

Keystone MLS Network, Inc. Bylaws

ARTICLE I – NAME AND AUTHORITY

The primary purpose of the Corporation shall be to maintain and operate a multiple listing service called Keystone MLS Network, Inc. (Service), which shall be a lawful corporation of the Commonwealth of Pennsylvania, all of the stock of which shall be owned by the Shareholder Organizations.

Multiple Listing Service: A means by which authorized Participants make blanket, unilateral offers of compensation to other Participants (acting as subagents, buyer agents, or in other agency or non-agency capacities defined by law); by which information is accumulated and disseminated to enable authorized Participants to prepare appraisals and other valuations of real property; by which Participants engaging in real estate appraisal contribute to common databases; and through which the orderly correlation and dissemination of listing information among the Participants is accomplished, so that they may better serve their clients and the public. Entitlement to compensation is determined by the cooperating broker's performance as procuring cause of a sale or lease.

Governing Documents: The Board of Directors shall cause Keystone MLS Network, Inc. to conform its corporate charter, Bylaws, Rules & Regulations, policies, practices and procedures at all times to the Constitution, Bylaws, Rules & Regulations and policies of the National Association of Realtors®.

Participation: Any Realtor® member in good standing of an Association of Realtors® who is a principal, partner, corporate officer or branch office manager acting on behalf of a principal, without further qualification except as otherwise stipulated in these Bylaws, shall be eligible to participate in Keystone MLS Network, Inc. upon agreeing in writing to conform to the Rules & Regulations thereof and to pay the costs incidental thereto. However, under no circumstances is any individual or firm, regardless of membership status, entitled to Multiple Listing Service "membership" or "participation" unless they hold a current, valid real estate broker's license and offer or accept compensation to and from other Participants or are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property. Use of information developed by or published by Keystone MLS Network, Inc. is strictly limited to the activities authorized under a Participant's licensure(s) or certification(s) and unauthorized uses are prohibited. Further, none of the foregoing is intended to convey "participation" or "membership" or any right of access to information developed by or published by Keystone MLS Network, Inc. where access to such information is prohibited by law.

NOTE: Mere possession of a broker's license is not sufficient to qualify for MLS participation. Rather the requirement that an individual or firm "offers or accepts" cooperation and compensation means that the Participant actively endeavors during the operation of its real estate business to list real property of the types listed on the MLS and/or to accept offers of cooperation and compensation made by listing brokers and agents in the MLS. Actively means on a continual and on-going basis during the operation of the Participant's real estate business. The "actively" requirement is not intended to preclude MLS participation by a Participant or potential Participant that operates a real estate business on a part time, seasonal or similarly time-limited basis or that has its business interrupted by periods of relative inactivity occasioned by market conditions. Similarly, the requirement is not intended to deny MLS participation to a Participant or potential Participant who has not achieved a minimum number of transactions despite good faith efforts. Nor is it intended to permit the MLS to deny participation base on their level of service provided by the Participant or potential Participant as long as the level of service satisfies state law.

The key is that the Participant or potential Participant actively endeavors to make or accept offers of cooperation and compensation with respect to properties of the type that are listed on the MLS in which participation is sought. This requirement does not permit the MLS to deny participation to a Participant or potential Participant that operates a Virtual Office Website (VOW,)including a VOW that the Participant uses to refer customers to other Participants, if the Participant or potential Participant "actively endeavors during the operation of its real estate business" to "offer or accept cooperation and compensation" only if the MLS has a reasonable basis to believe that the Participant or potential Participant is in fact not doing so.

The membership requirement shall be applied in a nondiscriminatory manner to all Participants and potential Participants.

