

Frederick County Association of REALTORS[®], Inc. Bylaws

ARTICLE I - NAME

Section 1. Name. The name of this organization shall be the Frederick County Association of REALTORS[®], Incorporated, hereinafter referred to as “FCAR.”

Section 2. REALTORS[®] Inclusion and retention of the Registered Collective Membership Mark REALTORS[®] in the name of FCAR 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 FCAR 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 Maryland REALTORS[®] 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, individuals authorized to use the terms REALTOR[®] and REALTORS[®] as licensed, prescribed, and controlled by the NATIONAL ASSOCIATION OF REALTORS[®].

ARTICLE III - JURISDICTION

Section 1. The territorial jurisdiction of FCAR as a member of the NATIONAL ASSOCIATION OF REALTORS[®] is: Frederick County, Maryland.

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 FCAR agrees to protect and safeguard the property rights of the NATIONAL ASSOCIATION OF REALTORS[®] in the terms.

ARTICLE IV - MEMBERSHIP

Section 1. There shall be six classes of members as follows:

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

(1) Individuals who, as sole proprietors, partners, corporate officers, or branch office managers, are engaged actively in the real estate profession, including buying, selling, exchanging, renting or leasing, managing, appraising for others for compensation, counseling, building, developing or subdividing real estate, and who maintain or are associated with an established real estate office in the state of Maryland 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 as described in Section 1(b) of Article IV.

In the case of a real estate firm, partnership, or corporation, whose business activity is substantially all commercial, only those principals actively engaged in the real estate business in connection with the same office, or any other offices within the jurisdiction of the board in which one of the firm's principals hold REALTOR® membership, shall be required to hold REALTOR® membership unless otherwise qualified for Institute Affiliate Membership as described in Section 1B of Article IV.

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

(3) Franchise REALTOR® Member. 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; and the right to hold elective office in the local association, state association and national association.

(4) Primary and secondary REALTOR® members. An individual is a primary member if the local association pays state and National dues based on such member. An individual is a secondary member if state and National dues are remitted through another association. One of the principals in a real estate firm must be a Designated REALTOR® member of FCAR in order for licensees affiliated with the firm to select FCAR as their "primary" association. REALTOR® members may obtain membership in a "secondary" association in another state.

(5) Designated REALTOR® Members. Each firm (or office in the case of firms with multiple office locations) shall designate in writing one REALTOR® member who shall be responsible for all duties and obligations of membership including the obligation to arbitrate pursuant to Article 17 of the Code of Ethics and the payment of FCAR dues as established in Article X of the Bylaws. 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 established in Article V, Section 2, of the Bylaws.

(b) Institute Affiliate Members. Institute Affiliate Members shall be individuals who hold a professional designation 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® membership, subject to payment of applicable dues for such membership.

(c) Affiliate Members. Affiliate members shall be real estate business 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 sympathy with the objectives of FCAR. Affiliate membership shall also be granted to individuals licensed or certified to engage in real estate practice who, if otherwise eligible, do not elect to hold REALTOR® membership in FCAR, provided the applicant is engaged exclusively in a specialty of the real estate business other than brokerage of real property.

(d) 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.

(e) 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 FCAR, or for the public.

(f) 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.

Privileges of REALTOR® Members.

REALTOR® members, whether primary or secondary, in good standing are entitled to vote and to hold elective office in the association and may use the term REALTOR®. For purposes of this section, the term “good standing” means the member satisfies the “Obligations of REALTOR® Members”, is current with all financial and disciplinary obligations to the association and MLS, has completed any new member requirements and complies with NAR’s trademark rules.

Obligations of REALTOR® Members.

It shall be the duty and responsibility of every REALTOR® member of this association to safeguard and promote the standards, interests, and welfare of the association and the real estate profession, and to protect against conduct that may cause a lack of public confidence in the real estate profession or in

REALTORS®. REALTOR® members also must abide by the governing documents and policies of the association, the State Association, and the *NATIONAL ASSOCIATION OF REALTORS®*, as well as the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, including the duty to mediate and arbitrate controversies arising out of real estate transactions as specified by Article 17 of the Code of Ethics, and in accordance with the procedures set forth in the Code of Ethics and Arbitration Manual.

