

Real Estate Standards Organization

RESO

Proposed Governance Structure

Prepared by

Governance Workgroup

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Revisions

August 8th 2007

Included initial feedback from comments received from the community.
Section "Year One Startup Procedures" added.

August 9th 2007

Changed Technical Committee to Standards Committee (terms were used interchangeably).

October 17th 2007

Diagrams updated to match main document.
The Section "One Year Startup Procedures" updated to reflect the correct process.

RESO Governance Policies and Procedures

These policies and procedures (Policies and Procedures) are being proposed to the RETS-WG for consideration to formally create the Real Estate Standards Organization (RESO) to govern the standards development, promotion, and maintenance activities of Real Estate Transaction Standard (RETS) and any other Standard that RESO deems appropriate.

1.1. Structure

Board of Directors

The Board of directors consists of a Business Committee and a Standards Committee. Articles of Incorporation and the by-laws and other documents of RESO will describe the structure and powers of the Board of Directors as well as the business operations and staffing of RESO. The Board of Directors is elected by the RESO shareholders from a slate of nominations submitted by the RESO General Assembly. The Board will have oversight on strategic issues that impact the standards RESO is responsible for. One example of this might be coordinating the cross fertilization of ideas between other efforts to develop standards and any efforts that RESO may be involved in. This function is a recognition that there will be standards efforts initiated by vendors, MLS operators and others that have valuable contributions to be made that RESO can contribute to and include in its own standards for the benefit of the industry.

The Board of Directors Business Committee directs the business operations of the Real Estate Standard Organization. NAR will establish the yearly funding levels of RESO and hire an Executive Officer (EO) until non NAR RESO funding reaches fifty percent (50%), at which time the Board of Directors Business Committee will establish funding levels and select the EO. The EO will create the budget for staffing and operational requirements to meet the goals of RESO that conform to the yearly funding level.

The Board of Directors Standards Committee is responsible for administering, consistent with established Policies and Procedures, the day-to-day standards development activities of RESO and for maintaining the architectural consistency of the RESO Standards. The Board of Directors Standards Committee shall provide overall direction and support for all standards efforts including but not limited to data standards, interchange mechanisms that leverage the data standards, compliance, marketing, training and support.

Workgroups

The Board of Directors Standards Committee will be empowered to create standing and ad-hoc workgroups to research, write proposed standards and recommend additions and changes to the standard.

General Assembly

The General Assembly consists of all participants of the RESO organization that will participate on workgroups and vote to nominate members of the Board of Directors, workgroup chairs and vice-chairs, participate in workgroups and vote on proposed changes to the RESO standards.

1.2. Year One Startup Procedures

The initial board will be selected by general election from a list of candidates approved by the RESO Shareholders. Candidates are approved from a list of nominations submitted by members of the general assembly. Any participant can be nominated and become a candidate once approved by the RESO Shareholders. The board will consist of a minimum of ten (10) candidates selected for one or two year terms. Elected board members may elect to serve one or two year terms. Any one or two year term seats not voluntarily selected by an elected board member will be assigned randomly. Any participant may be nominated and participate in the election. Once elected, board members are required to become Subscribers after the election is concluded.

In the first year any participant may vote. After this period of time the requirements as outlined in this document will take effect. As part of the election process each participant must declare their business affiliation.

1.3. Major Terms

Participant – any individual that participates in the general activities of RESO. A participant is eligible to vote as long as they meet the Voting Requirements (section 2.2.6). A participant may or may not be a subscriber. *See also Subscriber.*

Real Estate Standards Organization (RESO) – a proposed body that is a legal United States Corporation whose purpose is to govern the standards development, promotion, and maintenance activities of the Real Estate Transaction Standard (RETS) and related activities.

Board of Directors Standards Committee – a body that provides overall direction and support for standards efforts. The chairperson and any elected positions within the committee are obtained from Subscribers.

Subscriber – a subscriber is a participant that also pays a fee to RESO. A subscriber may hold elected seats in Workgroups and any other elected position within the RESO organization. A Subscriber is distinguished from a non-subscriber in that a non-subscriber although eligible to vote may not hold an elected seat. *See also Participant.*

1.4. RESO Organization and Process Flow

RESO Business Unit

RESO Shareholders

Represents shareholders of RESO incorporated business. Principal shareholder will be NAR.

Selects and hires the Executive Officer.
Approves nominations from the general assembly for the Board of Directors.

RESO Executive Officer

Chief office of RESO business organization.

Presides over Board of Directors.
Selects and hires support staff for the RESO business organization.

RESO Participants

RESO Board of Directors

The Board of Directors assesses and determines the direction, goals, and requirements of the RESO standards process. This body is divided into two parts, the Business and Standards committees.

Membership seats are defined by the RESO bylaws. The general assembly nominates participants for each seat on the board. The RESO Shareholders approve nominees to become candidates. The general assembly selects the candidates for the board by general election. All elected candidates must become RESO Subscribers to act on the board.

RESO Subscribers

Participants who have registered as Subscribers and paid the annual Subscriber fee.

Subscribers may act as the Chair of a working group, or sit on the Board of Directors, or be hired as the Executive Officer.

