Recommendations for NAR Directors

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NAR Directors representing CAR are elected by the NAR Directors according to the NAR Constitution and Bylaws. Nominees are submitted to NAR in the form of a recommendation by the CAR Directors. The recommendations are determined by a vote of the Directors as described in this Article 8:

The NAR Directors and Immediate Past NAR Directors shall be a Committee charged with the responsibility of advising the Directors with respect to recommendations for NAR Officers. The Chair will select a chairman from the current NAR Directors or past NAR Directors to serve as chairman of this committee.

8.4 Conflict of Interest

CAR Directors and elected and appointed Officers when acting in their elected or appointed capacity shall act and vote in the best interests of CAR without influence of any conflict of interest.

A. Definition – A conflict of interest shall exist on an issue or matter being considered by CAR if the Director or Officer or a Member of the immediate family of the Director or Officer is:

- 1) Financially affected by the issue or matter being considered; or
- 2) A Director, Officer, employee, owner, potential financial beneficiary or holder of a financial interest or in any corporation, partnership, association or other organization that is a competitor of CAR or may be affected by the issue or matter being considered.

A Director or Officer's involvement as a Member, Director or Officer of any Board, CAR or NAR is not a conflict of interest within this definition. The fact that a Director or Officer pays fees or annual dues to a Board, CAR or NAR does not create a conflict of interest within this definition. The fact that a particular issue may affect CAR does not create a conflict of interest within this definition for a CAR Director or Officer.

B. Quorum – The presence of a CAR Director or Officer who has a conflict of interest may be counted in determining whether a quorum is present.

C. Disclosure – Each CAR Director and Officer must disclose any potential conflict of interest to the attendees in advance of any discussion or deliberation on any issue or matter in which such conflict of interest may arise.

D. Abstention – Each Director and Officer with a potential conflict of interest must not participate in the discussion or deliberation on the issue or matter in which the conflict of interest arises and shall not attempt to influence the

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vote on that particular issue or matter. The Director and Officer shall abstain from the vote on that issue or matter. CAR shall provide the opportunity and procedure for any Director and Officer to officially record an abstention in the minutes of the meeting.

8.5 Removal

Any Director or Officer who has a conflict of interest on any issue or matter and who violates the requirements or procedure of Section 8.5, may be removed from their elected or appointed capacity in the following matter manner:

- A. Upon a motion made with two seconds at any regular or special meeting of the Directors, a Director or Officer with a conflict of interest who violates the requirements or procedures of Section 8.5 may be removed from elected or appointed office by a majority vote by secret written ballot of the Directors present. The Director or Officer who is the subject of the motion shall be given adequate opportunity during the discussion on the motion at the meeting of the Directors to respond to the motion either individually or through an attorney or both.
- B. A vote by the majority of Directors in favor of removal of a Chair, Chair-Elect, Treasurer, or Division Chair shall be effective upon conclusion of the vote.
- C. A vote by the majority of Directors in favor of removal of a Director or District Chair shall be certified in writing to the Board who elected the Director or to the District that elected the District Chair. Within 30 days the Board or District shall consider and vote on the removal certified by CAR. The removal of a Director shall be effective upon the vote by the Board which elected the Director. The removal of a District Chair shall be effective upon the vote by the District which elected that officer but nothing herein shall preclude a District from voting on removal prior to the vote of the Directors. In the event both votes favor removal, the effective date of removal shall be the vote by the Directors.
- D. Each Board shall adopt a conflict of interest policy identical to Section 8.5 in their respective bylaws or rules and regulations and shall adopt a procedure for removal of CAR Directors consistent with this Section 8.6. Each Board shall give deference to any certification of removal from CAR.

8.6 Filling Vacancies Created by Removal for Conflict of Interest

Any vacancy created by removal of a Director or Officer under Section 8.6 shall be filled in accordance with the provisions of these Bylaws which are applicable to vacancies of Directors or that Officer.

ARTICLE 9 - INSTITUTES, SOCIETIES & COUNCILS

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- 9.0** The Directors may sanction Institutes, Societies & Councils for various branches of real estate business in order to give Members who specialize in such branches an opportunity for conference and cooperation.
- 9.1** Each affiliated Colorado Institute, Society & Council of NAR may designate one delegate to serve as a voting Member of the Directors. If such Institute, Society or Council of NAR has more than one Colorado Affiliated Chapter, it shall designate only one delegate to serve as a voting member of the Directors.