Every REALTOR® member shall maintain a high level of integrity and adhere to the association's membership criteria. Any violent act or threat of violence to person or property, hateful conduct, or acts of moral turpitude impacting the public shall not be tolerated and may be cause for disciplinary action, up to and including termination of membership.

ARTICLE V - QUALIFICATION AND ELECTION

Section 1. Application

- (a) An application for membership shall be made in such manner and form as may be prescribed by the Board of Directors and made available to anyone requesting it. The application form shall contain among the statements to be signed by the applicant (1) that applicant agrees as a condition of membership to thoroughly familiarize himself with the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, the Constitutions, Bylaws, and Rules and Regulations of FCAR, state and national associations, and if elected a member, will abide by the Constitution, Bylaws, and Rules and Regulations of FCAR, 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 FCAR, 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 FCAR 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 Constitution, Bylaws, 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 satisfactory to the Membership Committee that he is actively engaged in the real estate profession, and maintains a current, valid real estate broker's, associate 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 an orientation class conducted by FCAR to include a discussion of FCAR's, Maryland Realtors, and NAR's Bylaws, Rules and Regulations, and/or Constitution within 60 days of application and agrees to abide by such Constitution, Bylaws, Rules and Regulations and Code of Ethics while a member.

* 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 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 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.

**The association may only consider: civil judgments imposed within the past seven (7) years involving judgments of (1) civil rights laws, (2) real estate license laws, and (3) or other laws prohibiting unprofessional conduct against the applicant rendered by the courts or other lawful authorities. The association may only consider criminal convictions 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.

(b) Individuals who are actively engaged in the real estate profession other than as sole proprietors, partners, corporate officers, or branch office managers in order to qualify for REALTOR® membership, shall at the time of application, be associated either as an employee or as an independent contractor with a Designated REALTOR® member of FCAR or a Designated REALTOR® Member of another association (if a secondary member) and must maintain a current, valid real estate broker's, associate 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, shall agree to complete an orientation class conducted by FCAR to include a discussion of FCAR's Maryland Realtors, and NAR's Bylaws, rules and regulations, and/or Constitution within 60 days of application and agrees to abide by such Constitution, Bylaws, Rules and Regulations and Code of Ethics while a member.

(c) FCAR 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 any other 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
6. Any misuse of the term REALTOR® or REALTORS® in the name of the applicant's firm.

“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 2) provided all other qualifications for membership have been satisfied. Associations may reconsider the membership status of such individuals when all pending ethics and arbitration matters (and related discipline) have been resolved or if such matters are not resolved within six months from the date that provisional membership is approved. Provisional members shall be considered REALTORS® and shall be subject to all of the same privileges and obligations of REALTOR® membership. If a member resigns from another association with an ethics complaint or arbitration request pending, FCAR may

condition membership on the applicant's certification that he 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 to Membership

The procedure for election to membership shall be as follows:

(a) The Chief Staff 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 application 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.

(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 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 for membership. If the applicant receives a majority vote of the Board of Directors, he/she shall be declared elected to membership and shall be advised by written notice.

(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.

(d) If the Board of Directors determines that the application should be rejected, it shall record its reasons with the Chief Staff 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.

Section 4. 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 hours and thirty minutes of instructional time. Orientation programs must meet the learning objectives and minimum criteria established from time to time by the NATIONAL ASSOCIATION OF REALTORS®. This requirement does not apply to applicants for REALTOR® membership or provisional members who have completed comparable orientation in another association, provided that REALTOR® membership has been continuous, or that any break in membership is for one year or less.

Failure to satisfy this requirement within 60 days of the date of application (or, alternatively, the date that provisional membership was granted) will result in denial of the membership application or termination of provisional membership.