RESO Staff

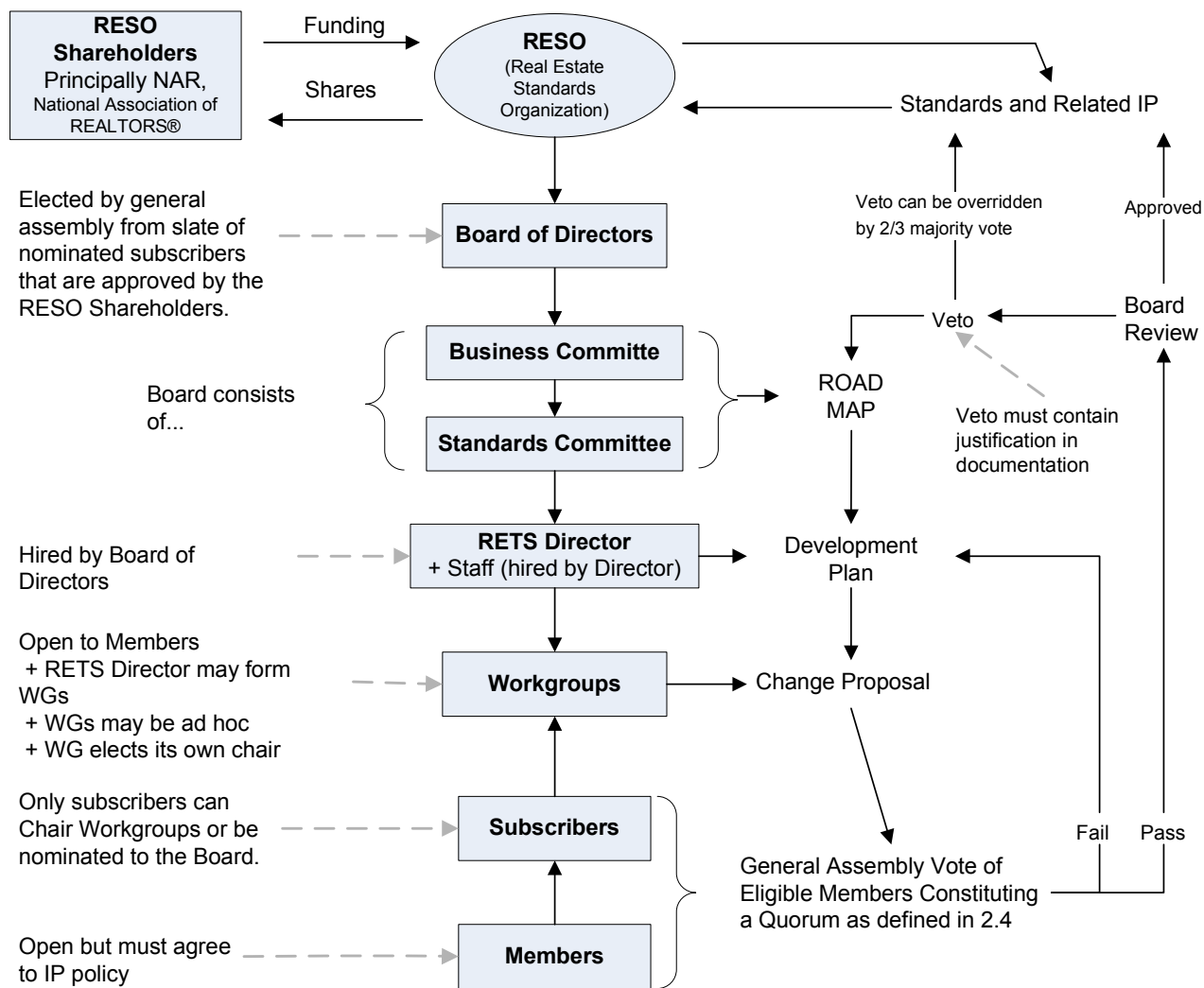
Selected and hired by Executive Officer to provide organizational support for RESO group.

Responsibilities are set by Executive Officer. Staff may participate in Working Groups as appropriate.

RESO Working Groups

All working groups are chartered by the Board of Directors or the Executive Officer. Workgroups can be created for any term as defined by their charter. Workgroup membership is drawn from interested RESO Participants. The Workgroup Chair must be a RESO Subscriber. Workgroup Chairs are responsible for organizing the group and presenting results to the Board of Directors and General Assembly.

Working groups develop solutions to goals and requirements defined by the Board of Directors or Executive Officer as appropriate.



Board of Directors

One half of the board is elected each year for 2 year terms.

5 representatives from industry vendors (initially 3 elected for 2 years, 2 elected for one year)

5 representatives from MLS Operators, Brokerages, and Associations (initially 3 elected for 2 years, 2 elected for one year)

Voting Requirements

To be eligible to vote, members must:

- A. register with RESO at least 90 days prior to voting
- AND
- B. either be a member of and attended an active workgroup
- OR
- C. have attended two or more general sessions within the previous twelve months.

The chair of each workgroup will submit a list of members who attended the workgroup.

2. RESO Governance

2.1. Purpose

RESO is organized and shall be operated exclusively as a nonprofit corporation within the meaning of Section 501(c)(6) of the Internal Revenue Code of 1986 to promote and support the common business interests of the real estate industry. In furtherance of this purpose, RESO shall develop, promote and maintain, through an open process, voluntary electronic commerce procedures and standards for the real estate industry to enable real estate information to be securely exchanged between real estate brokerages, practitioners, mortgage lenders, investors, service providers, vendors, borrowers, and other parties more efficiently and economically for the benefit of industry participants and consumers of real estate products and services.

2.2. Participation and Subscription

2.2.1. Participation in RESO

RESO's standards work will be conducted by individuals that volunteer their expertise to assist in RESO's standards development, promotion, and maintenance process. RESO's standards process is open and individuals may participate in that process whether or not they become Subscribers as described below (Subscribers). Individuals may become non-Subscriber participants (non-Subscribers) by following the registration process defined and published by RESO staff. Participants are bound by these Policies and Procedures, including RESO's Intellectual Property Rights Policy (IPR Policy) and RESO Antitrust Policy (Antitrust Policy). Membership on the Board of Directors and Chair and Vice-Chair of any Workgroup are limited to Subscribers as described in these Policies and Procedures. Members of RESO's Board of Directors are elected by the RESO Shareholders, the sole owner of RESO, and each must be a Subscriber of RESO.