ARTICLE 10 - GEOGRAPHICAL DISTRICTS

- 10.0** For purposes of administration, communication and service, the State of Colorado shall be divided into geographical districts determined by the jurisdiction boundaries of Boards. A Board may change districts 180 days following notification to CAR and all Boards within its current district and its desired district, subject to the approval of the desired district by majority vote of the Directors from that district.

ARTICLE 11 - COMMITTEES

- 11.0** The Chair shall appoint all committees and the chairperson of all standing and operating committees and the Chair-Elect shall appoint the vice chairperson of these committees. The Chair and Chair-Elect shall be ex-officio members, without vote, of all such committees. Chair, Chair-Elect, Treasurer, and Immediate Past Chair shall be notified of all meetings. These bodies will meet by call of the committee chair or request of the Chair.
- 11.1** Finance Committee - There shall be a Finance Committee consisting of the Treasurer, who shall be the committee chair, and no more than thirteen (13) other members, and one (1) AE Representative other than the Treasurer, and Finance Committee members shall be appointed to staggered terms of two (2) years. Vacancies shall be filled by appointment of the Chair for the remaining term of any Member who cannot complete a term of office.
- 11.2** Creation or dissolution of any standing committee shall be approved by the Board of Directors.

ARTICLE 12 - GENERAL MEMBERSHIP MEETINGS

- 12.0** The Annual General Membership Meeting of CAR may be held in conjunction with a Board of Directors Meeting or at such time and place as may be designated by the Directors.
- 12.1** Additional General Membership Meetings may be called by the Directors or representation of at least 50 percent of the Boards. Any call for such additional meeting shall state the purpose, time and place of the meeting and shall be issued at least fifteen (15) days in advance of the date of such meeting.

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- 12.2** All active REALTOR Members have the full privilege of attending all General Membership Meetings of CAR and shall be entitled to participate in all discussions and deliberations brought before the meeting.

ARTICLE 13 - FISCAL YEAR

- 13.1** The fiscal year shall begin the first day of January each year.

ARTICLE 14 - PROFESSIONAL STANDARDS

- 14.0** Prior to referring an ethics complaint or arbitration request for review to the State Association, a Board should exhaust all efforts to impanel an impartial tribunal to conduct either the original hearing or the appeal or procedural review. These efforts may include the appointment of knowledgeable members of the Board on an ad hoc basis to serve on either a Hearing Panel or on behalf of the Board of Directors. If, because of notoriety, etc., the Board cannot impanel an impartial tribunal, the Board may refer the matter to the State Association and the State Association may delegate to another Board or a regional enforcement facility the authority to hear the case on behalf of the State Association. No Board or regional enforcement facility, however, may be required to accept this delegation of authority. If no other entity is amenable to conducting the review, the State Association shall be responsible for conducting the hearing.

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 the State Association level under the following circumstances:

- A. Allegations of unethical conduct made against a REALTOR® in the instance in which the Board, because of size or other valid reason, determines that it cannot provide a due process hearing of the matter and may engage with the State Association to conduct a hearing.
- B. Contractual disputes (and specific non-contractual disputes as defined in Standard of Practice 17-4) between REALTORS® who are not members of the same Board where the matter has been referred to the State Association by both boards.
- C. Contractual disputes (and specific non-contractual disputes as defined in Standard of Practice 17-4) between REALTOR® Members of the same Board where the Board with good and sufficient reason is unable to arbitrate the controversy.

(Explanation: This provision is not designed to relieve a Board of its primary responsibility to resolve differences arising between members of the same Board.

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The section recognizes that in some Boards with limited membership usual arbitration procedures may be impossible.)