Section 5. REALTOR® Code of Ethics Training

Effective November 11, 2019, extending the current Cycle 6 until December 31, 2021, and for successive three-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 of not less than two (2) hours and thirty (30) minutes of instructional time. Training is to include content on professional conduct, courtesies, business etiquette, and real-life scenarios. This requirement will be satisfied upon presentation of documentation that the member has completed a course of instruction conducted by this or another association, the State Association of REALTORS®, the NATIONAL ASSOCIATION OF REALTORS®, or any other recognized educational institution or provider which meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS® from time to time. REALTOR® 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 two (3)-year cycle shall not be required to complete additional ethics training until a new two (3)-year cycle commences.

Failure to satisfy the required periodic ethics training shall be considered a violation of a membership duty. Failure to meet the requirement in any two (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 two (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.

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.

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 provision deemed inconsistent with state law shall be deleted or amended to comply with state law.

Section 6. Status Changes.

(a) A REALTOR® who changes the conditions under which he holds membership shall be required to provide written notification to FCAR within thirty (30) calendar 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) calendar days of the date they advised FCAR of their change in status, their new membership application will terminate automatically unless otherwise so directed by the Board of Directors.

A REALTOR® (or REALTOR-ASSOCIATE®, where applicable) who is transferring their license from one firm comprised of REALTOR® principals to another firm comprised of REALTOR® principals shall be subject to all of the privileges and obligations of membership during the period of transition. If the transfer is not completed within thirty (30) calendar days of the date FCAR 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 FCAR'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 quarter 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.

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 FCAR member may be reprimanded, fined, placed on probation, suspended, or expelled by the Board of Directors for a violation of FCAR's Bylaws and Rules and Regulations consistent with these Bylaws, after a hearing as provided in the Code of Ethics and Arbitration Manual of the NATIONAL ASSOCIATION OF REALTORS®. Although members other than REALTORS® are not subject to the Code of Ethics nor its enforcement by FCAR, such members are encouraged to abide by the principals established in the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and conduct their business and professional practices accordingly. Further, members other than REALTORS® may, upon recommendation of the Membership Committee, or upon recommendation by a hearing panel of the Professional Standards Committee, be subject to discipline as described above, for any conduct, which in the opinion of the Board of Directors, applied on a nondiscriminatory basis, reflects adversely on the terms REALTOR® or REALTORS®, and the real estate industry, or for conduct that is inconsistent with or adverse to the objectives and purposes of the local association, the state association, and the NATIONAL ASSOCIATION OF REALTORS®.

Section 3. Any REALTOR® member of FCAR 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, provided that the discipline imposed is consistent with the discipline authorized by the Professional Standards Committee of the NATIONAL ASSOCIATION OF REALTORS® as set forth in the Code of Ethics and Arbitration Manual of the NATIONAL ASSOCIATION OF REALTORS®.

Section 4. 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 FCAR for dues, fees, fines, or other assessments of FCAR or any of its services, departments, divisions, or subsidiaries, FCAR may condition the right of the resigning member to reapply for membership upon payment in full of all such monies owed.

Section 5. 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 Boards 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 the 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®.

(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®.

Section 6. REALTOR® members, whether primary or secondary, in good standing whose financial obligations to FCAR are paid in full shall be entitled to vote and to hold elective office in FCAR; may use the terms REALTOR® and REALTORS®, which use shall be subject to the provisions of Article VIII of these bylaws; and have the primary responsibility to safeguard and promote the standards, interests, and welfare of FCAR and the real estate profession.

(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, 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, whichever may apply. Further, the membership of REALTORS® other than principals who are employed by 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 until connection of the disciplined member with the firm, partnership, or corporation is severed, or unless the REALTOR® member (non-principal) elects to sever his connection with the REALTOR® and affiliate with another REALTOR® member in good

standing in FCAR, whichever may apply. If a REALTOR® member who is other than a principal in a firm, partnership, or corporation is suspended or expelled, the use of the terms REALTOR® or REALTORS® by the firm, partnership, or corporation shall not be affected.

