



Board Governance Manual Policies & Practices

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INTRODUCTION

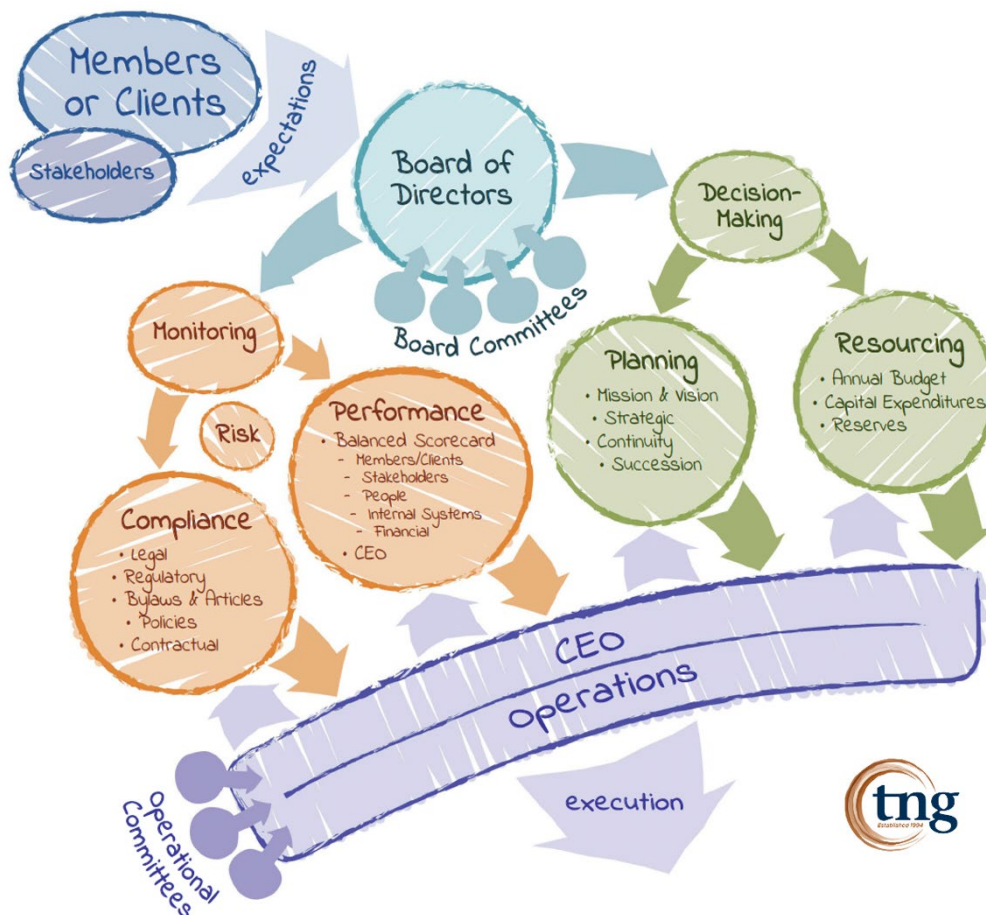
London and St. Thomas Association of Realtors Governance Manual

Purpose of this Manual

This Board Governance Manual is designed to support the London and St. Thomas Association of Realtors (LSTAR) and each of its Directors to efficiently and effectively steward the organization on behalf of its members and stakeholders. The manual structure and layout builds upon a 'good practice' governance framework developed by governance advisors, **tng** (www.tngleaders.com). The manual should be treated as a living document and be updated regularly to reflect the evolving requirements of the organization and its stakeholders.

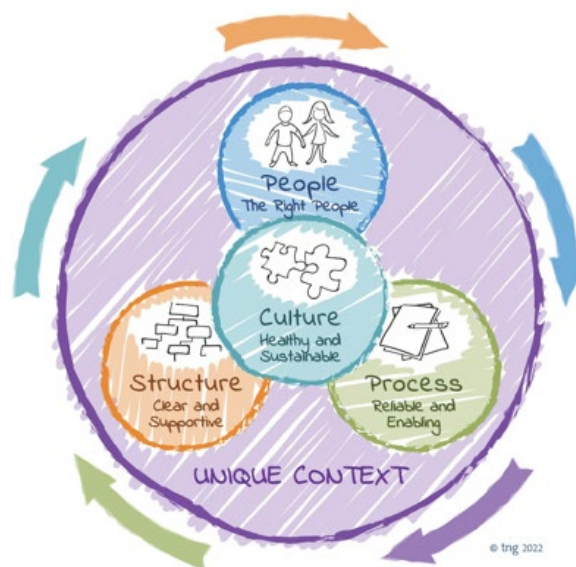
The Fundamentals of Board Governance

The following graphic depicts the most fundamental aspects of Board governance. It illustrates the relationship between the Board and its members and key stakeholders for whom the organization exists. It illustrates the relationship between the Board and its sole employee, the CEO, through whom the Board delegates most operational responsibility. It also illustrates the Board's core functions of decision-making and monitoring. This Board Governance Manual seeks to describe more fully 'what' the role of the Board is in each of these areas and 'how' it should go about discharging its duties in an ethical and responsible fashion.



Dimensions of Good Governance

In adopting the 'fundamentals of governance' LSTAR acknowledges four key dimensions of governance: (1) People, (2) Structure, (3) Process and (4) Culture. Each of these dimensions is interdependent with the others. While structures and processes can appear clear and linear on paper, the 'system of governance' is dynamic. It involves people interacting with people and the structures and processes that seek to describe how that interaction should occur. To achieve good governance, the Board must understand each dimension and the principles behind them and also seek to understand the cause-and-effect relationship that occurs between and amongst the dimensions – a relationship that will change and evolve over time as the Board and organization experience and 'dance' within the system.



This Governance Manual is divided into four sections, each reflecting a dimension of good governance. Within each of the four dimensions of good governance the Board will be guided by three levels of written direction: Principles, Policies and Practices. The Principles and Policies should remain relatively consistent over time. The governance Practices will evolve over time as new good governance Practices are developed and adopted. Changes to any Principle, Policy or Practice should receive full Board approval. As the Board strives to work to the standards set out in this manual it should keep in mind that the pursuit of good governance should be welcomed as an evolution not a revolution!

Governance Principles

Defines at a high level, “why” the organization governs the way it does; the larger guiding purpose that specific policies and practices set out to accomplish.

Governance Policies

Defines “what” specific actions and /or behaviours are expected for:

- The Board as a whole
- Individual Board Directors
- The CEO

Governance Practices

Defines specifically “how” the principles and policies are to be carried out efficiently and effectively.

1. "Right People" as Directors

This dimension describes the elements needed for assembling and maintaining qualified and capable Directors. There are two Principles which guide this dimension:

Principle #1.1 Board Composition

Board composition will be competency based. The Board will attract, engage and sustain Directors that have and demonstrate diverse skills, experience, capacity, attitude and diversity that enhance the Board's capacity to govern at the highest standard. Board composition will not require Directors to represent a defined stakeholder or constituency group.

Principle #1.2 Director Contribution

The Board will provide clear expectations, direction and support to Directors to enable them to fulfill their duties and obligations and raise their individual and collective capacity to govern at the highest standard.

2. Clear and Supportive Structures

This dimension describes the hierarchical arrangement of lines of authority, communication, rights and duties. It includes how roles, power and responsibilities are assigned, controlled and coordinated to achieve the objectives and strategy of the organization and the Board. The Principle guiding this dimension is:

Principle #2.1 Board Accountability

The Board is ultimately responsible and accountable for the entire organization. It is charged with making decisions and monitoring organizational compliance, risk and performance on behalf of its members and key stakeholders. The Board is also a self-responsible and accountable 'unit of the organization'. Here it is charged with monitoring and improving its own performance and contribution to the organization as a governing body.

3. Reliable and Enabling Processes

This dimension describes the series of actions or functions needed to bring about desired results. In the case of good governance, the desired results are the ethical stewardship and strategic leadership of stakeholders' investments and interests as discharged through the decision-making and monitoring functions of the Board. The Principles guiding Reliable and Enabling Processes are:

Principle #3.1 Board Decision-Making

The Board is charged with making well informed and responsible decisions that move the organization in a balanced and sustainable way towards its approved priorities on behalf of its members and key stakeholders.

Principle #3.2 Board Monitoring

The Board is charged with monitoring the compliance, risk and performance of the organization on behalf of its members and key stakeholders to ensure that their resources and interests are safeguarded from harm.

4. Healthy and Sustainable Culture

This dimension describes the stated organizational intentions and Board behaviours, norms and rituals that compel people to do their best to serve the organization's purpose, putting collective interests ahead of any one individual interest. The Principle of Organizational Sustainability guides the dimension of a Healthy and Sustainable Culture:

Principle #4.1 Organizational Sustainability

Long-term viability and sustainability of an organization is dependent upon a 'culture' that is open, transparent, forward-looking and focused. Together with the CEO, the Board is charged with setting and shaping the culture of the organization.

Role of Foundational Documents

LSTAR's governance system is defined in its foundational documents. The Board's authority emanates from these documents.

- LSTAR is a not-for-profit corporation and is regulated by the Ontario Not-For-Profit Corporations Act, 2010 and any statute or regulation that may be substituted, as amended from time to time (the "Act")
- LSTAR's Letters Patent or any Articles of Continuance describe the general aims and objectives of the corporation and the ownership structure
- LSTAR's Bylaws describe how the activities and affairs of the corporation are to be transacted. They address corporate matters such as categories, powers and conditions of membership, authorities and terms of Directors and officers, meetings of Directors and member's meetings.
- LSTAR's Governance Policies and Practices (this document) describe the Board's preferred and agreed manner of conducting Board business. Governing policies are established by and for the Board to define strategic intent, set boundaries and ensure appropriate fiduciary oversight.
- All Directors and volunteer Committee members are required to read, understand and comply with the Act, Letters Patent, Bylaws and Governance Policies. A copy of these documents is provided to all Directors and volunteers and is also available to all members. Any questions related to these foundational documents should be addressed to the office of the CEO.