- 14.1** Professional Standards hearings and the organization and procedures incident thereto shall be governed by the Code of Ethics and Arbitration Manual of the Colorado Association of REALTORS®, as from time to time amended, which by this reference is made a part of these Bylaws.
- A. The provisions of the Colorado Uniform Arbitration Act shall apply, and the Manual shall be interpreted in a manner that is consistent with that statute.
 - B. The term 'Board' as used in the Manual shall be interpreted to read 'State Association' or 'Association' where the context indicates or requires.
 - C. The powers, authority and responsibilities of the Board of Directors as spelled out in the Manual shall be exercised by the Leadership Council of CAR and said committee shall have the right and power to delegate this authority to appropriate committees or administrative personnel. An Appeals Committee appointed by the Chair and approved by the Leadership Council shall receive and decide appeals.
 - D. CAR shall have jurisdiction over matters relating to ethical violations and controversies between REALTORS® as specified in 'Jurisdiction of State Association' in the Manual.
 - E. Editorial content and explanations contained in the Manual may be considered as advisory but not binding in interpreting the Manual and its provisions.
 - F. The amounts of fees and deposits relating to proceedings governed by the Manual shall be determined by the Board of Directors from time to time.
 - G. References to the 'state' or 'state law' shall refer to the State of Colorado or the laws of that State as the context may indicate.
- 14.2** The Code of Ethics of NAR is adopted as the Code of Ethics of CAR and shall be considered a part of its Rules and Regulations. The CAR Code of Ethics and Rules and Regulations shall be deemed to be amended and changed at the same time that the NAR Code of Ethics is amended or changed.
- 14.3** CAR encourages Boards to take positive action to inform their Members that Multiple Listing Services do not fix, control, recommend, suggest or maintain commission rates or fees for services to be rendered by Members or non-members.
- 14.4** If a REALTOR® Member resigns from the association or otherwise causes membership to terminate with an ethics complaint pending, the Board of Directors

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may condition the right of the resigning Member to reapply for membership upon the applicant's certification that he 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 (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®.

ARTICLE 15 - ORDER AND NOTIFICATION

15.0 "Robert's Rules of Order"

Newly Revised, Latest Edition, shall be recognized as the authority governing all meetings and conferences when not in conflict with the Bylaws of CAR.

15.1 Where notification to Members is required, the official CAR publication as determined by the CAR Board of Directors shall suffice.

ARTICLE 16 - AMENDMENTS

16.0 The Bylaws may be amended at any duly constituted meeting of the Directors by the affirmative vote of two-thirds of the Directors present provided that a quorum is present and provided further that notice of any proposed amendments shall first have been submitted in writing thirty (30) days in advance to all Directors by the Chief Executive Officer.

16.1 Amendments to these Bylaws affecting the admission or qualifications of REALTOR® Members and Institute Affiliate Members, the use of the term REALTOR® or REALTORS® or any alteration of the territorial jurisdiction of a Board shall become effective upon the approval of the Directors and NAR.

ARTICLE 17 - INDEMNIFICATION

17.0 Definitions

For purposes of this Article, the following terms shall have the meanings set forth below:

- A. "Corporation" means CAR and, in addition to the resulting or surviving corporation, any domestic or foreign predecessor entity of CAR in a merger, consolidation or other transaction in which the predecessor's existence ceased upon consummation of the transaction.
- B. "Expenses" means the actual and reasonable expenses, including legal fees, incurred by a party in connection with a proceeding.

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- C. “Liability” means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan) or expense incurred with respect to a proceeding.
- D. “Official Capacity” when used with respect to a Director of the corporation means the office of Director in the corporation and when used with respect to a person in a capacity other than as a Director (even if such person is also a Director) means the office in the corporation held by the Officer or the employment relationship undertaken by the employee on behalf of the corporation in the performance of his/her duties in his/her capacity as such Officer or employee. “Official Capacity” does not include service for any other foreign or domestic corporation or for any partnership, joint venture, trust, other enterprise or employee benefit plan when acting directly on behalf of such other corporation, partnership, joint venture, trust, enterprise or plan as a Director, Officer, employee, fiduciary or agent thereof.
- E. “Party” means any person who was, is, or is threatened to be made, a named defendant or respondent in a proceeding by reason of the fact that such person is or was a Director, Officer or employee of the corporation, and any person who, while a Director, officer or employee of the corporation, is or was serving at the request of the corporation as a Director, Officer, partner, trustee, employee, fiduciary or agent of any other foreign or domestic corporation or of any partnership, joint venture, trust, other enterprise or employee benefit plan. A party shall be considered to be serving an employee benefit plan at the corporation's request if such party's duties to the corporation also impose duties on or otherwise involve services by such party to the plan or to participants in or beneficiaries of the plan.
- F. “Proceeding” means any threatened, pending or completed action, suit or proceeding, or any appeal therein, whether civil, criminal, administrative, arbitral or investigative (including an action by or in the right of the corporation) and whether formal or informal.