ARTICLE II – DEFINITION OF TERMS

1. **Advisory Committee** – Each Shareholder Organization may have an Advisory Committee to provide Participant and User input to its Directors.
2. **Association** – Shall mean any Association of Realtors[®] chartered by, and in good standing with, the National Association of Realtors[®].
3. **Charter Shareholders** – Shall be the Lancaster County Association of Realtors[®] and the Lebanon County Multiple Listing Services, Inc.
4. **Corporation** – Shall refer to the Keystone MLS Network, Inc. entity.
5. **Delegates** – Shall be individuals who are Realtor[®] Members elected, appointed or selected by each Shareholder Organization to represent the Organization's interests.
6. **Non-Voting Delegates** – Shall be the Executive Officer or Elected Secretary of each Shareholder Organization and the Chief Administrative Officer of Keystone MLS Network, Inc.
7. **Directors** – Shall be individual Realtor[®] Members who are Participants or Users elected by each Shareholder to regulate, manage and oversee the general affairs and finances of the corporation, and to act in accordance with the Bylaws, Rules & Regulations and Policies adopted by the Corporation. The Chief Administrative Officer of Keystone MLS Network, Inc. shall serve as a non-voting member of the Board of Directors.
8. **Firm** – Shall mean a partnership, proprietorship or corporation duly licensed or certified, by a state of competent jurisdiction, to practice real estate brokerage or appraising.
9. **Jurisdiction** – Shall include the combined jurisdictions of all the Shareholder Organizations. The service area may encompass natural market areas outside the jurisdiction of the Shareholder Organizations as may be defined by Keystone MLS Network, Inc.'s Board of Directors.
10. **Participant** – Any Realtor[®] Member in good standing of an Association of Realtors[®] who is a principal, partner, corporate officer or branch manager acting on behalf of the principal, without further qualification shall be eligible to participate in Keystone MLS Network, Inc. upon agreeing in writing to conform to the Bylaws and Rules & Regulations thereof, and to pay the costs thereto. However, under no circumstances is any individual or firm, regardless of membership status, entitled to "Membership" or "Participant" status in Keystone MLS Network, Inc. unless they hold a current, valid real estate broker's license and are capable of offering and accepting compensation to and from other Participants or are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property. Furthermore, the Participant may be required to complete an orientation program of no more than eight (8) classroom hours, devoted to the Service Rules & Regulations, computer training related to information entry/retrieval and the operation of the Service, within thirty (30) days after access has been provided.
11. **Primary Member** – Shall be any Realtor[®] Member of an Association of Realtors[®] as defined by the National Association of Realtors[®] who pays state and national dues through such local Association.
12. **Shareholder** – Shall mean an Association of Realtors[®] or a Multiple Listing Service wholly owned by an Association of Realtors[®], which executes a written agreement with the Corporation.
13. **Territory** – The area within which Keystone MLS Network, Inc. shall function shall at all times be coextensive with, or within, the territorial jurisdiction of the Associations of Realtors[®] having a written agreement with the Corporation, as approved by the Board of Directors of Keystone MLS Network, Inc. and the Board of Directors of the respective Association.
14. **User** – A real estate licensee, or licensed or certified appraiser, affiliated with a Keystone MLS Network, Inc. Participant. Also refers to any unlicensed administrative or clerical staff, personal assistants and individuals seeking licensure or certification as real estate appraisers, provided the individual is under direct supervision of

the Participant or the Participant's licensed designee. All access available to unlicensed or uncertified individuals through MLS Participants is subject to the Rules & Regulations, the payment of applicable fees and charges, if any, and the limitations and restrictions of state law. Furthermore, the User may be required to complete an orientation program of no more than eight (8) classroom hours, devoted to the Service Rules & Regulations, computer training related to information entry/retrieval and the operation of the Service, within thirty (30) days after access has been provided.

ARTICLE III - DIRECTORS

1. **Powers** – The business affairs of the Corporation shall be vested in and managed by the Board of Directors of the Corporation, except those responsibilities reserved for the Delegate body.
2. **Composition** – Each Charter Shareholder shall be entitled to three Owner/Manager Directors and one Sales Associate Director. Each Shareholder Organization shall be entitled to elect one Director for the first 500 Users, or portion thereof, and one Director for every additional 500 Users, or portion thereof, to a maximum of three Directors. Each participating Firm within the Keystone MLS Network, Inc. system, with two hundred fifty (250) or more Users, shall be entitled to one Director Position to be filled by a Principal of the firm or his/her designated representative, provided such representative is appointed for the annual term of the Principal. In addition, the Directors of Keystone shall annually appoint at least one, but no more than three, At-large Directors from among the Participants/Users to reflect non-shareholder participation. At-large Directors shall serve for terms of one year with the right of succession. The Chief Administrative Officer of Keystone MLS Network, Inc. shall serve as a non-voting Director, and the Executive Officers of Shareholder Organizations may serve as non-voting liaisons. No more than two (2) Directors may serve through the same Firm. This provision will be waived, however, in the event that two (2) Directors from the same Firm results from a company merger, acquisition or personnel transfer during the Director's term of office. In this event, the Director will be permitted to complete his/her term.
3. **Standardized Procedure for Elections** – As of April 1st annually, each Charter Shareholder or Shareholder Organization will identify its small, medium and large firms, based upon the total number of Keystone MLS Network, Inc. Users in good standing within the Charter Shareholder or Shareholder Organization's jurisdiction, for the purpose of identifying potential nominees for election to Keystone MLS Network, Inc.'s Board of Directors.

