

LEGAL ACTION FUND

A special fund shall be maintained by the Association, known as the Legal Action Fund (LAF).

Purpose

Purposes and uses of the Legal Action Fund are to:

1. Promote among the member Local Associations of Michigan Realtors® an understanding of their rights and duties under the law and to enhance the professional standing of the Michigan Realtors®.
2. Assist in the development of case law which fosters the interests of the Michigan Realtors®, its Local Associations or members in general by assisting those involved, or threatened with litigation where legal principles affecting those interests are at issue.

It is not the purpose of the Legal Fund to pay fines, claims or judgments for damages or costs or to supplant the Legal Counsel of the members or Local Associations.

Administration of the Fund

A Legal Action Committee (the "Committee") composed of seven (7) members shall administer the Legal Action Fund. Committee members shall serve five (5)-year terms. Terms shall coincide with a calendar year. Vacancies on the Committee shall be filled by the Association President with recommendation(s) from the Committee chairman and approval by the Board of Directors. Each year the members shall select from their number a Chairman of the Committee for a term of one (1) year. Meetings will be held at the call of the Chairman or on request of five (5) Members.

All Committee members shall receive advance notice of each Committee meeting. Meetings shall be held via telephone conference whenever possible.

Should any member fail to attend two consecutive meetings, such member may be removed upon the recommendation of the Committee and approval of the MAR President. Expenditure of monies from the Legal Fund shall be approved by a majority of those members present and eligible to vote at any called meeting.

Investment of the Fund

The Legal Action Fund shall be invested to maintain necessary liquidity, and in accordance with the Association's policy for investing undesignated funds.

Expenditures from the Fund

Any claim against Michigan Realtors® or request for action should be reviewed by the committee for recommendation.

Members Requests

When a member of a Local Association is threatened with, or a party to, legal action and the principals involved and the resolution of the issues in the legal action are important to Local Associations or members of Local Associations generally, the member should immediately contact Michigan Realtors® for a copy of the Legal Action Fund Request Form. When the form is completed it should be submitted to the Michigan Realtors® Legal Action Committee and copied to the primary Local Association. Such requests shall be acted upon by the Committee within 30 days of receipt by Michigan Realtors®.

Local Association Requests

When a Local Association is threatened with, or a party to, a legal action, and its Board of Directors is of the opinion the matters involved would be of importance to Local Associations or members of Local Associations generally, the Local Association by resolution, shall forward a copy of the Local Association's current Bylaws and a

copy of the Local Association's action drafted in consultation with its legal counsel to the Committee. Additionally, the Local Association should complete and return to the Legal Action Committee the official Legal Action Fund Request Form. Such requests shall be acted upon by the Committee within 30 days of receipt by Michigan Realtors®.

Limitations of Fund

In the event the Committee decides to consider making expenditures from the Legal Fund for legal services, the Committee shall request and authorize Michigan Realtors® Counsel to investigate the matter under consideration and prepare a written report to the Committee. The Committee may authorize expenditures from the Legal Fund, not exceeding \$10,000 for each instance of pending or threatened litigation considered by the Committee, in order to obtain a report from Michigan Realtors® Counsel and to carry out the purposes of the Legal Fund. For purposes of authorizing expenditures from the Legal Fund, appeals to a higher court shall be viewed as new instances of litigation and the Committee shall have authority to expend up to \$10,000 for each such instance, notwithstanding previous expenditures which may have been authorized prior to appeal.

In the event the Committee determines it necessary to expend in excess of \$10,000 to carry out the purposes of the Legal Fund in a particular case, it shall submit the report of Michigan Realtors® General Counsel and the recommendations of the Committee to the Board of Directors.

The report of Michigan Realtors® General Counsel and recommendations of the Committee shall be considered at the next regular meeting of the Michigan Realtors® Board of Directors or at a special meeting of the Board of Directors called for that purpose. A Committee member shall participate when the report, recommendations and any deliberations are considered by the Board of Directors. The Board of Directors may adopt, modify or reject such recommendations or request further review by the Committee. In the event the Board of Directors requests further review by the Committee, the Board of Directors shall receive the further recommendations of the Committee, which the Board of Directors may either adopt, reject or modify.

Appeal of Committee Decisions

The member or Local Association involved may appeal a decision of the Committee to the Board of Directors, and the appeal shall be heard at the next scheduled meeting of the Board of Directors. The member or Local Association representative may be present with legal counsel during the Board of Directors deliberation. The appealed action of the Committee regarding the Legal Fund shall not be suspended while the appeal is pending, unless by order of the Board of Directors. All authorized expenditures from the Legal Fund shall be made in accordance with the terms and conditions imposed by the Committee, or if pursuant to action of the Board of Directors, by the Board of Directors.