Understanding the Fiduciary Relationship

Members as Controlling 'Owners'

LSTAR exists for and is controlled by the members in accordance with the Letters Patent and Bylaws. The Bylaws describe the specific rights and powers of the three classes of Membership in the Corporation. LSTAR maintains a list of all members for the purposes of general correspondence, voting at annual and special meetings and as the official contact between the members and LSTAR. Members exert their rights and powers primarily through the election of Directors and by amending LSTAR's Bylaws. Members provide input to the direction of LSTAR by participating in LSTAR committees and membership surveys.

Directors as Stewards

LSTAR's activities and affairs are managed by the CEO and are 'stewarded' by the Board in accordance with the Letters Patent and Bylaws. Board Directors do not represent the interests of any one member. All Directors stand in a 'fiduciary relationship' with the corporation, LSTAR. This term includes but goes beyond financial accountability for the corporation. As fiduciaries, every Director of the corporation in exercising their powers and discharging their duties shall "act honestly and in good faith with a view to the best interest of the corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances." More specifically, Directors are expected to understand and abide by the duties of care, loyalty and obedience as specified in Section 1.2.2.

Governance and Management Philosophy

LSTAR's Board operates in a model that distinguishes between stewardship, strategic leadership and operational management. In this oversight model the Board, its committees and the CEO have distinct and complementary responsibilities in advancing the mission of LSTAR.

Distinct Roles

The Board provides the overall stewardship for the organization on behalf of its members. In this role the Board and its board committees monitor and 'oversee' the entire corporation. Ultimately, the Board is accountable for all aspects of the corporation, however for practical purposes it delegates day-to-day operational management to the CEO who is the 'sole employee of the Board'. The Board delegates this authority and a supporting budget to the CEO in a manner that provides a broad degree of freedom to exercise creativity and judgment to achieve the goals of the organization, as articulated in the Board-approved Strategic Plan. The Board's delegation to the CEO is documented so as to provide absolute clarity to both parties. These are important distinctions that must be respected for an oversight governance model to thrive.

Complementary Roles

Strategy is the place where the Board and the CEO work in a more complementary fashion. By working together and offering diverse expertise to the planning process, together they form the strategic leadership for LSTAR. Together they establish and approve the corporation's vision, mission, values and strategic plan. Together they ensure that LSTAR's goals are clear, that parameters and approval points are established, and that evaluation criteria are mutually agreed. These complementary roles and structured interactions ensure there is alignment between governance and management that serves the interest of members and ensures clear accountability for outcomes.

Committee Roles

LSTAR differentiates between board committees and operational committees. The Board as whole, delegates some Board functions to specific board committees (e.g. Executive; Finance; Audit & Risk; Governance; Nominating) and individual Directors (Officers) to streamline the work of the Board. These committees and individuals are accountable to the Board and must fulfil the Board's clearly expressed and documented delegated work to the best of their abilities. LSTAR also relies on operational committees

which support the day-to-day work of the organization and are accountable to the CEO.

Comment: recommend that the Board adopt the principle of having Board appointed and accountable committees, and CEO appointed and accountable committees. Typical Board Committees would include Governance, Finance, Audit and Risk and Nominating, while operational committees reflect areas where the CEO is held accountable for results, such as education, communication, and member engagement. Accordingly Board would approve which existing Committees are either Board or operational Committees.

Understanding the Board's Authority

The Board exercises its authority as a whole. No individual Director or board committee can act with the authority of the Board unless specifically delegated to do so by the Board. When the Board authorizes a Director or committee to act on its behalf, the Director or committee will do so in a manner consistent with the Board's documented policies and practices.

The Board's authority can only be exercised at officially called, held and chaired Board meetings. Any binding decision must be recorded in the Board's meeting minutes. No other form of direction by the Board or committee shall be permitted.

The Board's Primary Functions

The Board is established to provide progressive, collective stewardship and strategic direction to LSTAR. All Directors, whether elected or appointed, are entrusted to direct the activities of the organization as a whole rather than in their own interest, their member organization's interest or that of any specific group. They are entrusted to protect the interests of the corporation that is LSTAR and its members as a collective group. Following is a brief description of the Board's primary functions.

Defining the Strategic Direction of the Organization

It is the Board's responsibility to determine and approve the vision and mission as well as the strategic goals and priorities of the organization based upon input and feedback from LSTAR members, Directors, staff and other industry stakeholders.

While staff and others will undertake the preparatory work in the planning process and make recommendations regarding the goals and priorities, it is the Board's responsibility to make the decisions regarding the strategic direction of LSTAR, consistent with LSTAR's Bylaws and member expectations.

Establishing Governance Policies

Governing policies are established by and for the Board. They are not intended to direct staff how to accomplish their task but rather give staff clear direction on what the organization is to accomplish while establishing protective limits in key operational areas. Governance policies enable the organization to function without constant input from the Board.

Assuring Financial Sustainability

The Board approves the annual budget of the organization such that financial resources are allocated in a manner consistent with the strategic plan, goals and priorities. It is the Board's responsibility to ensure the stability and endurance of the organization. The Board regularly reviews the financial status of the organization at Board Meetings and is supported by the Finance, Audit & Risk Committee and its third party, the Board-appointed Auditors.

Assuring Legal Compliance

The Board is responsible for ensuring that all legislative and legal compliance requirements are met.

Monitoring and Evaluating Organizational Performance

In order for the Board to answer to members for the performance of the organization, it needs to monitor the results that are achieved and evaluate LSTAR's performance vis-à-vis the Board-approved strategic plan. Monitoring provides an opportunity for redirection if it is required in order to achieve the goals identified. Monitoring is accomplished through the following mechanisms:

- Regular CEO reports to the Board
- Regular Board Committee reports to the Board
- The commissioning of reports to the Board from independent, external third parties
- The review of strategic plan 'scorecard' performance (via the Board Monitoring Dashboard)
- The review of financial reports to the Board

Hiring and Evaluating the CEO

The Board is responsible for the engagement, direction and evaluation of the CEO and all decisions with respect to the CEO's employment with the organization. The Board is also responsible for succession planning for this critical position.

Comment: entire Board should participate in CEO evaluation and any outcomes of that evaluation. It is very common for Officers/Executive to be responsible for administration of the evaluation process, with the full Board involved in the actual evaluation and outcomes. This is reflected in draft CEO evaluation under Appendix K – CEO Evaluation Framework.

Ensuring Effective Governance

The Board is accountable for its own performance and self-improvement. The Board is responsible for monitoring and evaluating its own effectiveness and for making improvements in the governance system that lead to better stewardship, transparency and accountability to members. This includes ensuring that there is Director succession that enables sustainably sound governance. Regular evaluation of Board and Director performance supports this accountability.

Governing in Context

While it is true that Boards everywhere are largely accountable for the same core elements of governance, implementing good governance doesn't happen in a vacuum. There will always be some subtle differences

in how a Board carries out its governance responsibilities. These differences will most often affect the **Practices** of governance vs. the overriding **Principles** and **Policies** of governance. It is for this reason that each section of the manual contains the Policy which reflects current good governance standards and the Practice which allows for the differences in LSTAR's "way of governing" that seeks to accommodate its unique context.

About Us

LSTAR is a REALTOR® association which serves and represents over 2,200 REALTORS® from London, St. Thomas, Strathroy, Middlesex County, & Elgin County.

LSTAR Members are licensed professionals governed by a high standard of professional service and a strict Code of Ethics and are committed to providing the best possible service to their clients and customers.

Our Vision

To be the resource of choice for REALTOR® members and their communities.

Our Mission

To enhance REALTOR® member professionalism by providing education, tools and advocacy to support them in serving the community.

Our Values

- Member-Centric
- Thought-Leader
- Community-Minded
- Professionalism
- Integrity

Definitions

For this Board Governance Manual, the following definitions apply:

Act: means the Ontario Not-For-Profit Corporations Act, 2010 and any statute or regulation that may be substituted, as amended from time to time.

Board: the Board of Directors of the organization.

Bylaws: Bylaws of the organization as approved by the members.

Chair: the Chair of the Board.

CEO: The employee of the Corporation who is leading the day-to-day operations of the organization and is directly accountable to the Board of Directors.

Director: means a Director of the organization. Collectively all Directors are referred to as the “Board”.

Member: means a person or organization that has qualified under any category of membership established in the Bylaws.

Members: the collective membership of the organization.

Officer: an officer of the organization, namely the Chair, Immediate Past Chair, Chair-Elect, and such other Officers as the Board may from time to time establish.

Ordinary Resolution: means a resolution passed by a majority of the votes cast on that resolution or consented to by each member of the organization entitled to vote at a meeting of the members of the organization or the member’s legal counsel.

Organization: London and St. Thomas Association of Realtors (LSTAR).

Stakeholder: an individual, group or company that has strong interest, influence or impact on the organization and is critical to the organization’s long-term success.

POLICIES & PRACTICES

1) Good Governance Dimension 1: "Right People" as Directors

Principle #1.1 Board Composition

1.1.1 Board Size and Composition

Date Approved/Updated _____

As per Bylaw 6.1, 6.2 and 6.3 the administration of the affairs of LSTAR shall be vested in a Board of Directors of ten (10) individuals comprised of:

(a) The following individuals who shall hold office as of right:

(i) The individual who was Chair in the preceding year, or in the event that such person cannot act, the most recent Past Chair so willing to act, as Immediate Past Chair.

(ii) The individual who was Chair Elect in the preceding year, as Chair.

(b) a member of the Commercial Committee, appointed by the Board;

(c) Seven (7) individuals who are elected by the membership or acclaimed in accordance with this Bylaw and LSTAR Policies.

Composition requirements include:

(a) The Board of Directors shall include at least three (3) Directors who are a Broker of Record and three (3) Directors who are Salespersons or Brokers;

(b) Where possible, the composition of the Board set out in 6.1 shall include a Director whose Brokerage or Branch Office address is listed in the LSTAR member management system as being in St. Thomas;

(c) Not more than two (2) Individual Members who are employed by or are partners or directors of the same Firm may serve as Directors at the same time;

(d) Notwithstanding (c) above, if a sitting Director, during the course of the Director's term, becomes non-compliant with (c), the Director may complete their term.