(b) In any action taken against a REALTOR® member for suspension or expulsion under Section 6(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 6(a) shall apply.

Section 7. 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®.

Section 8. Affiliate Members. Affiliate members shall have rights to vote and shall have rights and privileges and be subject to such obligations as prescribed by the Board of Directors.

Section 9. Public Service Members. Public Service members shall have rights and privileges and be subject to obligations prescribed by the Board of Directors.

Section 10. Honorary Members. Honorary membership shall confer only the right to attend meetings and participate in discussions.

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

Section 12. Certification by REALTOR®. “Designated” REALTOR® members of FCAR shall certify to the association during the month of July on a form provided by FCAR, a complete listing of all individuals licensed or certified in the REALTOR®’s office(s) and shall designate a primary association for each individual who holds membership. Designated REALTORS® 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. “Designated” REALTOR® members shall also notify FCAR of any additional individual(s) licensed or certified with the firm(s) within thirty (30) days of the date of affiliation or severance of the individual.

Section 13. Harassment. Any member of FCAR may be reprimanded, placed on probation, suspended or expelled for harassment of an FCAR employee or Officer or Director after an investigation in accordance with the procedures of the association. As used in this Section, harassment means any verbal or physical conduct including threatening or obscene language, unwelcome sexual advances, stalking, actions including strikes, shoves, kicks, or other similar physical contact, or threats to do the same, or any other conduct with the purpose or effect of unreasonably interfering with an individual’s work performance by creating a hostile, intimidating or offensive work environment. The decision of the appropriate disciplinary action to be taken shall be made by the investigatory team comprised of the President, President-elect and one member of the Board of Directors selected by the highest-ranking officer not named in the complaint, upon consultation with legal counsel for FCAR. Disciplinary action may include any sanction authorized in the Code of Ethics and Arbitration Manual. If the complaint names

the President or President-Elect, they may not participate in the proceedings and shall be replaced by the Immediate Past President or, alternatively, by another member of the Board of Directors selected by the highest-ranking officer not named in the complaint.

ARTICLE VII - PROFESSIONAL STANDARDS AND ARBITRATION

Section 1. The responsibility of the association and of association members relating to the enforcement of the National Association of REALTORS® Code of Ethics, the disciplining of members, the arbitration of disputes, and the organization and procedures incident thereto shall: 1. Be governed by the National Association of REALTORS® Code of Ethics and Arbitration Manual, as from time to time amended, which by this reference is made a part of these Bylaws, as adapted to be consistent with State law; and 2. Be consistent with the Statewide Professional Standards Cooperative Enforcement Agreement, entered into by the association, as from time to time amended, which by this reference is made a part of these Bylaws.

Section 2. It shall be the duty and responsibility of every REALTOR® member of FCAR to abide by FCAR's Bylaws and the Rules and Regulations, the Bylaws of the state association, the Constitution and Bylaws of the NATIONAL ASSOCIATION OF REALTORS®, and to abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®, including the duty to mediate and 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 as from time to time amended.

Section 3. In the event of contractual disputes or specific non-contractual disputes as defined in Standard of Practice 17-4 between Realtors® (principals) associated with different firms, arising out of their relationship as Realtors®, the Realtors® shall mediate the dispute prior to submitting the dispute to arbitration.

ARTICLE VIII - 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.

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. FCAR 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 Code of Ethics and Arbitration Manual.

Section 2. REALTOR® members of FCAR 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® member who is a principal of a real estate firm, partnership, or corporation may use the terms REALTOR® and REALTORS® only if all 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 or Institute Affiliate members as described in Section 1(b) of Article IV.