Based on the total number of Users identified above, each category will represent approximately one third of the total User base with the exact formula to be determined by each Charter Shareholder or Shareholder Organization.

4. **Term of Office** – Directors shall serve a term of three years with a limit of two consecutive terms. One third of the first-elected Directors shall serve a term of three years, one third shall serve a term of two years and one third shall serve a term of one year. Directors' terms will be on a fiscal year basis beginning July 1st and ending June 30th.
5. **Vacancy** – Vacancies in the Board of Directors caused by the removal, resignation or death of an elected Director shall be filled by a majority vote of the Board of Directors of the Shareholder Organization from which the vacancy occurred.
6. **Removal** – Any Director who ceases to be a Realtor[®] Member in good standing of a Shareholder Organization, or ceases to be a Participant or to be affiliated with a Participant in the Service, or is disqualified from serving or unable to serve for any reason, shall resign or be removed from office by action of the Board of Directors. The failure of any Director to attend three meetings of the Board of Directors in any fiscal year shall be grounds for automatic removal from the Board unless the Board of Directors takes affirmative action to retain such Director.
7. **Quorum** – A quorum shall consist of the majority of the members of the Board of Directors.
8. **Meetings** – Regular meetings of the Board of Directors shall be held at such time and place as the Board of Directors may determine, from time to time, by resolution or other action under the Bylaws and shall rotate

between the Charter Shareholder Organizations. The Secretary shall give at least twenty-four (24) hours notice of any such resolution or action to any Director who is not present at the time such resolution/action was adopted, but no further notice need be given.

Special meetings of the Board of Directors may be called by the Chairman or five of the Directors, and shall be held at such time and place as specified in such call.

9. **Personal Liability of Directors** – A Director, or representative of the Service, shall not be personally liable for monetary damages for any action taken or any failure to take any action, except to the extent that exemption from liability for monetary damages is not permitted under the laws of the Commonwealth of Pennsylvania as now or hereafter in effect. The provisions of this Section are intended to exempt the Directors of the Service from liability for monetary damages to the maximum extent permitted under the Non-profit Corporation Law of 1988 (15 Pa. C.S.A. 5101 et seq.) or under any other law now or hereafter in effect.
10. **Modification or Repeal** – The provisions governing the "Personal Liability of Directors" may be modified or repealed in accordance with the procedures for amending these Bylaws; provided however, that such modification or repeal shall not have any effect upon the liability of a Director relating to action taken, failure to take action or events which occurred prior to the effective date of such modification or repeal.
11. **Indemnification** – Subject to the provisions contained in "Standards of Conduct" below, the Service shall, to the fullest extent permitted under the law of the Commonwealth of Pennsylvania as now or hereafter in effect, indemnify any person, his heirs, executors and administrators, who was or is a party, witness or other participant, to any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative including, without limitation, actions by or in the right of the Service by reason of the fact that he is or was a Director or Officer of the Service; or is or was serving at the request of the Service as a Director or Officer of another corporation, partnership, joint venture, trust or other enterprise; and may, to the fullest extent permitted under the laws of the Commonwealth of Pennsylvania as now or hereafter in effect, indemnify any person, his heirs, executors and administrators, who was or is a party, witness or other participant, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative including, without limitation, actions by or in the right of the Service by reason of the fact that he is or was an employee or agent of the Service, or is or was serving at the request of the Service as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against all expenses including attorneys' fees, court costs, transcript costs, fees of experts and witnesses, travel expenses and all other similar expenses, judgments, fines, penalties and amounts paid in settlement, actually and reasonably incurred by him in connection with such action, suit or proceeding.
12. **Standards of Conduct** – Indemnification shall be provided under "Indemnification" above, only if it is determined that the person seeking indemnification acted in good faith in a manner he reasonably believed to be in, or not opposed to, the best interests of the Service and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful.
13. **Procedure** – Unless ordered by a court, the Service shall make indemnification only as authorized in the specific case, upon a determination that indemnification is proper in the circumstances because the person seeking indemnification has met the applicable "Standards of Conduct" set forth above. The Board of Directors shall make all such determinations.
14. **Advance Payment of Expenses** – Subject to such terms, conditions and limitations, if any, as the Board of Directors may in its discretion determine to be appropriate, the Service shall, in the case of a Director or Officer, and may, in the case of an employee or agent, advance all reasonable expenses including attorneys' fees, court costs, transcript costs, fees of experts and witnesses, travel expenses and all other similar expenses reasonably incurred in connection with the defense of, or other response to any action, suit or proceeding referred to in "Indemnification" above, upon receipt of an understanding by or on behalf of the person seeking the advance, to repay all amounts advanced if it shall ultimately be determined upon final disposition of such action, suit or proceeding, that he is not entitled to be indemnified by the Service under the provisions of this section. Notwithstanding the provisions of the preceding sentence, the Service shall not be required to make any advance payment of expenses or to make any further advance, if one or more advances shall have been previously made, in the event that a determination is made by the Board of Directors that the making of an