2.2.2. Subscription Requirements

Individuals that desire to be Subscribers must meet any qualifications for Subscribers set by the RESO Board of Directors (Board of Directors). In order to become Subscribers, Individuals must meet those qualifications, complete the Subscriber Application process defined and published by RESO staff, pay the annual subscription fee set by the Board of Directors and agree to be bound by these Policies and Procedures, including particularly the IPR Policy and the Antitrust Policy. The Board of Directors may reject a subscription application for failure to comply with the foregoing or for "Cause" as defined below. Any determination regarding Cause shall follow the procedures in Section 2.2.11 below.

2.2.3. Organizations

Organizations may have an unlimited number of individual participants, subscribers or non-subscriber. Organizations participants are eligible to hold positions within RESO and vote provided they meet the qualifications defined in this RESO Policy and Procedures document.

2.2.4. Fees

Subscribers must pay the annual subscription fee and any other fees that RESO might require. Subscription and other fees paid to RESO are non-refundable. The Board of Directors has the sole authority to establish the Subscription Fees. Initial Fees are \$500 USD per individual per year.

2.2.5. General Assembly

The General Assembly is comprised of all Participants. The General Assembly performs the following functions:

- Participates in the tri-annual meetings
- Provide feedback and debate on proposed standards
- Votes on the adoption of Standards
- Nominates qualified participants to serve on the Board of Directors
- Nominates qualified participants to serve as Chair and Vice-Chair of Workgroups

2.2.6. Voting

Participants have the right to vote for all elected positions and any decisions that have been put forward for a vote. RESO staff shall establish and publish the process necessary to record participation in RESO General Assembly meetings and workgroups. RESO staff will provide and publish the means to hold and record votes both in person and electronically. The procedures for voting are detailed in the Voting section below.

2.2.6.1. Voting Requirements

Any participant is eligible to vote so long as the following requirements are met:

- A. The Participant must register with RESO at least 90 days prior to voting and

- B. The Participant must either be a member of and attended an active workgroup OR
- C. have attended two or more general sessions within the previous twelve months.

Note that a Participant may vote without being a subscriber.

2.2.7. Board of Director Participation

Subscribers may be nominated to serve on the Board of Directors provided they meet the participation requirements established for the Board of Directors. The Shareholders of RESO will select members of Board of Directors from the slate of candidates nominated by the General Assembly.

2.2.8. Workgroup Chair Participation

Subscribers may serve as Workgroup Chair provided they meet the participation requirements established for each workgroup. Workgroup Chairs are elected by the Workgroup participants.

2.2.9. Workgroup Participation

Each Subscriber and non-Subscriber may participate in Workgroups provided they meet the participation requirements established for each workgroup.

2.2.10. Withdrawal of Subscriber or non-Subscriber

A Participant can withdraw as a Participant or totally from participation in RESO at any time by providing written notice to RESO. Withdrawal shall be effective on the date that RESO receives the notice unless the withdrawing Participant specifies a later date in the notice. At least one month's advance notice of a withdrawal is requested for an individual who holds one of these positions. A subscriber may not transfer their membership in any way to a third party on withdrawal from RESO (see 2.8 for transfer upon acquisition).

An individual that has withdrawn as a Subscriber in RESO may still participate and vote in Workgroup meetings to the same extent as any other non-Subscriber and will continue to be bound by these Policies and Procedures, including the IPR Policy and Antitrust Policy. In particular, the withdrawn member may not hold positions of leadership within the working committees, standards committees or any other elected positions.

However, any Participant that has withdrawn totally from RESO may not thereafter participate in RESO until it has again become a registered as a Participant. Each Participant that totally withdraws from RESO must promptly remove itself from all RESO List Serves. Withdrawal shall not relieve the Participant from obligations the Participant has to RESO for fee assessments or charges for goods or services incurred before withdrawal.

The effects of a Participant's total withdrawal from RESO on its rights and obligations under the IPR Policy are set forth in the IPR Policy and in Section 3 of these Policies and Procedures below.

2.2.11. Revocation of Subscriber Status; Removal from RESO

Revocation of Subscriber Status for Failure to Pay Fees. A Subscriber will lose its Subscriber status in RESO for failure to pay any fees within sixty (60) days of the due date of the fee invoice. Upon revocation of its Subscriber status, a Subscriber will lose any elected positions it holds within RESO. Each such position shall be deemed to be vacant and may be filled as provided for that position below. Individuals that have lost Subscriber status for failure to pay fees will be allowed to participate in RESO as a non-Subscriber. Reinstatement as a Subscriber may be obtained by making a written request for reinstatement within six (6) months of an organization's or individual's loss of Subscriber status accompanied by a remittance of all delinquent fees. Requests for reinstatement of any Board of Directors or Workgroup Chair position must be made in writing to the applicable committee or group, which will consider the request based on the needs of RESO and the Committee or group and any action taken on the vacancy created.

Removal for Cause. A Participant, or other person or entity can be removed from participation in RESO for "Cause" (as defined below) by the Board of Directors. A Subscriber, non-Subscriber, or other person or entity being considered for removal from participation for Cause shall be afforded notice of the Cause, an opportunity for a hearing by a committee of RESO directors appointed by the RESO Board of Directors and an appeal to and hearing by the RESO Board of Directors. A Subscriber, non-Subscriber, or other person or entity that has been removed from participation for Cause shall not be entitled to participate thereafter in RESO in any capacity (even in a non-Subscriber role) unless the Board of Directors determines otherwise.

“Cause” Defined. Wherever used in these Policies and Procedures, “Cause” shall mean (a) failure to adhere to or rejection of the IPR Policy or the Antitrust Policy; (b) repeated blatant disregard of these Policies and Procedures after a written request from RESO to cease and desist such activities; and (c) making endorsement claims prohibited of a Subscriber (or that would be prohibited of a person or entity if they were a Subscriber) under the RESO Bylaws or these Policies and Procedures.

General. Any revocation of a Subscriber’s subscription or removal of a Participant, or other person or entity shall not relieve the organization or person from obligations that it has to RESO for fee assessments or charges for goods or services incurred before revocation or removal. The effect of revocation of a Subscriber’s subscription or of a removal from participation of a Subscriber, non-Subscriber or other person or entity on that organization’s or person’s rights and obligations under the IPR Policy are set forth in the IPR Policy and in Section 3 of these Policies and Procedures below.