17.1 Right to Indemnification

- A. Standards of Conduct - Except as provided in Section 17.2(d) below, the corporation shall indemnify any party to a proceeding against liability incurred in or as a result of the proceeding if (i) such party conducted the activity in good faith, (ii) such party reasonably believed (a) in the case of a Director acting in an official capacity, that the conduct was in the corporation's best interests, or (b) in all other cases, that such party's conduct was at least not opposed to the corporation's best interests, and (iii) in the case of any criminal proceeding, such party had no reasonable cause to believe the conduct was unlawful. For purposes of determining the applicable standard of conduct under this Section 17.2, any party acting in an official capacity who is also a Director of the corporation shall be held

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to the standard of conduct set forth in Section 17.2(A)(ii)(a), even if such party is sued solely in a capacity other than as such Director.

- B. Employee Benefit Plans - A party's conduct with respect to an employee benefit plan for a purpose such party reasonably believed to be in the interests of the participants in or beneficiaries of the plan is conduct that satisfies the requirements of Section 2(a)(ii)(B). A party's conduct with respect to an employee benefit plan for a purpose that such party did not reasonably believe to be in the interests of the participants in or beneficiaries of the plan shall be deemed not to satisfy the requirements of Section 17.2(A)(i).
- C. Settlement - The termination of any proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, is not of itself determinative that the party did not meet the applicable standard of conduct set forth in Section 17.2(a).
- D. Indemnification Prohibited - Except as hereinafter set forth in this Section 17.2(D), the corporation may not indemnify a party under this Section 17.2 either (i) in connection with a proceeding by or in the right of the corporation in which the party is or has been adjudged liable for gross negligence or willful misconduct in the performance of the party's duty to the corporation, or (ii) in connection with any proceeding charging improper personal benefit to the party, whether or not involving action in the party's official capacity, in which the party was adjudged liable on the basis that personal benefit was improperly received by the party (even if the corporation was not thereby damaged). Notwithstanding the foregoing, the corporation shall indemnify any such party if and to the extent required by the court conducting the proceeding, or any other court of competent jurisdiction to which the party has applied, if it is determined by such court, upon application by the party, that despite the adjudication of liability in the circumstances in clauses (i) and (ii) of this Section 17.2(D) or whether or not the party met the applicable standard of conduct set forth in Section 17.2(A), and in view of all relevant circumstances, the party is fairly and reasonably entitled to indemnification for such expenses as the court deems proper in accordance with the Colorado Nonprofit Corporation Code.
- E. Claims by or in the Right of Corporation - Indemnification permitted under this Section 17.2 in connection with a proceeding by or in the right of the corporation shall be limited to expenses incurred in connection with the proceeding.

Combined Proceedings - If any claim made by or in the right of the corporation against a party is joined with any other claim against such party in a single proceeding, the claim by or in the right of the corporation (and all

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expenses related thereto) shall nevertheless be deemed the subject of a separate and distinct proceeding for purposes of this Article.

17.2 Prior Authorization Required

Any indemnification under Section 17.2 (unless ordered by a court) shall be made by the corporation only if authorized in the specific case after a determination has been made that the party is eligible for indemnification in the circumstances because the party has met the applicable standard of conduct set forth in Section 17.2(A) and after an evaluation has been made as to the reasonableness of the expenses. Any such determination, evaluation and authorization shall be made by the Directors by a majority vote of a quorum of the Directors, which quorum shall consist of Directors not parties to the subject proceeding, or by such other person or body as permitted by law.

17.3 Success on Merits or Otherwise

Notwithstanding any other provision of this Article, the corporation shall indemnify a party to the extent such party has been successful, on the merits or otherwise, including without limitation, dismissal without prejudice or settlement without admission of liability, in defense of any proceeding to which the party was a party against expenses incurred by such party in connection therewith.

17.4 Advancement of Expenses

The corporation shall pay for or reimburse the expenses, or a portion thereof, incurred by a party in advance of the final disposition of the proceeding if: (a) the party furnishes the corporation a written affirmation of such party's good-faith belief that they have met the standard of conduct described in Section 17.2(A)(i); (b) the party furnishes the corporation a written undertaking, executed personally or on behalf of such party, to repay the advance if it is ultimately determined that the party did not meet such standard of conduct; and (c) authorization of payment and a determination that the facts then known to those making the determination would not preclude indemnification under this Article have been made in the manner provided in Section 17.3. The undertaking required by clause (b) must be an unlimited general obligation of the party, but need not be secured and may be accepted without reference to financial ability to make repayment.