advance, or further advance, would be inappropriate in the circumstances, because there is reason to believe that the person seeking the advance did not meet the applicable "Standards of Conduct" set forth above.

ARTICLE IV – OFFICERS

1. **Officers** – Officers of the Corporation shall be a Chairman and Secretary/Treasurer.
2. **Election** – Officers shall be elected by Keystone MLS Network, Inc.'s Board of Directors.
3. **Association Affiliation** – Each Officer must be a Realtor[®] Member with a different Charter Shareholder or Shareholder Organization.
4. **Term of Office** – Officers shall serve for terms of one year with the right of succession.

ARTICLE V – COMMITTEES

Committees – The President, with the approval of the Board of Directors, shall create such standing or ad hoc Committees, as the President deems desirable and shall appoint the members. Each Committee may consist of Participants in the Service or Realtors[®] employed by or affiliated as independent contractors with a Participant, any of who may serve either as the Chairman or a Member of the Committee.

ARTICLE VI – FISCAL YEAR

Fiscal Year – The fiscal year of the Service shall commence on July 1st and shall end on June 30th.

ARTICLE VII – SHAREHOLDERS

1. **Shares** – Charter Shareholder Organizations shall be entitled to three (3) non-transferable shares. Non-Charter Shareholders shall be entitled to one (1) share for every 500 Users, or portion thereof, up to a maximum of three (3) shares.
2. **Withdrawal** – Shares must be surrendered upon withdrawal from the Keystone MLS Network, Inc. Any participating Charter Shareholder or Shareholder Organization shall have the right to withdraw from the Keystone MLS Network, Inc. at any time with 90 days written notice to the other participating Charter Shareholder or Shareholder Organizations. All financial obligations undertaken by reason of the Organization's participation shall be satisfied upon termination.
3. **Merger** – In the event of a merger of two or more Charter Shareholder or Shareholder Organizations, their individual shares must be surrendered and new shares reissued to the new Organization.
4. **Delegates** – Each Charter Shareholder shall be entitled to three Delegates to the Shareholders' Meeting and three votes therein. Non-Charter Shareholders shall be entitled to one Delegate and one vote for each 500 Users of their respective Organizations, not to exceed three Delegates/votes.
5. **Delegate Selection** – Delegates may be elected, appointed or selected by each Shareholder from the Shareholder Organization's Realtor[®] Members.
6. **Non-Voting Delegates** – Executive Officers of the respective Shareholder Organizations and the Chief Administrative Officer of Keystone MLS Network, Inc. shall serve as non-voting Delegates.
7. **Voting** – Voting by written proxy shall be permitted at Shareholders' Meetings.
8. **Quorum** – A quorum shall consist of the majority of the voting Delegates.
9. **Shareholder Meeting** – A Shareholder meeting will be held annually.