2.2.12. Endorsement Prohibition

Except as expressly allowed by RESO in writing, no Participant shall state or imply in any advertisement or other public communication that RESO endorses, recommends or supports the use of the Participant’s service or product, or state or imply that RESO has determined that the service or product meets or complies with a RESO recommended standard. RESO may develop a program under which organizations that want to advertise that their product or service complies with applicable RESO Standards may demonstrate and/or certify such compliance and obtain a license from RESO or its designee to make such a claim.

2.2.13. Proxies

No Participant may hold or exercise another Participant’s proxy. The EO may exercise a proxy given to him or her by a Participant who is unable to participate in a RESO vote. However, it is anticipated that the need for proxy voting will be limited because of the availability of electronic voting. The EO shall publish in advance the circumstances under which proxy voting will be available.

2.3. Meetings

RESO generally holds at least three (3) regular meetings per year. These meetings will normally be held in April, August, and December, but this schedule is subject to change at the discretion of the Board of Directors. Participants may attend the meetings. Meetings may require registration fees for Participants, at the discretion of the RESO Board of Directors. A quorum at meetings will be one-third of the registered Participants and the act of a majority of those Participants represented at a meeting at which a quorum exists will be the act of the General Assembly.

Any participant at Workgroup meetings may request the creation or modification of a standard. Any such request shall enter the Request Management Process. The Board of Directors shall consult with applicable Workgroups and other RESO bodies and staff to determine, at its sole discretion, whether the proposed action is appropriate for RESO to undertake.

2.4. Board of Directors

2.4.1. General Powers

The Board of directors consists of a Business Committee and a Standards Committee. Articles of Incorporation and the by-laws and other documents of RESO will describe the structure and powers of the Board of Directors as well as the business operations and staffing of RESO. The Board of Directors is elected by the RESO shareholders from a slate of nominations submitted by the RESO General Assembly through a general election. The Board will have oversight on strategic issues that impact the standards RESO is responsible for. One example of this might be coordinating the cross fertilization of ideas between other efforts to develop standards and any efforts that RESO may be involved in. This function is a recognition that there will be standards efforts initiated by vendors, MLS operators and others that have valuable contributions to be made that RESO can contribute to and include in its own standards for the benefit of the industry.

The Board of Directors Business Committee directs the business operations of the Real Estate Standard Organization. NAR will establish the yearly funding levels of RESO and hire an Executive Officer (EO) until non NAR RESO funding reaches fifty percent (50%), at which time the Board of Directors Business Committee will establish funding levels and select the EO. The EO will create the budget for staffing and operational requirements to meet the goals of RESO that conform to the yearly funding level.

The Board of Directors Standards Committee is responsible for administering, consistent with established Policies and Procedures, the day-to-day standards development activities of RESO and for maintaining the architectural consistency of the RESO Standards. The Board of Directors Standards Committee shall provide overall direction and support for all

standards efforts including but not limited to data standards, interchange mechanisms that leverage the data standards, compliance, marketing, training and support.

2.4.2. Composition

The Board of Directors shall consist of Eleven (11) representatives of RESO Subscribers that will serve staggered two-year terms with half of the seats up for election each year. The Board of Directors will be composed of representatives of the following number of entities from the following industry classes:

- 1) 5 representatives from industry vendors
(initially 3 elected for 2 years, 2 elected for one year)
- 2) 5 representatives from MLS Operators, Brokerages, and Associations
(initially 3 elected for 2 years, 2 elected for one year)

By a majority vote of the Board of Directors, the Board of Directors may approve the election of an employee of a non-Subscriber or of a non-Subscriber individual to the Board of Directors, provided that the individual has expertise in the industry class of the seat being filled. The number of members on the Board of Directors may be increased to provide for representatives of other standards setting bodies or other trade organizations provided that the total number of Directors does not exceed fifteen (15) members and the additional member to not represent any of the industry classes from above.

2.4.3. Election Procedure

Each member of the Board of Directors is elected by the general assembly through the following process. This process consists of three stages; Nomination, Shareholder Approval, and General Election.

Nominations for seats on the Board begins once a year at a time publicly arranged by the by the existing Board. At this time the number of available seats and the timeline for the nomination period must be communicated to the general assembly by electronic or written means. Nominations will be accepted during the advertised period of time and must include the name and affiliation of the nominee, and the name and affiliation of the nominator. Participants may nominate themselves for a seat. Any Participant may be nominated but no Participant is eligible for the ballot unless the Participant has registered as a Subscriber. Participants must be nominated by at least two participants in order to qualify for the election process. Once the nomination period has ended all valid nominations are presented to the RESO shareholders for approval.

Shareholder approval is performed in private by the Shareholders. Shareholders will review each nominee and approve or reject the nominee on the merits of the nominated individual. The Shareholders must contact rejected nominees privately and inform the nominee of the rejected nomination. A nominee may appeal a rejection to the existing Board of Directors who then may persuade the Shareholders to reconsider the nominee. Nominees may not appeal to the Board more than once. All rejected nominees must be communicated to the general assembly only after all rejected nominees have been privately contacted by the Shareholders. Approved nominees qualify for the general election and will be placed on the formal ballot as Candidates. Once nominations are formalized the existing Board must communicate the election time period in electronic or written form to the general assembly. This notice must also include the formal election ballot or details on how to acquire a ballot. The formal ballot must detail the number of seats available during the election.

The General Election starts at the beginning of the advertised time period. At this time all Participants may submit a ballot to the Board by electronic or written means. Each ballot must contain a list of the Candidates selected by the participant for the available seats on the ballot. A candidate may only appear once on any ballot. Participants may select as many or few candidates as they desire on the ballot up to the number of available seats in the election. Ballots must be submitted in electronic or written form before the conclusion of the voting period. Any ballots received after the voting period are discarded and not included in the final count. Each candidate selected on a ballot receives one vote per ballot. In descending order the candidates with the highest number of votes are awarded one available seat on the board of directors until all seats are populated. For example, an election with 5 available seats will have only five winning candidates at the end of the election.