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

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

ARTICLE IX - STATE AND NATIONAL MEMBERSHIPS

Section 1. FCAR shall be a member of the NATIONAL ASSOCIATION OF REALTORS® and the Maryland REALTORS®. By reason of FCAR's membership, each FCAR REALTOR® member shall be entitled to membership in the NATIONAL ASSOCIATION OF REALTORS® and the Maryland REALTORS® without further payment of dues (refer to option below). FCAR shall continue as a member of the state and national associations, unless by a majority vote of all of its REALTOR® members, decision is made to withdraw, in which case the state and national associations shall be notified at least one month in advance of the date designated for the termination of such membership.

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

Section 3. FCAR adopts the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® and agrees to enforce the Code among its REALTOR® members. FCAR and all of its members agree to abide by the Constitution, Bylaws, Rules and Regulations, and policies of the NATIONAL ASSOCIATION OF REALTORS® and the Maryland REALTORS®.

ARTICLE X - DUES AND ASSESSMENTS

Section 1. Application Fee. The Board of Directors may adopt an application fee for REALTOR® membership in reasonable amount, not exceeding three 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 FCAR upon final approval of the application.

Section 2. Dues. The annual dues of members shall be established by the Board of Directors on an annual basis.

(a) Designated REALTOR® Members. The annual dues of each Designated REALTOR® member shall be established by the Board of Directors on an annual basis plus an amount established annually by the Board of Directors times the number of real estate salespersons and licensed or certified appraisers who (1) are employed by or affiliated as independent contractors, or who are otherwise directly or indirectly licensed with such REALTOR® member, and (2) are not REALTOR® members of any association in the state or a state contiguous thereto or Institute Affiliate members of the NATIONAL ASSOCIATION OF REALTORS®. In calculating the dues payable to FCAR by a Designated REALTOR® member, non-member licensees as defined in (1) and (2) of this paragraph shall not be included in the computation of dues if the Designated REALTOR® has paid dues based on said non-member licensees in another association in the state or a state contiguous thereto, provided the Designated REALTOR® notifies FCAR in writing of the identity of the association to which dues have been remitted. In the case of a Designated REALTOR® Member in a firm, partnership, or corporation whose business activity is substantially all commercial, any assessments for non member licensees shall be limited to licensees affiliated with the Designated REALTOR® (as defined the above paragraph) in the office where the Designated REALTOR® holds membership, and any other offices of the firm located within the jurisdiction of this board.

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

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

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

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

(b) REALTOR® Members. The annual dues of REALTOR® members other than the Designated REALTOR® shall be established annually by the Board of Directors.

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

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

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

(f) Honorary Members. Dues Payable, if any, shall be established annually by the Board of Directors.

(g) Student Members. Dues Payable, if any, shall be established annually by the Board of Directors.

Section 3. Dues Payable. Dues for all members shall be payable annually in advance of the fifteenth day of January. Dues shall be computed from the date of application and granting of provisional membership.

(a) In the event a sales licensee or licensed or certified appraiser who holds REALTOR® membership is dropped for nonpayment of FCAR 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.

Section 4. Nonpayment of Financial Obligations. If dues, fees, fines, or other assessments including amounts owed to FCAR are not paid within one (1) month after the due date, the nonpaying member is subject to suspension at the discretion of the Board of Directors. Two (2) months after the due date, membership of the nonpaying member may be terminated at the discretion of the Board of Directors. Three (3) months after the due date, membership of the nonpaying 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 the provisions of FCAR's Bylaws or other Rules and Regulations 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 of funds shall be in accordance with policies established by the Board of Directors.

Section 6. Notice of Dues, Fees, Fines, Assessments, and Other Financial Obligations of Members. The member shall be notified in writing, setting forth the amount owed and due date, of all delinquent dues, fines, assessments, or other financial obligations to FCAR.

Section 7. The dues of REALTOR® members who are REALTOR® Emeriti (as recognized by the NATIONAL ASSOCIATION OF REALTORS®), Past Presidents and Past officers of the NATIONAL ASSOCIATION OF REALTORS® or recipients of the Distinguished Service Award shall be determined by the Board of Directors.