ARTICLE VIII – FINANCES

1. **Budget** – The Charter Shareholders and Shareholders must approve, by a majority vote of the total number of Delegates eligible to vote, the annual budget.
2. **Expenditures** – The Charter Shareholders and Shareholders must approve, by a two-thirds vote of the total number of Delegates eligible to vote, expenditures in excess of 150% of the total budget.
3. **Revenue Formula** – Charter Shareholders must approve, by a majority vote of the total number of Charter Shareholder Delegates eligible to vote, all modifications to the revenue sharing formula.
4. **Shareholder Fee** – Realtor® Associations or Multiple Listing Services wholly owned by an Association of Realtors® other than Charter Shareholders may become Shareholders through the payment of an initial fee. Only Realtor® members of a Shareholder Organization or other Associations of Realtors® shall be allowed to participate in Keystone MLS Network, Inc. There may be an assessment differential for Participants from non–Shareholder Associations.
5. **Shareholder Revenue** – Future Shareholders may receive revenue sharing, based on a sliding scale percentage, in proportion to the revenue of the Charter Shareholders.

Revenue sharing shall be based on the number of Participants and Users associated, as Primary members, with each Charter Shareholder or Shareholder Organization, provided such Participant/User assessments are fully paid.

Revenue from Users "of record" at the time an Organization becomes a Shareholder, who are not Primary Members of any other Charter Shareholder or Shareholder Organization, will be retained by that Organization for as long as such participation/usage remains in continuous service.

Revenue from Users who are not Primary Members of any Shareholder Organization will be shared equally among the Charter Shareholders.

Initial fee amounts and revenue sharing percentages must be reviewed annually and approved by a majority vote of the total number of Charter Shareholder Delegates eligible to vote.

6. **Accounting** – An accounting service shall be retained or provision made for an "Administrator" Organization, which will receive appropriate compensation.

ARTICLE IX – AMENDMENTS

1. **Amendments to the Bylaws** – Amendments to these Bylaws shall be by the Participants of the Service, and shall be determined at an Annual Meeting or Special Meeting of the Service. Amendments to the Bylaws of the Service approved by the Participants shall further be subject to approval by the Boards of Directors of the Charter Shareholder Organizations.

When amendments to the Bylaws of the Service have been approved by the Boards of Directors of the Charter Shareholders said amendments shall be effective immediately, or as stated in the amending resolution.

If the proposed amendments to the Bylaws of the Service fail approval of the Boards of Directors of the Charter Shareholder Organizations, the Board of Directors of the Service shall be informed and advised that the proposed amendment or amendments to the Bylaws be further considered and resubmitted to the Charter Shareholders as approved by the Participants of the Service.

The Board of Directors may, at any regular or special meeting of the Board of Directors at which a quorum is present, approve amendments to the Bylaws, which are mandated by NAR policy.

2. **Amendments to Rules & Regulations** – Amendments to the Rules & Regulations of the Service shall be by consideration and approval of the Board of Directors of the Service in accordance with the provisions of Article

III, Section 8, concerning meetings of the Board of Directors, subject to final approval by the Boards of Directors of the Charter Shareholder Organizations.

When approved by the Boards of Directors of the Charter Shareholders as described, the amendments to the Rules & Regulations of the Service shall be effective immediately, or as stated in the amending resolution.

If the proposed amendments of the Service's Rules & Regulations fail approval of the Boards of Directors of the Charter Shareholders, the Board of Directors of the Service shall be informed and advised that the proposed amendment or amendments must be further considered and resubmitted to the Charter Shareholders, as approved by the Board of Directors of the Service.

ARTICLE X – DISSOLUTION

In the event this Service shall at any time terminate its activities, the Board of Directors of the Service shall consider and adopt a plan of liquidation and dissolution with the approval of the Participants and of the Boards of Directors of the Charter Shareholders. Said plan shall provide for the collection of all assets, the payment of all liabilities and that the remaining portions thereof be assigned to the Charter Shareholders.

ARTICLE XI – GENDER AND NUMBER

Words of any gender herein shall include any other gender, and the singular shall include the plural and vice versa, whenever the same is necessary to produce fair and meaningful construction.