2.4.4. Responsibilities

The Board of Directors shall provide the leadership to encourage the development of recommended standards and, in doing so, shall:

Establish such processes, as it deems appropriate, for the efficient operation of the overall RESO standards development effort. At a minimum such processes shall include:

- Approval of a yearly operational budget.

- Approve appropriate levels of staffing to support the standards process.
- Provide for an EO to manage the day to day operations of the Standards Organization.
- Provide for dispute resolution between the Workgroups and the Standards Community.
- Through Standards veto authority ensure that recommended standards conform to the charter of the Standards Organization.

2.4.5. Board of Directors Standards Committee

2.4.5.1. Responsibility

The Board of Directors Standards Committee shall provide overall direction and support for all standards efforts including but not limited to data standards, interchange mechanisms that leverage the data standards, compliance, marketing, training and support. Responsibilities shall include:

- An Operational Planning Process through which objectives are set and communicated annually, and through which the objectives of each Workgroup can be harmonized and aligned with overall RESO objectives.
- A Request Management Process, through which new standards or modifications to existing standards shall be initiated, considered, developed, reviewed, and promulgated. The board of Directors Standards Committee, at its discretion, may create additional Committees, Councils, or Workgroups to assist in evaluating or approving Requests as they move through their life cycle.
- A Request Tracking Process for tracking and communicating the status of each standards development effort.
- A Workgroup Charter Process, ensuring that each Workgroup has a charter that shall identify the purpose and scope of each Group and that each charter is reviewed at least every two years.
- A Publication Process that will provide industry participants with predictable and manageable monitoring of RESO work efforts and efficiency of absorption of RESO results.
- Establish the responsibilities of the Workgroups and their chairs and dissolve Workgroups once their services are no longer needed;
- Resolve any disputes between Workgroups and address issues elevated to it by the Workgroups;
- Provide for the administration of RESO activities, with RESO Staff support where possible;
- Adopt recommended standards for submission to the Board of Directors;
- After review of recommendations resulting from the Request Management Process, give final authorization for changes to the standards architecture to be presented to the RESO participants for review and call for a vote on adoption.
- Implement, publish, and disseminate to the public all standards adopted by RESO;
- Ensure the integrity and the long-term viability of RESO's recommended standards and the process to develop those standards; and

Do such other things as are reasonable and appropriate to advance the purposes of RESO, provided that such actions do not conflict with any other policies or procedures as set out in this document.

- Coordinate and integrate the recommendations of the functional Workgroups, Subscribers, non-Subscriber participants, and other interested parties into proposed RESO-recommended Standards, guidelines, and subsequent revisions;
- Review and approve or disapprove draft recommended standards and revisions developed according to the guidelines of the Board of Directors Standards Committee; and

The Request Management Process will specify a mechanism early in the life of each Standard or Publication effort identifying whether the Board of Directors Standards Committee must approve that particular initiative before it is acted upon by the Board of Directors. If the standard involves new or changed data or interchange mechanisms, the Board of Directors Standards Committee must review and approve the initiative.

Any disputes involving actions by the Board of Directors Standards Committee, such as approval or disapproval of a particular item, or its involvement in any particular approval process, shall be referred by the Chair for resolution to the entire Board of Directors. The decision of the Board of Directors may be overturned with a two-thirds majority vote of the General Assembly.

2.4.5.2. Procedures

The Board of Directors Standards Committee will develop procedures regarding the submission, review, approval, distribution and maintenance of the RESO standards to which it is assigned. These procedures will be maintained in separate RESO documents.

2.4.6. Regular Meetings

The Board of Directors will conduct a regular meeting during each of the regularly scheduled trimester meetings of Subscribers. Written notification of such meetings shall be provided to the Board of Directors members at least thirty (30) days in advance. Regular teleconference meetings of the Committee shall be held with at least five (5) days written notice to all Board of Directors members.

2.4.7. Special Meetings

Special meetings, either face-to-face or by teleconference, may be called by the Board of Directors Chair, the EO, or at the request of any Board of Directors member. At least two (2) days notice of the date, time, and location of the special meeting shall be provided to Board of Directors members.

2.4.8. Quorum

A majority of the entire Board of Directors shall constitute a quorum for the transaction of business at any Board of Directors meeting or teleconference.

2.4.9. Action of the Board of Directors

With a quorum present, the action of a majority of the Board of Directors members present will constitute an act of the Board of Directors, except where these Policies and Procedures specify otherwise. Board of Directors members who are unable to attend face-to-face meetings can participate via teleconference. The Board of Directors can also act if a majority of the Board of Directors members consent in writing to a proposed action, such action and consent are appropriately recorded and notice of the action is given to all the members of the Board of Directors. All directors shall be notified of all meetings in a timely manner. Board of Directors members may deliver such consent in writing by facsimile, by electronic mail, or by electronic balloting. Board of Directors votes that result in a tie will be decided by the EO with input from the Board of Directors.

2.4.10. Compensation and Reimbursement

The members of the Board of Directors and workgroups and subgroups shall serve without compensation or fees and at their own expense. The Board of Directors has authority to set policies on reimbursement for extraordinary expenses incurred by a member of the same in connection with such service. The EO shall determine expense reimbursement requests within those policies.

2.4.11. Removal of Board of Directors Members

Any member of the Board of Directors may be removed with or without Cause, at any time, by either a committee of the RESO Board of Directors of at least two (2) RESO directors created to consider such removal or a two-thirds vote of the members of the Board of Directors. Any member proposed for removal must have an opportunity for a hearing by the RESO Board Committee or the Board of Directors, as the case may be, before removal and an opportunity for an appeal to and hearing by the RESO Board of Directors.