To qualify for election as a Director and throughout each Director's term, the person must:

(a) Be an Individual Member in Good Standing, and have been a member continuously for at least twelve (12) consecutive months immediately preceding the election;

(b) not be an undischarged bankrupt;

(c) Not have been convicted of a criminal offence involving fraud or moral turpitude;

(d) Have the qualifications established by the Board of Directors for Director candidates from time to time, based on skill sets relevant to the competent management of the affairs of LSTAR;

(e) If elected, complete leadership courses as set out in LSTAR Policy;

(f) Not otherwise be disqualified by virtue of ONCA.

Comment – reflects draft Bylaws

1.1.2 Director Attribute Inventory

Date Approved/Updated _____

The Board shall have in place an up-to-date inventory of its sitting Directors' attributes (skills, knowledge, experience, diversity, etc). The inventory will include the identification of critical competency gaps and/or requirements that should be filled (via recruitment and/or development) to optimize the Board's capacity to govern. The Board will use the same attribute inventory criteria and tool to recruit and qualify successor Directors.

The Board will use a **Director Attribute Matrix (Appendix A)** to evaluate existing and candidate Board Directors. The Board will review the matrix annually to identify areas for Director recruitment and for Board development. The Board will work to ensure that directorship reflects diversity and the unique needs of LSTAR.

1.1.3 Director Recruitment, Election & Succession

Date Approved/Updated _____

The Board will have in place an open and transparent Director recruitment, election and succession strategy that augments the current Directors' competencies and ensures Board sustainability over time. The Board is committed to a merit-based system for Board composition within a diverse and inclusive culture which solicits multiple perspectives and views and aspires to be free of conscious or unconscious bias and discrimination. When assessing Board composition or identifying suitable candidates for appointment or re-election to the Board, the Board will consider candidates on merit against objective criteria having due regard to the benefits of diversity and the needs of the Board.

The Nominating Committee will follow the **Board Election Policy (Appendix M)** and will proactively recruit and qualify candidates for available Director positions.

Comment: recommend that the Nominating Committee's role should be expanded to include active recruitment of candidates.

The Nominating Committee will provide and circulate the names of candidates for consideration by LSTAR voting members in advance of the Annual Meeting. The report of the Nominating Committee must be forwarded to the CEO not less than thirty (30) days before the date of the Annual Meeting. The CEO must enclose, with the notice of the meeting of members at which the election of the Directors is to be held, a copy of the report of the Nominating Committee.

1.1.4 ITSO Director

Date Approved/Updated _____

The call for a volunteer for this position could be included with the call for volunteers for committees in future to build a list of potential candidates. With the Call for Volunteers, ITSO Director could be an option for members to select if they have interest. A description of position and recommended qualification should be included so volunteers understand what they are getting involved with LSTAR.

Qualifications / Commitments of the ITSO Director could / should include the following:

- a) Previous experience on a board of directors in organized real estate (if available min 3 years experience)
- b) Member of LSTAR in good standing for a minimum of 5 years.
- c) Min of 3 years experience on LSTAR committees (preference given to governance, finance, technology and MLS related experience)
- d) Agreeing to provide non confidential information to LSTAR's BOD / Brokers Issues advisory committees as requested (Board of Directors meetings 8 – 10 times per year, Brokers issues meeting approx. 4 times per year).
- e) Agreement to participate in all ITSO board meetings and to present to the ITSO board any concerns brought forward by LSTAR's Board.
- f) Agreement to participate in at least one ITSO committee.
- g) Agreement to participate in both LSTAR (if needed) and ITSO's AGM.
- h) Preference to individuals with experience in running a business.
- i) Preference to individuals with post-secondary education in Business Administration.
- j) A strong knowledge of Organized Real Estate should be demonstrated.

Candidates for this position should be determined by the Executive Committee with input from the CEO. LSTAR staff should make recommendations / express concerns over potential candidates through the CEO to discuss with the executive committee.

In the event more than one eligible ITSO Director Candidate is available the Executive Committee can determine an individual to recommend or put multiple names forward for election at the ITSO AGM.

Volunteers wishing to put their name forward for the ITSO Director position should have an application form to complete that acknowledges the level of commitment. Determination of a recommendation for an ITSO Director should be made approximately 9 months prior to the ITSO AGM and start of the Director's term. During this period, the current ITSO Director should meet with the new candidate(s) 3 to 4 times to provide information and review ITSO policies and bylaws. Understanding that confidential information cannot be shared but the understanding of the organization and current issues can be provided. Potentially, ITSO legal counsel could also facilitate a session on ITSO bylaws and policy. Future ITSO Directors should also commit to assist/educate future Directors once their term is coming to completion.

Travel expenses - LSTAR should be prepared to reimburse the ITSO Director for all travel expenses related to their attendance at ITSO meetings and events if they are not covered by ITSO.

It is important that the ITSO Director be well informed and up to date on industry and technology trends so until ITSO is able to budget for their Directors to attend conferences, LSTAR should make funds available for this purpose. Provided the expenses are within budget, these expenses can be approved by the CEO.

Regular communication with the CEO on all issues of a non-confidential nature should be maintained.

Should the ITSO Director be unable to complete their term, the Executive Committee shall be responsible for recommending another member that meets the qualifications noted above. The member recommended to fill this vacancy shall hold office for the remainder of the term.

If the LSTAR Board of Directors feels that the ITSO Director is not performing their duties at an acceptable level, a meeting should be arranged with the ITSO Director to discuss their concerns and to agree on how to rectify the situation. If the LSTAR Board is not satisfied that the ITSO Director's performance has improved within 60 days, they may choose to notify ITSO of their concerns and request that ITSO's Executive be consulted to determine if action should be taken.

Comment – would provide a very clear nomination/election process. Expect that the issues of how ITSO Directors are chosen/elected and held accountable will be subject of ITSO governance review. Would recommend holding off on any change to this policy until governance review has occurred and any changes implemented.

1.1.5 Officers of the Corporation

Date Approved/Updated _____

In accordance with Bylaw 8.2 (a), the officers of the corporation are the Chair, Immediate Past Chair, Chair-Elect, and such other Officers as the Board may from time to time establish. The CEO shall act as liaison between the Directors and staff, in that the CEO reports any issues to the Chair. The Board of Directors reports any issues to the Chair and any staff issues are directed to the CEO. **Directors do not deal with the staff without consulting the CEO.**

Officers will serve terms of office as outlined in Bylaw 8.2 (b) "*All Officer terms shall be for one year or until their successors are elected or appointed*" and Bylaw 8.4 (a) "*At the first meeting of the Board of Directors following the election of directors each year, the current Chair will become the Immediate Past-Chair as of right, and the current Chair-Elect will become Chair as of right.*"

All Officers will be elected by the Board at the first meeting of the Board following the Annual Meeting each

year. The Governance Committee will develop a nomination process which gives all Directors the right to submit their names for Officer elections if they are otherwise qualified.

Vacancy - Chair

If the office of Chair becomes vacant the Chair-Elect shall become Chair for the balance of the unexpired term.

Vacancy – Chair-Elect

If the office of Chair-Elect becomes vacant the Directors shall by secret ballot elect a Chair-Elect from among the eligible Directors to fill the position.

Election of Officers

At their first meeting, or as soon as practical following an Annual Meeting, the Board of Directors will appoint the Chair as Past Chair, the Chair-Elect as Chair, and elect from among the elected Director positions a Chair-Elect.

1. The appointment/elections for the various offices will be in the following order:

- a) appointment of Chair as Past Chair;
- b) appointment of Chair-Elect as Chair;
- c) election of Chair-Elect

2. The order of speakers will be determined by random lot. Each candidate will be allotted one speech of 2 minutes to address the Directorate, following which an election will be conducted by secret ballot. The scrutineer will notify the Chair of the results.

3. In the event there are more than two candidates and no majority attained, the candidate with the lowest number of votes will be removed from subsequent ballots.

4. The number of votes per candidate will be announced to the Board of Directors.

5. In the event there is a tie for the first place, where no other candidate can be dropped from the ballot, two subsequent ballots will be held between the tied candidates. If the tie is not broken by the second subsequent ballot, the winner will be selected by random draw.

6. In the event there is a tie for last place and no majority attained, all candidate names will be placed on the subsequent ballot. If the tie is not broken by the subsequent ballot, a run-off ballot will be held between the persons tied. The person with the fewest votes in the run-off ballot will be removed from subsequent ballots.

7. The ballots are to be destroyed following the election.

Officer Qualifications

(a) All Officers (except the CEO) must be Directors and Members in Good Standing;

b) In order to be eligible for the Office of Chair-Elect, a candidate must be a sitting Director who has served a minimum of 1 full year as an LSTAR Director within the immediately preceding 3 years.

1.1.6 Directors' Terms of Office

Date Approved/Updated _____

Terms of office must be in accordance with Bylaw 6.5. In the event a vacancy occurs on the Board of Directors, the Board will follow Bylaw 6.9.

Principle #1.2 Director Contribution

1.2.1 Board 'as a Whole' Duties

Date Approved/Updated _____

The Board of Directors is expected to demonstrate 'due diligence' which requires that Directors take reasonable steps to ensure compliance with any applicable provisions of legislation or regulations.

The Board is accountable for the entire organization that is LSTAR. No one individual or minority group of Directors has authority to direct the CEO or the organization. The Board's authority is derived from the Board 'as a whole'. The Board conducts its business and exerts its collective authority only at official Board meetings. Any decision of the Board will be taken only at Board meetings and will be officially recorded in the minutes. The Board will regularly monitor and discuss its own processes and performance. The Board as a whole will act in strict accordance with the organization's established governing documents (legislation, Letters Patent, Bylaws, Policies and Practices).