Section 8. The proposed annual budget for FCAR for the following membership year shall be presented to the membership at its September meeting. The year-end financial statement for FCAR shall be published for the membership as soon as it is made available from its management company and approved by the Board of Directors.

ARTICLE XI - OFFICERS AND DIRECTORS

Section 1. Officers. The elected officers of FCAR shall be: a President, a President-elect, a Secretary, and a Treasurer. The Secretary and Treasurer may be the same person. They shall be elected for terms of one year. The immediate Past President shall serve as an Officer in the year immediately following his year as President. The elected Treasurer may be an affiliate member of the Association.

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 Secretary to keep the records of FCAR and to carry on all necessary correspondence with the NATIONAL ASSOCIATION OF REALTORS® and the Maryland REALTORS®.

Section 3. Board of Directors. The governing body of FCAR shall be a Board of Directors consisting of elected officers who shall be REALTOR® members and Five (5) Directors who shall be comprised as follows. (4) Director positions shall be elected from FCAR's REALTOR® members and shall serve for terms of three years. The Board of Directors shall have discretion, by majority vote, to elect Director positions for a term of less than three years to prevent a scenario whereby too many Director positions turn over in a particular fiscal year. (1) Director position shall be elected from FCAR's Affiliate members and shall serve for a term of two years. The Board shall also include honorary members that have served on NAR as an officer.

(a) Term Limits: No director shall serve more than two (2) consecutive terms.

Section 4. Election of Officers and Directors.

(a) The immediate Past-President shall serve as Chair of the Credentials Committee and shall assemble a team of five (5) REALTOR® Members, from five different offices, one of which shall be the Chairman of the DEI Committee, with the approval of the Board of Directors no later than the March Board of Directors meeting. The Credentials Committee shall select at least one candidate for each office and one candidate for each place to be filled on the Board of Directors. The Credentials Committee shall exercise reasonable efforts to nominate members to reflect as much diversity as possible taking into due consideration small brokers and firms, real estate salespersons, office managers, geographical locations, and franchises. Any member of the Credentials Committee who has become or becomes a candidate for

elective office of FCAR shall resign from the committee. The Credentials Committee is responsible for identifying candidates to serve on the Board of Directors, to evaluate candidates based on their past credentials (past BOD experience, Committee Chair experience, committee participation, leadership experience, etc), and to approve a slate of candidates to advance for Board of Director approval. The Credentials Committee Chair shall prepare the report of the Credentials Committee, specifying the slate of candidates, and submit the report to the BOD President no later than June 30. The Board of Directors shall be responsible for approving the final slate of candidates no later than the July Board of Directors meeting.

(b) The approved slate of candidates shall be published to the membership at least four (4) weeks preceding the election. Additional candidates for the Officer or Director positions to be filled may be placed in nomination by petition signed by at least 10% of the members eligible to vote. The petition shall be filed with the Secretary at least two (2) weeks before the election. The Secretary shall send notice of such additional nominations to all members eligible to vote before the election.

(c) The election of officers and directors shall take place at the annual meeting or where permitted by state law, electronically. The election shall be conducted by staff allowing for at least two weeks for members to vote.

Section 5. Vacancies. Vacancies among the Officers and the Board of Directors shall be filled by a simple majority vote of the Board of Directors. The newly appointed Officer or Director shall serve the remainder of the term the previous Officer or Director was elected to serve.

Section 6. Removal of Officers and Directors. In the event that an 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 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 to be 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 FCAR shall be held, and the sole business of the meeting shall be to consider the charge against the Officer or Director, and to render a decision on such petition.

(c) The special meeting shall be noticed to all voting members at least ten (10) days prior to the meeting and shall be conducted by the President of FCAR 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.

Section 7. Chief Staff Executive. There shall be a chief staff executive, appointed by the board of directors, who shall be the chief administrative officer of the association. The chief staff 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.