2.4.12. Resignations

Any member of the Board of Directors may resign at any time by giving written notice of his or her resignation to the EO, although thirty (30) days notice of any resignation is preferred. Any such resignations will take effect at the time specified therein or, if no time is specified therein, immediately upon its receipt. Unless otherwise specified therein, the acceptance of such resignation is not required to make it effective.

2.4.13. Vacancies

If a vacancy occurs in the Board of Directors through the death, resignation, or removal of a Board of Directors member (except in the case of a removal of a Subscriber), the Subscriber represented by that Board of Directors member will have the right to appoint a successor Subscriber employee to fill the vacancy on the committee, subject to ratification by the

Board of Directors. The successor Board of Directors member, so appointed, will hold office for the remainder of the vacating member's term, and until his or her successor is elected and qualified or until his or her earlier death, resignation, or removal. If the Subscribers or the Board of Directors fail to fill a vacancy on the Board of Directors as provided in these Policies and Procedures, that vacancy may be filled by the RESO Board of Directors.

2.5. Board of Directors Officers

2.5.1. Designation

The officers of the Board of Directors shall be the Chair, Vice Chairs, and such other officers with powers and duties not inconsistent with these Policies and Procedures as the Board of Directors may annually elect or appoint.

2.5.2. Election, Term of Office, Qualifications, and Removal

Each officer shall be a Board of Directors member. Officers will be elected by members of the Board of Directors for a one-year term, unless the Committee specifies otherwise, and each shall serve until his or her successor shall have been elected and qualified, or until his or her earlier death, resignation, or removal. Any officer of the Board of Directors may be removed from office, with or without Cause, by a majority vote of the Board of Directors members then in office. There is no limit on the number of consecutive terms for which an officer may serve.

2.5.3. Vacancies

Any unscheduled vacancy of a Board of Directors office shall be filled within sixty (60) days of such vacancy by a vote of the majority of the Board of Directors.

2.5.4. Other Officers

The Board of Directors shall prescribe the duties of its officers.

2.6. Administrators

The EO shall be responsible for the implementation of the standards development, promotion, and maintenance processes established by the Board of Directors and shall perform such other functions as may be prescribed by the Board of Directors from time to time. The EO, or his or her designee, shall be responsible for facilitating the development of technical standards, including but not limited to performing functions specified in the RESO Intellectual Property Rights Policy addressed below in Section 3. The EO may also hire an Administrator(s) who shall be responsible for assisting in the conduct of RESO's business, facilitating meetings and recording minutes for all Board of Directors, General Assembly and Workgroup meetings, developing marketing materials and managing its web site. The Administrator(s) may be a firm that provides such administrative services or an employee of such a firm acting within the scope of his or her employment.

2.7. Workgroups

2.7.1. Responsibility

The technical standards development and supporting work of RESO will be conducted through one or more Workgroups established by the Board of Directors. Workgroups shall develop the technical standards and conduct the transactions to support the business processes for which they are responsible. The EO and the Administrator will oversee the work of the Workgroups and any Workgroup activity may be begun or halted by a request from the EO. The Board of Directors Standards Committee will establish and dissolve Workgroups.

2.7.2. Workgroup Participation

Any Participants may participate in any Workgroup activity. Positions of Workgroup Chair or Vice Chair however are generally reserved for Subscribers. Non-Subscribers may serve as Workgroup Chair or Vice Chair only with the approval of a majority of the Board of Directors. A Subscriber or non-Subscriber shall have one vote in each Workgroup in which they actively.

Workgroups shall follow a published agenda and facilitated meeting structure and process to assure procedural fairness and efficient conduct of meetings. Minutes and deliverables will be shared via appropriate tools such as email List Serves and web sites, and other such tools as may be provided by RESO or by Workgroup participants, provided that such tools do not prevent access to information by any Participant. Each Workgroup shall establish and document its own meeting quorum and attendance requirements, subject to the approval of the Board of Directors as applicable. Acceptance of the IPR Policy and the Antitrust Policy is mandatory for all Participants.

2.7.3. Election of Workgroup Leadership

Each Workgroup shall annually elect, from its members, a Chair and Vice Chair.

2.7.4. Vacancies

Any vacancy of a Workgroup Chair or Vice Chair arising from any cause shall be filled within sixty (60) days by a vote of the majority of the Workgroup participants.

2.7.5. Proposed Standards and Publications; Request Management Process

The Board of Directors shall establish a Request Management Process to assure an orderly procedure for managing work requests. All Workgroup product intended for promulgation must follow the Request Management Process, as it may be developed and amended from time to time. At a minimum, the Request Management Process must specify in detail:

The stages through which a Request must flow (for example, Received / Accepted / In Development / In Review / Approved);

The required documentation for each stage; (for example, Statement of Work, specification) and

The approval and review paths for each type of Request, including the need for involvement by the Board of Directors Standards Committee.

All Workgroup actions must be by either consensus (as determined by the Workgroup Chair) or by majority vote. Any Workgroup member may request a formal vote on any matter for which the consensus method was chosen by the Chair, and in such cases formal votes must be taken. When a Workgroup agrees to a Standard or Publication, it shall submit a detailed description of the proposal or transaction for appropriate review (Statement of Work), to the Board of Directors Standards Committee.

Each Workgroup shall review proposals for new Standards and significant modifications of existing Standards that may affect their assigned business process or any Standards pending before them. These proposals may be presented by Workgroup participants or outside parties or referred to them by the various technical review groups. Feedback on the proposed changes shall be supplied to the appropriate technical review group in a timely fashion.

2.8. Development of RESO Standards

Subject to the requirements of these Policies and Procedures and the Bylaws, the Board of Directors has the authority to take whatever steps are necessary to ensure the efficient development of technical standards for the real estate industry. RESO shall take such steps as are appropriate to disseminate to the public the standards that it develops and to encourage their use.