To perform its job, the Board will:

1. Determine the mission, values, strategies and major goals/outcomes, and hold the CEO accountable for developing an operating plan based on these policies;
2. Determine the boundaries within which the CEO is expected to achieve the goals/outcomes;
3. Monitor the performance of the organization relative to the achievement of the goals/outcomes within the CEO boundaries;
4. Select, fairly compensate, nurture, evaluate annually, and, if necessary, terminate a CEO, who functions as the Board's sole employee;
5. Maintain and constantly improve all ongoing policies of the Board in this Board Governance Manual;
6. As soon as possible subsequent to the General Election Meeting the Executive Committee shall

- select and approve all Committee Chairs, Committee Appointees, Advisory Groups, the PAC and Education reps and shall recommend any new Task Forces to the Directors;
7. Ensure financial solvency, integrity and transparency through policies and practices;
 8. Establish all membership dues, fees and assessments;
 9. Require regular financial and other external audits to ensure compliance with the law and with good practices; and
 10. Evaluate and constantly improve the Board's performance.

1.2.2 Director's Duties

Date Approved/Updated_____

All Directors stand in a fiduciary relationship to the organization. As fiduciaries, Directors are expected to act honestly and in good faith, to exclusively serve the best interests of LSTAR and to exercise the care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

Directors are expected to understand and abide by the following governance duties:

Duty of Care/Diligence:

Act reasonably; Act prudently; Act in good faith; Act honestly; Act with a view to the best interests of the corporation; Exercise reasonable care; Be well informed about finances and activities; Act cautiously; Anticipate consequences of decisions and actions before they are undertaken.

Duty of Loyalty:

Put the interests of LSTAR first; Avoid conflicts of interest; Disclose conflicts if they occur; Respect confidentiality; Act as one entity; Support the decisions of the Board even if disagreeing personally or voting differently. Directors shall not advocate, lobby for or assist others who are, or likely will be, dealing with LSTAR.

Duty of Obedience:

Act within the contractual relationship that is held with members; Obey external laws and rules imposed on LSTAR; Act within the scope of the governing documents; Ensure others act within the scope of the governing documents; Ensure governing documents remain current and accurate.

Duty of Impartiality:

Directors shall not engage in any form of discrimination or harassment that is contrary to the letter or spirit of the law or otherwise bring disrepute to the Board of Directors. Directors shall conduct themselves in a manner that respects the integrity of the Board of Directors and its processes.

Directors must be attentive, fair and impartial in the performance of their functions. Directors must strive to be impartial and unbiased in their decision-making. They will at no time afford any undue preferential treatment to any group or individual, discriminate against any group or individual or otherwise abuse the power and authority vested in the Board of Directors. Directors will demonstrate a high degree of sensitivity to issues legally protected under Ontario's human rights legislation – namely age, ancestry, colour, race, citizenship, ethnic origin, place of origin, creed, disability, family status, marital status (including single status), gender identity, gender expression, receipt of public assistance (in housing only), record of offences (in employment only), sex (including pregnancy and breastfeeding), and/or sexual

orientation.

Duty of Competence:

Directors will maintain a level of competence, where skill and knowledge are evident in the discharge of statutory responsibilities, obligations and duties. Directors will develop and maintain a breadth of knowledge and a working understanding of the strategic directions of LSTAR and an awareness of the implications of their decisions and role. Directors will prepare for Board meetings, including the review of relevant documents.

Directors will take steps to maintain a high level of skill and knowledge of procedural issues, relevant laws, and technical issues specific to the Board of Directors, including specific knowledge of emerging issues and trends pertaining to the work of the Board of Directors.

Directors will not be involved in the day-to-day management and personnel issues of LSTAR.

Duty of Confidentiality:

Directors and non-Director committee members will maintain the confidentiality of all confidential, sensitive or proprietary information entrusted to them. Confidential information includes, but is not limited to, information relating to the business or affairs of LSTAR, its members or suppliers that is not otherwise publicly available. Directors and non-Director committee members will not:

1. Either during their term as Director or non-Director committee member or any time thereafter, disclose confidential information to any person unless such disclosure is legally mandated or specifically authorized. In such circumstances, the disclosure must be solely for the purposes of fulfilling the Director or non-Director committee member's obligations to LSTAR.
2. Disclose the content of discussions, meetings or communications of Directors that is not expressly authorized by the Board of Directors.
3. Disclose any information that could adversely affect LSTAR's image and/or its reputation.

Speaking with One Voice:

The Board of Directors' decisions are based on majority rule. Compromises and healthy debate are ways of making better decisions. Once a decision is made, Directors are obligated to present this view to the outside world. The Board of Directors must speak with one voice. All Directors must publicly uphold the decisions of the full Board of Directors. If a Director strongly disagrees with a motion, votes against or abstains from voting, the Director can have this noted in the minutes of the proceedings. Directors must not serve as spokespersons for LSTAR unless designated by the Board to do so.

Duty of Collegiality:

Directors will foster a collegial working environment and conduct themselves in a respectful manner that reinforces the integrity and professionalism of the Board of Directors. Directors must ensure that both the Board and the staff are partners with unique perspectives, who value one another's insights, comments and experiences. Directors will be available for meetings and be available to mentor and to assist new Directors. Directors shall share relevant experiences and information with colleagues where this can be of benefit to them.

Directors will be committed to positive and constructive forms of interaction through:

- (i) focusing on issues, not personalities, when disagreeing with each other;
- (ii) encouraging responsive and attentive listening; and
- (iii) demonstrating respect for the dignity and opinions of each member through verbal and non-verbal means.

Directors will understand, accept and discharge their duties in accordance with LSTAR's established codes and standards of practice including:

- **Appendix B: Code of Conduct**
- **Appendix C: Director Performance Expectations**
- Any operational Practices/Procedures required for LSTAR Volunteers

Directors will sign off agreeing to abide by these practices on an annual basis. Breaching any of these duties will be cause for disciplinary action and/or expulsion from the Board.

The Board of Directors will serve to enforce this Code of Conduct. The Board of Directors is responsible for how they act and how they hold Directors accountable. If this commitment cannot be sustained, resignation is recommended.

1.2.3 Board Leadership Duties

Date Approved/Updated _____

When present, the Chair of the Board will chair all meetings of the Board of Directors and will, subject to the direction of the Directors, act as spokesperson for the Board, promote interest and active participation in the Board on the part of the membership, and report the activities of the Board to the members. The Chair has no extraordinary rights or authorities beyond those of any other elected Board Director. The Chair will work with the Directors and the CEO to ensure that the Board and each Director can contribute in a meaningful way to the strategic leadership of LSTAR.

The Officers of the Board must understand, accept and discharge their duties in accordance with Bylaw 8.5 and the following expectations:

- **Appendix D: Board Officer Roles**
- **Appendix E: Board Chair Performance Expectations**

A "Director" picture will be taken, framed and given to each Member of the Directorate yearly.

1.2.4 Director (Re)Orientation and On-Boarding

Date Approved/Updated _____

The Board will ensure that the annual Director orientation and on-boarding system provides an effective introduction to the organization and the requirements of the position for new Directors as well as an

effective review for existing Directors.

Directors have a duty to be knowledgeable about not only the affairs of LSTAR, but also about the Board's governance process and their rights, duties and obligations as Directors. LSTAR will provide supports that allow Directors to maximize their contribution in the best interests of the organization through a robust orientation and ongoing training opportunities.

Board orientation will not be treated as an event. Board orientation will be a critical and on-going process of continuous improvement and capacity building. Attendance at orientation sessions will be considered a mandatory part of the Board Director's performance expectations.

Director Orientation Topics

The annual Director (re)orientation will include as a minimum an overview of the following:

- History, organizational structure, core business activities, resources and staff
- Strategic framework, direction and plan
- Board-level monitoring tools
- Progress against current planning priorities and goals
- Environmental scan and risk update
- Governance framework, Bylaws, Principles, Policies and Practices
- Board and Director accountabilities and performance standards
- Director Code of Conduct, liability and coverages
- Board committees and mandates
- Board meeting protocols and schedule
- Biographies, skills and experience of Board members and key senior operational leaders
- All Directors are required to take three (3) hours of training (Director Orientation) within 60 days of becoming a Director, as per the 2021 CREA Minimum Standards outline.

These topics must be reviewed with all new Directors prior to attendance of their first Board meeting.

Additionally, every new Director will be asked to schedule a meeting with the CEO and the Chair to address any situational needs and establish expectations for the relationship.

1.2.5 Director Development

Date Approved/Updated _____

The Board will ensure that Directors receive ongoing education, training and development that continuously improves their ability to carry out their governance responsibilities/duties and keeps them informed about strategic issues facing the organization.

On an annual basis, the Board of Directors and CEO will identify Board development and continuing education needs. The Board Governance Committee will create an implementation plan and budget to address these needs. Orientation sessions to learn about and understand new practices will form part of the regular Board meeting agenda.

Comment: to support continued Director development it is recommended that the Governance Committee be charged with creating an annual plan for needed/desired education/training related to

the Board's governance responsibilities. This ensures a thoughtful and thorough approach for Directors individually and collectively.

In addition, at least once a year the Board will hold an off-site retreat for one or more of the following purposes:

- on-going governance orientation/(re)orientation
- long term strategic planning
- annual review and renewal of strategic priorities
- team building

1.2.6 Directors and Officers Liability Insurance

Date Approved/Updated_____

The Board will be adequately informed about all potential Directors liability issues. The Board will have in place at all times Director and Officer liability insurance.

The Board will annually receive verification of review, renewal and adequacy of the Director and Officer liability insurance and its provider. Directors will be informed of the liability and insurance at the annual governance orientation. Directors will sign off accepting the information and coverage.

Liability Under the Income Tax Act

Section 227.1 of the Income Tax Act imposes personal liability on directors of corporations who have failed to remit withholding taxes with respect to the corporation's employees. This applies to the Board as a non-profit corporation.

1.2.7 Director Remuneration and Expense

Date Approved/Updated_____

No Director shall be paid for services as a Director and no Director shall be allowed to profit directly or indirectly from their position as a Director provided that they may be paid reasonable expenses that may be incurred in the performance of their duties as a Director as detailed below. Any expenditure not itemized in the approved Annual Budget or in excess of the approved allocation must be authorized by the Board prior to the commitment for the expense.

1.2.8.1 Registration Fees

The Association shall prepare and submit all Registration Forms and prepay all Registration Fees on behalf of Directors.