ARTICLE XII - MEETINGS

Section 1. Annual Meetings. The annual meeting of FCAR shall be held during October of each year, the date, place, and hour to be designated by the Board of Directors.

Section 2. Meetings of Directors. The Board of Directors shall designate a regular time and place of meetings. Absence from two regular meetings without an excuse deemed valid by the Board of Directors shall be construed as resignation. A quorum for the transaction of business shall be a majority of the Board of Directors, except as may otherwise be required by state law.

Section 3. Other 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 20% of the members eligible to vote.

Section 4. Notice of Meetings. Written notice shall be given to every member entitled to participate in the meeting at least one (1) week preceding all meetings. If a special meeting is called, it shall be accompanied by a statement of the purpose of the meeting.

Section 5. Quorum for Membership Meetings. A quorum for the transaction of business shall consist of 10% of the members eligible to vote, except as may be required by state law.

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.

Section 7. 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 a 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 **secretary/chief staff executive [select one]** 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.

ARTICLE XIII - COMMITTEES

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

- Budget and Finance
- Diversity, Equity, and Inclusion
- Education
- Equal Opportunity
- Grievance
- Legislative
- Membership Services
- Professional Standards

Section 2. Special Committees. The President shall appoint, subject to confirmation by the Board of Directors, special committees as deemed necessary.

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

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

Section 5. 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.

Section 6. 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.

ARTICLE XIV - FISCAL AND ELECTIVE YEAR

Section 1. The fiscal and elective year of FCAR shall be January 1 to December 31.

ARTICLE XV - RULES OF ORDER

Section 1. Robert's Rules of Order, latest edition, shall be recognized as the authority governing the meetings of FCAR, 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 the majority vote of the members present and qualified to vote at any meeting at which a quorum is present, provided the substance of such proposed amendment or amendments shall be plainly stated in the call for the meeting, except that the Board of Directors may, at any regular or special meeting of the Board of Directors at which a quorum is present, approve amendments to the Bylaws which are mandated by NATIONAL ASSOCIATION OF REALTORS® policy.

Section 2. Notice of all meetings at which amendments are to be considered shall be published at least one week prior to the meeting.

Section 3. Amendments to these Bylaws affecting the admission or qualification of REALTOR® and Institute Affiliate members, the use of the terms REALTOR® and REALTORS®, or any alteration in the territorial jurisdiction of FCAR shall become effective upon their approval as authorized by the Board of Directors of the NATIONAL ASSOCIATION OF REALTORS®.

ARTICLE XVII - DISSOLUTION

Section 1. Upon the dissolution or winding up of affairs of FCAR, the Board of Directors, after providing for the payment of all obligations, shall distribute any remaining assets to the current membership in accordance with a formula approved by the FCAR Board of Directors relating to a members years of membership with the Association.

ARTICLE XVIII – MULTIPLE LISTING/DATA PROCESSING SERVICE

Section 1. Multiple Listing Service. FCAR may maintain a Multiple Listing Service which shall be subject to such Rules and Regulations as may be hereinafter adopted. The Multiple Listing Service may be a separate corporation or wholly-owned by the association. Additionally, or alternatively, FCAR, by and through its Board of Directors, may enter in written contractual agreements with other associations of REALTORS® to provide for one-way or reciprocal access to the Multiple Listing Services of the associations, as the case may be, or FCAR may participate in a regional Multiple Listing Service, including part ownership thereof. Any Multiple Listing Service established pursuant to this Article shall conform its governing documents at all times to the Constitution, Bylaws, Rules, Regulations and Policies of the NATIONAL ASSOCIATION OF REALTORS®.

Section 2. Data Processing Service. FCAR may maintain, for use of its members, a data processing services, which shall be subject to the Bylaws, Policies and Procedures and Rules and Regulations as may be adopted by the Board of Directors.