3. Intellectual Property Rights Policy

3.1. Definitions

For purposes of these Policies and Procedures, the term "Patent Rights" is defined in the IPR Policy as: all patents and patent applications (for unpublished patent applications an identification of the portion(s) of the RESO Standards applicable to the application) that such Participant owns that would be infringed by an organization that makes, has made, uses, sells, offers for sale, or imports a product or service using or compliant with that RESO Standards by virtue of its product's or service's use or compliance with the RESO Standards.

Other capitalized and underlined terms used in this Section 3 without definition have the meaning given them in the IPR Policy. The IPR Policy may be found at www.rets.org.

3.2. Effective Date

The IPR Policy will be adopted upon the approval of the policy by a majority of the Board of Directors. RESO shall make the IPR Policy available to the public via the RESO website and by email to all subscribers to the RESO List Serve (Publication Date). The IPR Policy will be effective as of _____ for all individuals who have participated in a RESO activity prior to the Publication Date.

3.3. Rejection of IPR Policy

Any Participant who has engaged in a RESO activity prior to the Publication Date but does not wish to be bound by the IPR Policy must totally withdraw from RESO in the manner provided in Section 2.2.10 above and refrain from engaging in any further RESO activity after the Publication Date.

3.4. Effect of Withdrawal

Each individual that totally withdraws from RESO, refuses to agree to the IPR Policy, or is removed from RESO for Cause is responsible for removing itself from participation in the RESO List Serves and refraining from participating in other RESO activities. RESO may also block that individual from access to the List Serves. Further, any such individual will submit to RESO a copy or a detailed written description of all information or materials that it provided to RESO in writing that contain Patent Rights belonging to such individual that such individual does not want RESO to continue to use in its standards development process, which submission must be delivered by the individual to RESO within sixty (60) days of its withdrawal. RESO may continue to use in its standards development and maintenance processes any such information or materials provided by such individual that are not contained or described in such submission.

The obligations of the IPR Policy shall survive and continue in force and effect until the date Participant totally withdraws or is removed from RESO pursuant to these Policies and Procedures. Participant's obligations with respect to the RESO Standards Licenses, the RESO Workgroup Licenses and the Royalty-Free Licenses granted by Participant under the IPR Policy survive any such withdrawal or removal and continue thereafter in full force and effect.

3.5. Amendments to the IPR Policy

The IPR Policy may be amended from time to time by the Board of Directors provided that the Participants have had a reasonable opportunity in advance to review and submit comments on any such proposed amendment, and to totally withdraw from RESO and cease acting as a Participant within thirty (30) days of the publication date of an amendment if it is not acceptable. The effective date of any such amendment shall be that specified in the amendment. If within thirty (30) days of the publication date of an amendment, a Participant totally withdraws from RESO, Participant will be bound solely by the version of the IPR Policy in effect upon such withdrawal. Minor changes that do not affect any Participant's substantive rights or obligations are not amendments.

3.6. Patent Rights Disclosures

Pursuant to the IPR Policy, a Participant's obligation to disclose Patent Rights to RESO is ongoing for each RESO Standard as to which a Participant participated in a Workgroup or other RESO activities or will vote as part of the RESO decision process. However, the EO will issue reminders to submit or update disclosures from time to time. If a Participant refuses to grant the Royalty-Free License with respect to its Patent Rights for a particular standard, such refusal will be effective only for the Patent Rights contained in such Participant's Patent Rights disclosure to RESO. Any undisclosed Patents Rights will be subject to the Royalty-Free License. A refusal to grant the Royalty-Free License will not affect RESO Standards Licenses, Workgroup Licenses, or End-User Licenses granted by Participant under the IPR Policy.

3.7. Right to Modify RESO Standards

RESO may choose, in its sole discretion, to modify a proposed or adopted RESO Standard or not to adopt a RESO Standard when RESO believes that any necessary intellectual property rights are not available under a Royalty-Free License.

3.8. Copies of Patent Rights Disclosures

RESO may maintain and make available to Participants and End-Users on written request copies of Patent Rights disclosures made pursuant to the IPR Policy.

3.9. RESO Standards Notice

RESO will include the following notice in each official publication of a RESO Standard:

ATTENTION IS CALLED TO THE POSSIBILITY THAT MAKING, HAVING MADE, USING, SELLING, DISTRIBUTING, OFFERING FOR SALE, IMPORTING, MODIFYING, REPRODUCING, PUBLISHING, PUBLICLY PERFORMING, DISPLAYING, OR MAKING DERIVATIVE WORKS OF A PRODUCT OR SERVICE COMPLIANT WITH THIS RESO STANDARD MAY REQUIRE USE OF INTELLECTUAL PROPERTY RIGHTS BELONGING TO THIRD PARTIES AND THAT SUCH USE MAY REQUIRE A LICENSE FROM AND THE PAYMENT OF ROYALTIES TO THE OWNER THEREOF. RESO SHALL NOT BE RESPONSIBLE FOR IDENTIFYING INTELLECTUAL PROPERTY RIGHTS FOR WHICH A LICENSE MAY BE REQUIRED OR FOR CONDUCTING INQUIRIES INTO THE LEGAL VALIDITY OR SCOPE OF THOSE INTELLECTUAL PROPERTY RIGHTS THAT ARE BROUGHT TO ITS ATTENTION. UNDER RESO'S INTELLECTUAL PROPERTY RIGHTS POLICY (IPR POLICY), PARTICIPANTS IN RESO'S STANDARD SETTING PROCESS MAY HAVE GRANTED A NONEXCLUSIVE, ROYALTY-FREE LICENSE TO USERS OF THE RESO STANDARDS UNDER CERTAIN INTELLECTUAL PROPERTY RIGHTS. THE IPR POLICY IS AVAILABLE FOR REVIEW AT WWW.RESO.ORG, ALONG WITH DISCLOSURES OF INTELLECTUAL PROPERTY RIGHTS SUBJECT

TO THE LICENSES GRANTED UNDER THE IPR POLICY. WITH RESPECT TO THESE AND ANY OTHER INTELLECTUAL PROPERTY RIGHTS, RESO MAKES NO REPRESENTATION AS TO THE AVAILABILITY OF OR THE REASONABLENESS OF RATES AND/OR TERMS AND CONDITIONS OF LICENSE AGREEMENTS THAT MAY BE OFFERED BY THE OWNER, IF ANY. BY PUBLICATION OF THIS RESO STANDARD, NO POSITION IS TAKEN BY RESO WITH RESPECT TO THE EXISTENCE OR VALIDITY OF ANY THIRD PARTY INTELLECTUAL PROPERTY RIGHTS NEEDED TO USE OR IMPLEMENT THIS RESO STANDARD IN GOODS OR SERVICES. RESO DOES NOT REPRESENT THAT THIS INFORMATION IS ACCURATE OR COMPLETE.