1.2.8.2 Accommodation

The Association shall arrange, book, and prepay all accommodation. Where an Attendee wishes to make their own arrangements, reimbursement for accommodation shall be at the rate as arranged for by the Association. Charges for room and room tax are debited to an Association master account and will not appear on any bill to the Attendee (when possible). The Attendee may wish however, to leave a personal credit card imprint when checking in, in order to facilitate personal charges to their room.

1.2.8.3 Travel

- a) Air – The Association shall arrange, book and prepay all air travel. Where an Attendee wishes to make their own arrangements then reimbursement for air travel shall be the lesser of the actual cost incurred or the equivalent to that arranged by the Association.
- b) Personal Auto – The Association shall prepay where possible for use of Personal auto at OREA's current rate. In no case may this amount exceed available or equivalent airfare. In all instances where personal auto is used, Attendees are asked and encouraged to "pool".
- c) Other Travel Mode – For alternate modes of travel, the Association shall pay the lesser of the actual cost incurred or a reasonable charge under the circumstances. In no case may this amount exceed the amounts allowed for personal auto or airfare.

1.2.8.4 Per Diem

Attendees shall receive a per Diem of \$100.00 (to include meals, taxis, parking, toll bridges, etc.), and the President's spouse/guest shall receive a Per Diem of \$50.00 for travel. Travel to the United States will be in US funds.

1.2.8.5 Expenses – General

- a) As a general rule, all expenses shall be prepaid by the Association including the per Diem, which will be forwarded by cheque in advance of departure;
- b) No other expenses shall be reimbursed; and
- c) Any claim for expense reimbursement not submitted within thirty days of the conclusion of the event shall not be paid.
- d) The LSTAR member who serves as an ITSO (Information Technology Systems Ontario) Director shall attend all LSTAR Board meetings as an Observer. Any expenses incurred by the ITSO Director while representing LSTAR will be considered for reimbursement.

1.2.8 Conferences & Assemblies

Date Approved/Updated _____

2.1.7.1 Representation (Voting Delegates)

CREA

Unless otherwise passed by resolution at a Meeting of the Board of Directors, the official voting delegates for the Association to CREA, listed below, shall be as indicated, based on the number of votes allocated to the Association.

- Chair
- Chair-Elect
- Past-Chair

OREA

Unless otherwise passed by resolution at a Meeting of the Board of Directors, the official voting delegates for the Association to OREA, listed below, shall be as indicated, based on the number of votes allocated to the Association.

- Chair
- Chair-Elect
- Past-Chair

2.1.7.2 Attendance

Miscellaneous Attendance Policy

- 1st year Directors – **may** attend two of the following four events:
 - i. OREA Leadership/AGM
 - ii. CREA Leadership/AGM
 - iii. OREA PAC (Ontario REALTOR® Party Conference)
 - iv. CREA PAC
- All Directors, except those in their first year of their first term of office, and provided they have been in office consecutively, have a total Conference/ Leadership account of \$5,500 in CDN or US dollars to be used at their discretion to attend Real Estate related conferences/meetings as described within this policy. Voting Delegates attend OREA, CREA and Large Board meetings in addition to their \$5,500. Anything outside of the conferences/ meetings within this policy is to be approved by the Directors.
- Commercial Chair will be allocated a \$5,500 budget in CDN or US dollars to attend real estate based conferences according to policy (OREA, CREA, NAR & Western Connection)
- Chair's spouse/guest may attend conferences/assemblies subject based on existing expenses policies.

CREA Annual General Meeting and Conference

- Voting Delegates
- Chief Executive Officer
- 1st Year Directors
- Directors as per above

CREA Fall Assembly

- Voting Delegates
- Chief Executive Officer
- Directors as per above

NAR

- Chief Executive Officer
- Directors as per above

OREA Spring Annual General Meeting and Leadership Conference

- Voting Delegates
- Chief Executive Officer
- 1st Year Directors
- Directors as per above

PAC Days (OREA & CREA)

- Chair
- Chair-Elect
- PAC Chair (Past-President)
- Director of Communications
- Chief Executive Officer (Optional)
- Directors as per above

Western Connection

- Chief Executive Officer or designate
- Directors as per above

2.1.7.3 Attendance Funding

CREA Annual General Meeting and Conference

Those eligible to attend shall receive the following funding:

- Registration fee
- Maximum four nights accommodation
- Travel Expense
- Maximum four days per Diem
- Other Expenses (see Expense Policy)

CREA Fall Assembly

Those eligible to attend shall receive the following funding:

- Registration fee
- Maximum four nights accommodation
- Travel Expense
- Maximum four days per Diem
- Other Expenses (see Expense Policy)

Leadership courses

Director's tuition and additional expenses will be paid to take leadership courses at conferences they are

already being funded to attend.

NAR

Those eligible to attend shall receive the following funding to attend:

- Registration fee
- Travel Expense
- Maximum six days per Diem
- Maximum five nights' accommodation at NAR plus one night in the case of early morning flights out of Detroit or Toronto (total 6 nights if necessary)
- Other Expenses (see Expense Policy)

OREA Spring Annual General Meeting and Leadership Conference

Those eligible to attend shall receive the following funding: *(Effective October 16/96)*

- Registration fee
- Maximum three nights accommodation
- Travel Expenses
- Maximum three days per Diem
- Other Expenses (see Expense Policy)

Western Connection

Those eligible to attend shall receive the following funding:

- Registration fee
- Travel Expense
- Maximum 5 days per Diem
- Maximum 4 nights accommodation
- Other Expenses (see Expense Policy)

1.2.9 Social Media Use

***Date Approved/Updated*_____**

The Board will ensure that if/when LSTAR Directors engage in social media, they do so in an appropriate manner. LSTAR respects the rights of its Directors to use social media tools in both their personal and professional lives. However, Directors must adhere to this policy.

Directors must demonstrate professionalism, honesty, fairness and integrity at all times in these online settings. Directors are prohibited from posting content on social media sites that may be considered offensive (i.e. obscene, harassing, mean-spirited, menacing, disrespectful, discriminatory, fraudulent, invasive of privacy, infringing on intellectual property rights, or otherwise injurious or objectionable).

LSTAR reserves the right to monitor social media sites. Volunteers (including Directors) should not expect any posts or comments they publish on any social media sites to be private. Volunteers must not disclose any personal, confidential or proprietary information about LSTAR, its Members, employees, volunteers or

others associated with LSTAR. Volunteers using social media must respect copyrights, trademarks, rights of publicity and other third party rights.

2) Good Governance Dimension 2: Clear and Supportive Structures

Principle #2.1 Board Accountability

2.1.1 Letters Patent & Bylaws

Date Approved/Updated_____

The Board will ensure that LSTAR's Letters Patent and Bylaws comply with legislation, are relevant to the organization within its evolving context, and support effective decision making and monitoring.

Letters Patent

The intention of the Letters Patent (or any Articles of Continuance) is a clear articulation of the key purpose and scope of the activities of the organization as a legal entity. When changes to any Bylaw, key policies or strategic directions are considered, the Letters Patent will be checked to ensure the changes are within the scope of the Letters Patent and there is no contravention of the Letters Patent. If there is a need to change the Letters Patent, legal counsel must be sought.

Bylaws

The intention of Bylaws is to guide the members of the corporation in their stewardship and oversight responsibilities. Bylaws inform and provide a foundation for governing policies and are not intended to act as the sole governing policy document for the organization. From time-to-time government legislation can change and Bylaws need to be kept current with new legislation. The Governance Committee is responsible for the review and upkeep of the Bylaws. Any consideration for a Bylaw change will be discussed fully with the Board prior to being brought forward for a vote by Members. If there is a lack of alignment between the Bylaws and the policies or strategic directions, the Governance Committee will review both and determine if the Bylaw, policy, or strategic direction needs to be altered to ensure alignment.

The provisions of the Bylaws may be amended or repealed by an Ordinary Resolution passed at a duly constituted Meeting of the Members. Bylaw amendments are effective from the date of the resolution of the Directors. They cease to be effective if they are not submitted to the Members at the next Meeting of the Members or if they are rejected by the Members (Bylaw Article 2.1).

The Board may, by Ordinary Resolution, adopt, amend or repeal Policies that are not inconsistent with the Bylaws relating to the management and operation of LSTAR, as well as procedural and other requirements relating to the Bylaw. Any such Policy will immediately come into force and apply to the Board and all Members and will continue to have force and effect until amended, repealed, or replaced by a subsequent resolution of the Board.

2.1.2 Board Governance Manual

Date Approved/Updated_____

The Board's approach to governance will be based on evidenced good practice. The Governance Committee will develop, oversee and evolve LSTAR's approach to governance. The Board will maintain governance

documentation (a Board Governance Manual) that provides Directors and stakeholders with clear direction on what and how to govern the organization to the highest standard. The Board will have a practice for renewing its good practice standards.

The Governance Committee is responsible for the regular review and upkeep of LSTAR's Board Governance Manual (Principles, Policies and Practices). Any changes to a policy or practice will be approved by the Board and documented in the Board Governance Manual.

The CEO is authorized to make minor amendments to the Governance Manual such as policy numbering, punctuation, cross-references, operational changes and other wording adjustments necessary to add clarity and/or accurately reflect the intention of the policy and that do not change the intention of any Principle, Policy or Practice. The CEO must advise the Governance Committee of any changes made.

2.1.3 Governance Disclosure

Date Approved/Updated_____

The Board will ensure clear and transparent disclosure of LSTAR's governance principles, policies and practices to its stakeholders.

The Board through the CEO will have the Board Governance Manual available to the staff and all other stakeholders through the most effective communications vehicles available to ensure transparency and instill confidence.

2.1.4 Delegation of Authority

Date Approved/Updated_____

1. All board authority delegated to staff is delegated through the Chief Executive Officer (CEO), so that all authority and accountability of staff – as far as the Board is concerned – is considered to be the authority and accountability of the CEO. The CEO shall be employed by and report to the Board.
2. The CEO is authorized to establish all further operational policies, make all decisions, take all actions and develop all activities as long as they are consistent with any reasonable interpretation of the Board's governance policies.
3. The Board may change its policies during any meeting. Consequently, the Board may change the latitude of choice given to the CEO, but so long as any particular delegation of authority is in place, the Board and its members will respect and support the CEO's choices. This does not prevent the Board from obtaining information in the areas where it has delegated authority to the CEO.
4. Except when a person or committee has been authorized by the Board to incur some amount of staff cost for study of an issue, no Director, officer, or committee has authority over the CEO. Only officers or committee chairs may request information, but if such a request – in the CEO's judgment – requires a material amount of staff time or funds or is disruptive, it may be referred to the Board of Directors.
5. The CEO shall be responsible for the general supervision of the day-to-day conduct of business of LSTAR and shall have such other duties and powers as the Board may specify in Policy.