ARTICLE XIX – LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. FCAR shall indemnify every person who is or was an Officer, Director, or Chief Executive Officer and who was, is or will be threatened to be made a named defendant or respondent in any threatened, pending or completed action, suit or proceeding by reason of service in that capacity, unless it is proved that: (A) the act or omission of the person was material to the cause of action adjudicated in the proceeding; and (1) was committed in bad faith; or (2) was the result of active and deliberate dishonesty, or (B) the person actually received an improper personal benefit in money, property or services; or (C) in the case of any criminal proceeding, the person had reasonable cause to believe that the act or omission was unlawful.

(a) The indemnification provided for in this Section 1 is against judgments, penalties, fines, settlements and reasonable expenses actually incurred in connection with any such threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative; provided, however, that if any such action, suit or proceeding was ~~one~~-won by or in the right of FCAR, indemnification shall not be made in respect of any proceeding in which the person shall have been adjudged to be liable to FCAR. The termination of any such action, suit or proceeding by judgment, order or settlement, does not create a rebuttable presumption that the person otherwise entitled to indemnity did not meet the requisite standard of conduct set forth in this Section 1. The termination of any proceeding by conviction, or a plea of Nolo Contendere or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the person did not meet the standard of conduct.

(b) The provisions of this Section 1 are intended to provide every person who is or was an Officer, Director or Chief Executive Officer of FCAR and who was, is or will be threatened to be made a named defendant or respondent in any threatened, pending or completed action, suit or proceeding by reason of service in that capacity with indemnification to the extent permitted in Section 2-418(b) of Title 2. Corporations and Associations Article, Annotated Code of Maryland (1993 Repl. Vol.) as from time to time amended or superseded.

Section 2. Indemnification under Section 1 of this Article may not be made by the Association unless authorized for a specific proceeding after a determination has been made that indemnification is permissible because the person who is or was an Officer, Director or Chief Executive Officer of FCAR has met the standard of conduct set forth in Section 1 of this Article. Such determination shall be made in the manner provided in Section 2-418 (e) of Title 2, Corporations and Associations Article, Annotated Code of Maryland (1993 Repl. Vol.) as from time to time amended or superseded.

Section 3. Reasonable expenses incurred by any person who is or was an Officer, Director or Chief Executive Officer of FCAR and who is a party to any threatened, pending or completed action, suit or proceeding by reason of service in that capacity may be paid or reimbursed by FCAR in advance of the final disposition of that proceeding, upon receipt by FCAR of:

(a) A written affirmation by that person of that person's good faith belief that the standard of conduct necessary for indemnification by FCAR as authorized in Section 1 of this Article has been met; and

(b) A written undertaking by or on behalf of that person to repay the amount if it shall ultimately be determined that the standard of conduct necessary for indemnification by FCAR as authorized in Section 1 of this Article has not been met. The undertaking required by this subparagraph B shall be an unlimited general obligation of the person making it but need not be secured and may be accepted without reference to financial ability to make the repayment.

Payments under this Section 3 shall be made as provided by the Charter, Bylaws or contract or as specified in Section 2.

Section 4. The Officers, Directors and Chief Executive Officer of FCAR shall not be liable for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Officers, Directors and Chief Executive Officer of FCAR shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of FCAR; and FCAR shall indemnify and forever hold each such Officer, Director and Chief Executive Officer free and harmless against any and all liability to others on account of any such contract or commitment.

Section 5. The provisions of this Article do not limit the power of FCAR to pay or reimburse expenses incurred by any person who was or is an Officer, Director or Chief Executive Officer of FCAR in connection with an appearance as a witness in any proceeding by reason of service in that capacity or otherwise involving FCAR, when that person has not been made a named defendant or respondent in the proceeding. Any right to indemnification provided for in this Article shall be in addition to, and not exclusive of, any other rights to which any person who is or was an Officer, Director or Chief Executive Officer of FCAR may be entitled, by law or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office.

ARTICLE XX—SAVING CLAUSE

In the event that any part or portion of these Bylaws shall become inoperative because of a ruling, court order, injunction or otherwise, the remainder shall remain equally binding as if such action had not occurred.