17.5 Payment Procedures

The corporation shall promptly act upon any request for indemnification, which request must be in writing and accompanied by the order of court or other reasonably satisfactory evidence documenting disposition of the proceeding in the case of indemnification under Section 4 and by the written affirmation and undertaking to repay as required by Section 5 in the case of indemnification under such Section. The right to indemnification and advances granted by this Article

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shall be enforceable in any court of competent jurisdiction if the corporation denies the claim, in whole or in part, or if no disposition of such claim is made within ninety days after written request for indemnification is made. A party's expenses incurred in connection with successfully establishing such party's right to indemnification, in whole or in part, in any such proceeding shall also be paid by the corporation.

17.6 Notification to Members

Any indemnification of or advance of expenses to a Director (but not to any other party) in accordance with this Article, if arising out of a proceeding by or on behalf of the corporation, shall be reported in writing to the members with or before the notice of the next meeting of members.

17.7 Insurance

By action of the Directors, notwithstanding any interest of the Directors in such action, the corporation may purchase and maintain insurance in such amounts as the Directors deems appropriate to protect itself and any person who is or was a Director, Officer, employee, fiduciary or agent of the corporation, or who, while a Director, Officer, employee, fiduciary or agent of the corporation, is or was serving at the request of the corporation as a Director, officer, partner, trustee, employee, fiduciary or agent of any other foreign or domestic corporation or of any partnership, joint venture, trust, other enterprise or employee benefit plan against any liability asserted against or incurred by such person in any such capacity or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under applicable provisions of law or this Article. Any such insurance may be procured from any insurance company designated by the Directors, whether such insurance company is formed under the laws of Colorado or any other jurisdiction, including any insurance company in which the corporation has an equity or any other interest, through stock ownership or otherwise. The corporation may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such sums as may become necessary to effect indemnification as provided herein.

17.8 Right to Impose Conditions to Indemnification

The corporation shall have the right to impose, as conditions to any indemnification provided or permitted in this Article, such reasonable requirements and conditions as may appear appropriate to the Directors in each specific case and circumstances, including but not limited to any one or more of the following: (a) that any counsel representing the party to be indemnified in connection with the defense or settlement of any proceeding shall be counsel mutually agreeable to the party and to the corporation; (b) that the corporation shall have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the party to be indemnified; and (c) that the

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corporation shall be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified party's right of recovery, and that the party to be indemnified shall execute all writings and do everything necessary to assure such rights of subrogation to the corporation.

17.9 Other Rights and Remedies

The indemnification provided by this Article shall be in addition to any other rights which a party may have or hereafter acquire under any law, provision of the Articles of Incorporation, any other or further provision of these bylaws, vote of the Members or Directors, agreement, or otherwise.

17.10 Applicability: Effect

The indemnification provided in this Article shall be applicable to acts or omissions that occurred prior to the adoption of this Article, shall continue as to any party entitled to indemnification under this Article who has ceased to be a Director, Officer or employee of the corporation or, at the request of the corporation, was serving as and has since ceased to be a Director, Officer, partner, trustee, employee, fiduciary or agent of any other domestic or foreign corporation, or of any partnership, joint venture, trust, other enterprise or employee benefit plan, and shall inure to the benefit of the estate and personal representatives of each such person. The repeal or amendment of this Article or of any section or provision hereof that would have the effect of limiting, qualifying or restricting any of the powers or rights of indemnification provided or permitted in this Article shall not, solely by reason of such repeal or amendment, eliminate, restrict or otherwise affect the right or power of the corporation to indemnify any person, or affect any right of indemnification of such person, with respect to any acts or omissions that occurred prior to such repeal or amendment. All rights to indemnification under this Article shall be deemed to be provided by a contract between the corporation and each party covered hereby.

17.11 Indemnification of Agents

The Corporation shall have the right, but shall not be obligated, to indemnify any agent of the corporation not otherwise covered by this Article to the fullest extent permissible by the laws of Colorado. Unless otherwise provided in any separate indemnification arrangement, any such indemnification shall be made only as authorized in the specific case in the manner provided in Section 17.3.

17.12 Savings Clause; Limitation

If this Article or any section or provision hereof shall be invalidated by any court on any ground, then the corporation shall nevertheless indemnify each party otherwise entitled to indemnification hereunder to the fullest extent permitted by law or any applicable provision of this Article that shall not have been invalidated.

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Notwithstanding any other provision of these bylaws, the corporation shall neither indemnify any person nor purchase any insurance in any manner or to any extent that would jeopardize or be inconsistent with the qualification of the corporation as an organization described in section 501(c)(6) of the Internal Revenue Code of 1986, as amended.