6. The CEO shall act as the Secretary/Treasurer of the Association. THE CEO shall be the custodian of all Association funds and securities subject to the direction of the Finance Committee and Board of Directors.
7. The CEO and/or any Association Staff shall be bonded in such amounts as the Board of Directors deems appropriate.

2.1.5 Committees

Date Approved/Updated _____

Subject to the limitations on delegation set out in the Act and the Bylaws, the Board may establish any committee or other advisory body it determines necessary for the execution of the Board's governance responsibilities. The Board will determine the composition and Terms of Reference for any such committee. Board Committees will report directly to the Board of Directors. The Board may dissolve any committee by resolution at any time.

The Board expects the CEO to form operational committees (including working groups, program committees or task forces such as the Community Engagement Committee, the Education, and the Political Action Committee as they deem necessary to support the day-to-day management of the organization. Operational committees will report directly to the CEO. The CEO will keep the Board apprised of any material developments of operational committees.

Comment: as per earlier notation need to confirm whether Board wishes to have operational committees and, if so, which ones are appropriate as operational committees.

Board Committees

The Board may appoint from its number one or more committees, however designated, and delegate any of powers of the Board of Directors except those powers that pertain to matters that, under the Act, a committee of the Board has no authority to exercise. Any committee shall, in the exercise of its powers so delegated, conform to any regulations that may be imposed on it by the Board.

The current Board committees and their Terms of Reference are in **Appendix F: Committee Terms of Reference**.

The Board will review its committee structure and the Terms of Reference on an annual basis. The Board will conduct a review of its committees' performance on an annual basis using the evaluations in **Appendix G: Committee Performance Expectations; Committee Chair Performance Expectations**.

2.1.6 Board Meetings

Date Approved/Updated _____

The Board will ensure that the number, frequency and structure of Board meetings supports the Board in effective monitoring and decision making. Board meetings will be organized to ensure the best use of Directors face-to-face dialogue time. Meetings will effectively and efficiently address compliance and performance monitoring requirements so as to afford sufficient time to focus on forward-looking, strategic-level issues that can benefit from the breadth of Director diversity and competence.

Meetings of the Board of Directors will be called with notice given in accordance with Article 7.2 of the Bylaws. The Board will meet at least four (4) times annually. A schedule of meetings will be provided at the beginning of each new Board year.

The Board may also hold additional meetings (may be virtual or via teleconference) if a pressing discussion or decision is required. Decisions may be made electronically in between meetings through electronic ballots.

The meeting minutes, detailed meeting agenda and preparation package will be sent to all Directors at least one week in advance of any scheduled meeting. Directors are expected to read the Board package in advance, attend all Board meetings in person and come prepared to participate fully in the agenda. Board meetings will be led/facilitated by the Chair with support from the CEO. LSTAR will follow accepted **Board Meeting Protocols and Report Framework (Appendix L)** to ensure thoroughness and consistency of meeting material and meeting proceedings. **Board Meeting Evaluations (Appendix H)** will be used to ensure continuous improvement of all Board meetings.

All newly elected Directors will be allowed to attend the balance of Directors meetings as observers after they have been elected and prior to their term of office commencing.

2.1.7 Dissemination of Information/Material

Date Approved/Updated _____

Distribution of Meeting Minutes

Committee

- To the Chairs in advance of next meeting;
- To the Committee Members; and
- To the Board of Directors.

Board of Directors

- To all Directors in advance of next meeting;
- Once approved by the Board of Directors the minutes will be posted on member's only website with a notice being put on e-bulletin notifying members they are available; and
- On copies available to the Members, names of Members will be deleted if the item being dealt with is of a sensitive nature.

Annual Meeting

- To every Member of the Association ten days in advance of the Annual General Meeting.

Member Meeting

- To all Members in advance of the next Members Meeting.

3) Good Governance Dimension 3: Reliable and Enabling Processes

Principle #3.1 Board Decision-Making

3.1.1 Board Decision Making

Date Approved/Updated_____

The Board will have in place a decision-making process that meets current good practice. Board Directors will exercise independence of mind in decision-making. The Board will leverage the diversity of its Directors' knowledge and experience and input from members and stakeholders in discussions and decision-making. The Board will use the organization's mission, vision, values, strategic plan and priorities as key criteria in its decision-making practice.

The Board seeks informed consensus among its Directors wherever it is reasonably possible. Each Director is given an opportunity to share their opinion on any matter that is before the Board. Accordingly, the Chair and the CEO will:

1. Provide each Director with a Board brief (report) prior to deliberations which will, as a minimum, include:
 - Statement of Board accountability for the item
 - All relevant facts and data
 - The perspectives of key stakeholders
 - List of available choices or courses of action
 - Rationale for a particular recommendation
 - Identification of major risks or consequences associated with a particular recommendation
 - Any other information considered necessary for making an informed decision
2. Ensure that adequate provision is made for a robust and transparent discussion and debate between Directors on any matter before the Board during its deliberations.

If additional information or consultation is needed and the decision is not urgent, the Board may defer through a majority vote. Procedural issues at LSTAR meetings must be determined in accordance with the latest edition of "Robert's Rules or Order" (Bylaw Article 14.1)

The Board passes any motion before it by ordinary resolution. The Chair acts as an independent Director and may express a position and vote on all matters before the Board. In case of an equality of votes, the Chair does not have a second or casting vote and the matter shall be lost. The Board will maintain a record of all final decisions in the official meeting minutes.

Where a Director expresses a dissenting view and wishes it recorded, the Board will make note of such dissent in the minutes. Notwithstanding a Director's dissent (recorded or otherwise), the Director remains bound by the terms of the Code of Conduct.

3.1.2 Strategic Plan and Renewal

Date Approved/Updated_____

The Board will approve and have in place a Strategic Plan for the organization that sets out a clear, relevant and meaningful strategic direction. The Strategic Plan will articulate a longer-term view of the organization, outline strategic intentions, priorities and desired outcomes, and provide clear direction that will guide the CEO's operational decisions.

The Board will set time aside every three (3) to four (4) years to undertake a fulsome strategic planning exercise in accordance with best-practices. The Board, in consultation with the CEO, will develop a multi-year Strategic Plan that clearly articulates the preferred future of LSTAR. The strategic planning process will include, as a minimum, the following key components:

- Identification of stakeholders
- Engagement of critical industry/community partners
- Environmental scan (P.E.S.T.L.E.)
- Review of strengths, weaknesses, opportunities, and threats (S.W.O.T.)
- Program and service evaluation
- Review of statements of Mission, Vision and Values
- Development of strategic direction, priorities and objectives

The Board will formulate a limited number of strategic objectives defined by measurable results within approximate timeframes.

The Board will approve the Strategic Plan prior to the CEO establishing the annual operating plan and budget.

The Board will set time aside annually to review the Strategic Plan to ensure its relevancy in the face of changing organizational/environmental circumstances. The outcomes achieved and measured in the Balanced Scorecard are reviewed and communicated annually as part of the Board's Annual Report.

3.1.3 Operating Plan and Budget

Date Approved/Updated_____

The Board will delegate to the CEO the responsibility to develop an annual operational plan, budget and performance metrics that support the Board-approved Strategic Plan. The Board will review and approve the performance metrics and the overall financial resource allocation for LSTAR.

The operational plan, budget and performance metrics are presented by the CEO to the Board as part of the annual governance cycle. The Board will approve the budget resources required to advance the CEO's operational plan in support of the Board-approved Strategic Plan. The Board will receive summary progress reports on the strategic plan quarterly.

The Board will receive summary financial reports at each regular Board meeting. These reports provide the Board with comparisons to approved measures and budget submissions, projected funding to actual

spending forecasts to year end and explanations of all spending variances larger than 10%. Any significant revisions to the Financial Plan are reviewed first by the Finance Committee and approved by the Board.

The Finance and Audit & Risk Committees have the authority to review financial matters related to the business of the organization and to report to the Board. The Finance and Audit & Risk Committees are responsible for the review and presentation for approval of the organization's audited financial statements at the Annual Meeting and the annual review of the Association's Investment Policy ([Appendix O: Investment Policy](#)).

Banking

The Association must engage a Financial Account Executive to administer its investments in order to minimize risks and maximize interest income.

At the discretion of the Finance Chair and the CEO, cash on hand shall be sent to an investment counselor for investments, with the object of earning the maximum amount of interest.

All interest earned on the funds deposited in the General Reserve will be credited to and remain in that account.

The Association will have a corporate credit card to facilitate Association purchases, and to allow for the payment of conference costs.

Budget

The Finance Committee shall recommend a budget for approval to the Board.

Any expenditure not itemized in the approved Annual Budget or in excess of the approved allocation, must be authorized by the Board, prior to the commitment of the expense, with the exception that the CEO shall be authorized to approve expenditures up to \$10,000 that are required on an immediate and urgent basis and subject to reporting to the Board at its next scheduled meeting.

Comment: recommend that the CEO be empowered to make unbudgeted expenditures up to \$10,000 to address unexpected and urgent matters. For example if there was a mechanical failure at the Board office it enables the CEO to address immediately.

3.1.4 Disaster Recovery Plan

Date Approved/Updated_____

The Board will approve and have in place a disaster recovery plan for LSTAR that sets out how the organization will mitigate unforeseen catastrophic events that jeopardize mission-critical operations.

The Board will work with the CEO to develop the disaster plan which will be reviewed as part of the risk management plan in Section 3.2.2 of this manual.

3.1.5 CEO Succession Plan

Date Approved/Updated_____

The Board will work with the CEO to develop a longer-term succession strategy, plan and policy to guide the Board's activities when the time comes to replace the CEO.