3.10. *No Obligation to Use*

Nothing hereunder shall obligate RESO to use a Contribution furnished by a Participant in a Workgroup meeting or otherwise in connection with the development of a RESO Standard. Without limiting the generality of the foregoing, RESO shall not be under any liability for any claim for loss of publicity or opportunity to enhance Participant's reputation notwithstanding the fact that RESO may discontinue consideration of the Contribution or the Participant's participation in RESO.

3.11. *Discretion*

Wherever an action is optional for RESO such action shall be in the sole discretion of RESO.

4. Annual Report

The Board of Directors shall provide to Subscribers an annual report of RESO activities.

5. Voting

5.1. *General*

Unless otherwise provided or authorized in these Policies and Procedures, votes at RESO activities other than Workgroups shall require that a quorum be established for the particular group conducting the vote and action at Workgroups may be taken by majority vote of those participation in a Workgroup meeting. A quorum may be established through a combination of physical or virtual presence at a RESO activity or meeting. Votes may be cast in-person or via electronic ballot. The procedures for virtual presence and on-line voting will be established by the Board of Directors.

5.2. *Board of Directors*

The voting procedures for the Board of Directors will be established in the RESO by-laws.

5.3. *General Assembly*

A quorum for the General Assembly is established by a majority of Subscribers being present as described in Section 5.1. Participants may cast a vote on any motion of the floor. Motions shall pass on a simple majority with the exception of adoption of a major revision change to a standard (i.e. 1.7 to 2.0) requires a two-thirds majority.

5.4. *Workgroups*

Workgroups shall require that a quorum be present as described in section 5.1 for the particular group conducting the vote and action at Workgroups may be taken by majority vote of those present at a Workgroup meeting.

6. Coverage of and Amendment of Policies and Procedures

These Policies and Procedures include this document, the IPR Policy, the Antitrust Policy and any other policies and procedures adopted by the Board of Directors and approved by the Board of Directors consistent herewith and posted at www.rets.org. These Policies and Procedures may be amended from time-to-time by a majority vote of the Board of Directors, provided proposed amendments are included on the agenda for the meeting during which the vote will occur. An amendment must be considered during an in-person or telephonic meeting although technical corrections to a proposed amendment that has been the subject of a meeting may be approved by electronic ballot. Any amendments so passed will be forwarded to the Board of Directors and will become effective upon approval by the Board of Directors.

7. Parliamentary Authority

The rules contained in the current edition of Roberts Rules of Order shall govern the conduct of meetings of the Board of Directors, the General Assembly and Workgroups in all instances except where they are inconsistent with these Policies and Procedures and any other special rules such committees or groups shall adopt consistent with these Policies and Procedures.

8. Agreements with Other Organizations

From time to time, the RESO Board of Directors may approve RESO's entry into alliance agreements with other standards setting bodies or other trade organizations to foster RESO's purposes (Alliance Agreements). These agreements may provide for representatives of the counter-parties to serve on one or more RESO committees or other Workgroups including the Board of Directors and for any limits on such participation.

9. Miscellaneous

9.1. Authority

These Policies and Procedures do not create any agency, joint venture, or partnership between RESO and any other person or entity. Except as specifically provided in these Policies and Procedures, no member or officer of a committee, Workgroup, or other subgroup of RESO shall thereby have any authority to bind or act for RESO.

9.2. Caption; Headings

The captions and headings contained in these Policies and Procedures are inserted only as a matter of convenience and in no way define, limit, extend, or describe the scope of these Policies and Procedures or the intent of any provisions hereof.

9.3. Governing Law

The validity, construction, and performance of these Policies and Procedures shall be governed by the laws of the State of Illinois without regard to any conflicts of laws provisions.

9.4. Notices

These Policies and Procedures allow for notice by electronic mail and any such notice shall be effective when sent to the electronic mail address provided by a Subscriber or non-Subscriber to the List Serve maintained by RESO or otherwise provided to RESO. Electronic mail notices to RESO will be effective when delivered to notice@rets.org. Notice may also be given in writing and will be effective when delivered personally (including by facsimile, overnight courier, or express mail service), in each case with any postage or fees prepaid, to the address or fax number provided by a Subscriber or non-Subscriber on the List Serve or to RESO at

Attn: Executive Officer of RESO
430 North Michigan Avenue
Chicago, IL. 60611-4087
Fax Number

or to such other address or fax number of which RESO may give notice to the Subscribers.

9.5. Waiver

No failure to exercise and no delay in exercising any right, power, or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise of any right, power or privilege hereunder preclude further exercise of the same right or the exercise of any other right hereunder. Any waiver of a provision of these Policies and Procedures shall not be binding unless such waiver is in writing and signed by an officer of RESO.

9.6. Severability

If a provision of these Policies and Procedures is rendered invalid, the remaining provisions shall remain in full force and effect.

9.7. Benefit of the Policies and Procedures

These Policies and Procedures do not create any rights or provide any benefits to persons or entities that are not Participants and may be amended at any time.

10. Appendix A – Workgroups

THE RETS Governance Workgroup recommends the establishment of the following standing workgroups:

Compliance

Marketing

Payload

Security

Services

11. Appendix B – Acknowledgments

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