To ensure the continuity of services in the case of an emergency, the CEO shall ensure that at least two members of the management team are sufficiently familiar with Board and CEO matters and procedures and at least one can assume the duties of the CEO in the event of the sudden loss of CEO services. The long-term and emergency succession plan will be reviewed and updated annually by the Board.

Succession planning is a three-part process by which an organization identifies:

- Its future needs;
- The skills required by the CEO to accomplish those future needs; and
- A plan with a specific timetable to develop the abilities of the CEO so that, when called upon, they can accomplish LSTAR's needs.

The LSTAR Board assigns the Chair to oversee the succession process with the support of the CEO if available or the CEO's designate. The Board will identify an interim CEO or immediate replacement candidate from within the existing staff. LSTAR will then create a Search Committee to oversee the hiring process, review the strategic direction of the organization and define and/or update the job description for the position. LSTAR will engage an executive recruitment firm to conduct a widespread talent search.

Comment: per earlier recommendation LSTAR should have a formalized CEO Succession policy in place.

Principle #3.2 Board Monitoring

3.2.1 Organizational Compliance

Date Approved/Updated_____

The Board will ensure that LSTAR operates legally at all times. The Board will ensure that the organization meets its regulatory and compliance standards at all times and that all legal, regulatory and compliance documents and records are properly prepared, approved and maintained.

The Board, in collaboration with the CEO, will develop a reporting process to ensure that the Board receives accurate and timely information to enable it to fulfill its governance obligations.

The CEO must prepare a comprehensive list of all compliance requirements and provide regular reports to the Board as part of their regular monitoring accountability.

(See Comment below under 3.2.2).

3.2.2 Principal Risks

Date Approved/Updated_____

The Board, with the CEO, will identify and monitor the principal risks of the organization and ensure that they are being mitigated. The Board will ensure that developments which have a significant and material impact on the organization are reported in a timely manner.

(See Comment below 3.2.2).

The Board, through the CEO, will ensure that there are both internal and external risk control processes in place regarding the effectiveness of:

- operations;
- governance;
- reliability of financial reporting;
- employment relationships;
- recruitment and monitoring of staff and volunteers;
- property management;
- compliance with all relevant laws and regulations;
- health and safety guidelines; and
- external influences upon the organization.

The CEO, supported by staff, is responsible for overseeing the implementation of the risk management strategy across all parts of the organization and establishing, maintaining and reviewing an effective risk management process.

The Board will monitor risk management reports quarterly and provide feedback and direction to the CEO as required.

Data Security

1. LSTAR commits to having a policy in place so that it may always be PCI Data Security compliant.
2. It shall be LSTAR's general policy not to retain on file any credit card numbers.
3. If, for any reason, any Access Member, Director or any other person should request that his or her credit card number be retained on file, then that information will be locked up in the Accounting Safe in order to ensure its security.
4. Any document on which a credit card number is written shall, whenever possible, be shredded as soon as payment is processed.
5. If a document containing credit card information must be retained for any reason, then that information shall be blacked out to render it illegible and the document locked up in a secure area. Only staff whose job responsibilities require them to access this area may do so.
6. In order to move such a document, the permission of the CEO or their designate must first be obtained. In such cases, it is imperative that the document in question be moved to another secure area until such time as there is no longer any business or legal reason for its retention and it can be legally destroyed (shredded).
7. Access to such a document shall be given only to those staff requiring access to credit card holder information for the purpose of processing payments owed to LSTAR.
8. Because of LSTAR's inability to insure the absolute security of credit card information, LSTAR staff shall discourage the provision of such information whether that be through e-mail, text, social media, etc.
9. An agreement is to be struck with MMSI whereby MMSI is not to retain in any manner credit card information.

Incident Reporting

In the event a significant risk incident occurs (including but not limited to loss of life, legal action, judicial order, crimes involving Board members or staff, financial malfeasance and/or significant adverse media coverage) the CEO must contact the Chair who may implement one or more of the following processes:

1. All Board members are contacted at the direction of the Chair.
2. The Officers meet as soon as is reasonably possible to determine and direct a suitable response and timely course of action.
3. Where it would be improper for the Chair, Chair-Elect or CEO to participate on an ad hoc Risk or Crisis Response Committee then the Board may appoint other members to the ad hoc committee as is reasonably required to manage the critical incident.
4. An emergency meeting of the Board is convened at the earliest opportunity.

3.2.2 Organizational Performance

Date Approved/Updated _____

The Board will establish the organization's performance goals and monitor performance progress via the Strategic Plan and budget. The Board will ensure that the performance goals and monitoring thereof include metrics that cover those described by the Balanced Scorecard items:

- 1) Members,
- 2) Stakeholders,
- 3) People/HR,
- 4) Internal Systems, and
- 5) Financial.

Performance against target will be monitored and reported regularly. The Board will ensure that the financial results are reported fairly and in accordance with Generally Accepted Accounting Principles. The Board will ensure there is clear and transparent disclosure of the organization's financial results to its key stakeholders.

Evaluation of performance against established targets as set out in the **Balanced Scorecard** is tracked by the CEO and monitored and reviewed at every meeting. The Board ensures that all financial data and performance results are reported fairly and accurately by constructively questioning the CEO's reports, assumptions and assessments. The Board ensures that there is a clear, comprehensive and transparent disclosure of all relevant financial data and performance results to stakeholders.

Comment: using a Balanced Scorecard or dashboard enables the Board to regularly monitor Compliance, Risk, Strategic Objectives, Governance plans and CEO performance. A couple of examples have been provided. Recommend adoption to enable the Board to more effectively discharge its oversight responsibilities in an effective and consistent way.

3.2.3 Audit Function

Date Approved/Updated _____

The Board will ensure that there is separation and objectivity between the regular financial duties of the Board and that of the audit function. The Board will ensure that the process for reviewing and selecting the organization's auditor meets required standards and good practice.

The Board delegates audit-related oversight and activity to the Finance, Audit & Risk Committee. Annually the Board reviews the performance of the previous fiscal years' auditor, and formally ratifies their position for the current fiscal year. **For the sake of due diligence, the Board will ensure the lead auditor is rotated at least every five years and call for tenders to auditing firms at least once every seven years.**

Comment: recommended practice regarding review and rotation of audit function.

3.2.4 CEO Performance

Date Approved/Updated _____

The Board will have in place an employment contract with the CEO that meets current good practice. The Board will monitor, evaluate and fairly compensate the CEO based on agreed performance objectives and expectations using a performance management system that meets current good practice. The CEO's contract and performance shall be reviewed annually.

The Board ensures that a valid contract of employment is executed annually. The Board, by delegation to the Officers, meets with the CEO annually to:

- Review, update and amend the CEO's job description and performance objectives as required;**
- Review and assess the performance of the CEO against the job description and the goals and**

objectives set at the beginning of the current period;

- Provide the CEO with constructive feedback about their strengths and opportunities to build professional capacity;
- Discuss and agree upon goals and objectives for the subsequent period; and
- Discuss and plan for training and development, if/as required.

The Board will adopt a good practice **CEO Performance Evaluation Framework (Appendix K)**. All Directors will be afforded the opportunity to provide performance feedback to the CEO and to determine subsequent year's CEO performance goals. All Directors will participate in the approval of the CEO's annual evaluation. Once the evaluation is completed, the Officers review the Board-approved assessment results with the CEO. The outcome of the evaluation and compensation per the CEO's contract will be reported to approved by the Board.

Comment: recommend having a documented practice in place for the CEO, which includes appropriate delegation and ultimate accountability to the entire Board.

3.2.5 Board Performance

Date Approved/Updated_____

The Board will ensure there is an assessment practice in place to evaluate the Board's performance against accepted governance standards. The Board will develop and adopt annual goals for itself distinct from the goals of the organization. The goals of the Board will support the strategic priorities of the organization and support good governance practices. The Board will regularly measure and monitor the progress towards its own goals.

The Board endorses the principal of continuous improvement and undertakes several governance related performance evaluations every year, including:

1. The Board as a Whole – **Appendix J: Board Standards & Assessment**
2. Individual Board Directors – **Appendix C: Director Performance Expectations**
3. The Chair of the Board – **Appendix E: Chair Performance Expectations**
4. Board Committees – **Appendix G: Committee Performance Expectations**
5. Board Committee Chairs – **Appendix G: Committee Performance Expectations**
6. Board and Committee Meetings – **Appendix H: Board & Committee Meeting Evaluation**

Feedback gathered through these governance performance evaluations is used to enhance Director contribution and to determine the Board's annual Work Plan.

Comment: recommend adoption and gradual implementation of a fulsome performance review process of the Board, Directors, Chairs and Committees.

The Board's annual Work Plan describes the activities that the Board and committees will undertake in the coming year to support the strategic priorities of the organization and to improve governance functioning.

The Governance Committee is delegated the responsibility to oversee the governance related performance

evaluations and to develop the Board’s annual Work Plan. The Governance Committee will use the **Board Work Plan (Appendix I)** as a guide for developing the plan.

4) Good Governance Dimension 4: Healthy and Sustainable Culture

Principle #4.1 Organizational Sustainability

4.1.1 Member Focused

Date Approved/Updated_____

The Board will ensure that all its decisions and monitoring structures, processes, systems and activities are member-focused. The Board will engage and consult with the members it serves during the strategic planning process. Members' needs and expectations will drive organizational decisions. The outcomes achieved in relation to the strategic decisions and plan will be communicated annually by the Board to members at the Annual Meeting.

LSTAR's policies regarding Membership, Dues, Fees and Assessments are included in [Appendix P: Membership, Dues, Fees and Assessments](#). Members awards and other benefits are in [Appendix N: Awards, Certificates, Presentations & Events](#). LSTAR's Professional Standards & Discipline expectations are in [Appendix Q: Professional Standards & Discipline](#) and LSTAR's Principles of Competition are in [Appendix R: Principles of Competition](#).

4.1.2 Stakeholders

Date Approved/Updated_____

The Board will ensure it has clearly identified the key stakeholders who influence the success of LSTAR. Stakeholder needs and expectations will influence organizational decisions. The outcomes achieved in relation to the strategic decisions and plan will be communicated annually by the Board to stakeholders at the Annual Meeting and LSTAR's website.

4.1.3 Relationship and Engagement

Date Approved/Updated_____

The Board will foster relationships with its members, stakeholders and volunteers that are inclusive, engaging, transparent and collaborative. The CEO is responsible for establishing effective relations with the external environment. Accordingly, the CEO will:

1. Ensure the organization is adequately represented by an informed, articulate and professional spokesperson; and
2. Pursue every suitable opportunity for the organization to take an active leadership role in sector/community/partner engagement related to its mandate.

The Board will ensure there is a policy and procedure that enables individuals to come forward with information on illegal practice or violations of organizational policies.

4.1.4 Quality

Date Approved/Updated_____

The Board will ensure that its structures, systems, policies and practices meet the highest performance standards and support a culture of continuous performance improvement.

The Board will annually review the overall effectiveness, efficiency and performance of the organization to ensure they are consistent with LSTAR's mission and that they respond effectively to the identified needs of members and stakeholders.

The CEO will monitor performance and report progress at least semi-annually to the Board.

4.1.5 Workplace Health

Date Approved/Updated_____

The Board will ensure that all its structures, systems policies and practices support a healthy and sustainable workplace. The CEO will monitor to ensure the health and sustainability of the workplace.

The CEO will ensure LSTAR has written, legally-reviewed human resource policies that meet or exceed all applicable legislation and standards.

APPENDICES

Appendix A: Director Attribute Matrix

Overview

Recruiting, electing and leveraging capable Directors is critical to the ongoing success of the organization. Ensuring there is alignment between the competency requirements of the Board and the competencies of its Directors is key to effective Board functioning. To do this, LSTAR must define the attributes it feels are necessary for Board Directors to possess. It must also introduce a robust process for ensuring that these attributes more strongly influence the recruitment, nomination, election and development of future Board Directors.

Guiding Principle for Candidacy

LSTAR will actively seek out and qualify interested candidates from among the members and member organizations that best fit the competency and experience requirements needed to augment the Board's current competency profile in service to LSTAR's Mission, Vision and Strategic Priorities. Candidates should be "ready, willing and able" to fulfill all of the Director duties and performance expectations of the Board on behalf of its stakeholders.

- Candidates must understand and be willing to support LSTAR's chosen style of governance;
- Candidates will be identified and qualified based on their ability to govern in the context of a not-for-profit corporation;
- LSTAR, through the Nominating Committee, will maintain a regular pool of interested and qualified candidates ready for consideration as needed; and
- Directors will need to understand their powers and obligations to support candidate recruitment and to elect the best candidate(s) that will fit LSTAR's expressed competency needs (which may change over time).

Director Attribute Framework (Matrix)

In determining the Director Attribute Framework, attention has been placed on ensuring that the criteria are:

1. **Objective:** not unduly influenced by personal feelings, interpretations or prejudice; based on facts; unbiased.
2. **Relevant:** have a bearing on or connection with the subject at issue, specifically Board Director accountability, responsibility and contribution to LSTAR's unique context.
3. **Rigorous:** requires close attention to standards and procedures.
4. **Robust:** strong enough to withstand or overcome intellectual challenges.

Proposed Attribute "Matrix"

The matrix is comprised of three interrelated components:

- A. Professional/work experience & expertise
- B. Board experience & expertise
- C. Other contextually relevant considerations

It is important to note that no one dimension should be used exclusively to determine the capability and fit of an individual. The combination of elements must be considered in relation to the unique context of the organization. In this way the application of the "matrix" must be both disciplined and somewhat organic in

its implementation.

Each element in the matrix (which cover sections A and B) should be self-rated using the following scale:

- 0 - Little or no competence
- 1 - Basic functional competence
- 2 - Modest functional competence
- 3 - Expert level competence

All sitting Directors and any Director candidate will be required to complete the attribute matrix. An online tool will be developed to assist with the annual inventory and regular competency profile. Consideration may be given to requiring a senior colleague to "attest" to a candidate's self-rating.

A composite of the Board's overall profile will be developed from these forms to create a "map" of the current capacity and competence of the Board. From this map, gaps will be identified and recruitment and development efforts can be focused. The form will be used to qualify and understand the competencies of candidates that can best round out the Board's composition. The form (or version of it) will also be used to communicate each candidate's profile to the voting membership in an effort to portray candidate qualifications in a fulsome and consistent fashion.

A. Professional/Work Experience

It is useful to understand the varied professional/work experience gained through an individual's lifetime of employment, volunteer association and applied effort. This experience can enhance Board capacity by ensuring more diverse perspectives during Board dialogue and decision-making. The following Areas of Experience seek to identify some of the unique and higher value-add dimensions that may benefit the Board's capacity to govern.

<i>Areas of Experience</i>	<i>As determined by competence with the some or all of each of the following:</i>	<i>Rate</i>
1. Law / Legislation / Regulation	Contracts, insurance, risk management, corporations Act, regulatory regimes, IP, litigation	
2. Risk management	ERM, crisis management, disaster planning	
3. Collaboration and Partnerships	Identifying, negotiating and engaging in multi-organization collaboration, partnerships or hubs	
4. Financial services sector	Experience with investments, investment policies, business lending, credit reviews, business development, strategic business advisory services	
5. Marketing / Sales	Strategic marketing, competitive analysis and strategy, operational marketing, customer planning, marketing mix, 4P's, sales, sales management	
6. Public relations	Media relations, community relations, stakeholder / shareholder relations	
7. Government relations	Lobbying, advocacy, public policy	
8. Technology / Research & Development	Technological trends, adoption of technology, and commercialization of research	

B. Board Experience

It is possible that Directors may not have much prior not-for-profit board experience. Additionally, Directors may have little formal training or education in governance. While simply having prior Board experience can be helpful, it is equally important to understand the context of that experience, and the specific role(s) the individual has held. The following areas of Board Experience seek to identify some of the unique and governance related dimensions that may benefit the Board's capacity to govern.

Board Experience	As determined by year of experience in role:
1. Director Training/Certification	List: (e.g. Institute of Corporate Directors)
2. Director on for-profit corporation Board	Organization name(s) Basic description of organization Years of service
3. Director on NFP corporation Board	Organization name(s) Basic description of organization Years of service
4. Chair	Organization name(s) Basic description of organization Years of service
5. Board Committee Member	Organization name(s) and Committee name/mandate Basic description of organization Years of service
6. Board Committee Chair	Organization name(s) and Committee name/mandate Basic description of organization Years of service
7. LSTAR/Committee Participation	Committee name(s) Years of service
8. Other related committee participation	Committee name(s) Years of service

C. Other Contextually Relevant Considerations

Beyond experience and skills, Directors bring other attributes that can augment Board competence.

Attention to these additional attributes can ensure that there are diverse and balanced perspectives in Board discussions and decision-making. Some of these include:

Candidate / Director Profile	Diversity as characterized by:
1. Gender	Male / Female / Other (or indicate 'prefer not to answer')
2. Age	Define (or indicate 'prefer not to answer')
3. Language Fluency	List
4. Cultural Diversity	Self-identify
5. Value-Add Professional Designations	(e.g. MD, PEng, MBA, CPA, etc.) List
6. Academic Attainment	List

Appendix B: Director Code of Conduct & Conflict of Interest Practice

LSTAR is committed to ensuring that in all aspects of its affairs it maintains the highest standards of Director trust and integrity. By signing this Code of Conduct and Conflict of Interest Declaration all Directors accept to abide by the following duties and requirements:

Code of Conduct

- 1) Directors shall at all times use their best efforts to provide progressive, collective leadership and direction to LSTAR in support of its vision, mission, and mandate.
- 2) Directors shall adhere to LSTAR's governance policies.
- 3) Directors shall adhere to LSTAR's conflict-of-interest policy and practice; avoid, in fact and perception, conflicts of interest; and immediately disclose possible conflicts to the board.
- 4) Directors shall endeavor to direct the activities of the organization as a whole rather than in their own interest or that of any specific group.
- 5) Directors shall maintain the confidentiality of the details and dynamics of board discussions, as well as those items designated as confidential.
- 6) Regardless of their personal viewpoint, Directors shall not speak against, or in any way undermine board solidarity once a board decision has been made.
- 7) Directors are expected to attend all board meetings and be prepared for the meetings, having read pre-circulated material in advance.
- 8) Directors' contributions to discussions and decision making shall be positive and constructive, and Directors' interactions in meetings shall be courteous, respectful, and free of animosity.
- 9) Directors shall be prepared to commit sufficient time and energy to attend to Association business.
- 10) Directors shall participate in LSTAR in ways other than attending board meetings.
- 11) Directors shall adhere to the principle that the CEO is responsible to the entire Board of Directors and consequently that no single Director or committee has authority over the CEO.
- 12) Directors shall adhere to the principle that the chair of the Board is the communication link between the Board and the CEO.
- 13) Directors shall ensure that there is a current position description and annual work plan for the CEO and that there is a process for their annual evaluation.
- 14) Directors shall not attempt to exercise individual authority or undue influence over LSTAR.
- 15) The official spokespersons for LSTAR are the Chair of the Board and the CEO and consequently all public requests for comment on Association policies shall be referred to them.
- 16) The Chair may make public statements on policy matters that are within the scope of a policy approved by the Board or a reasonable extension of a policy.

Conflict of Interest Practice

A Director or non-Director committee member who is in any way directly or indirectly interested in a contract or transaction, or proposed contract or transaction, with LSTAR shall make the disclosure required by the Act. Except as provided by the Act, no such Director shall attend any part of a meeting of Directors or vote on any resolution to approve any such contract or transaction. No Director shall, directly or indirectly

receive a financial benefit, through a contract or otherwise, from the Association unless the provisions of the Act and law applicable to corporations are complied with.

1. Background

In some situations, the personal, family and/or business activities and interests of Board Directors may be perceived to be in conflict with those of LSTAR. It is the Director's responsibility to identify and report any possible, or actual, conflict of interest to the Board for evaluation regardless of whether or not the Director derives benefit.

2. Definition

A conflict of interest is a conflict between an individual's personal, family and/or business interests, as well as any other third party with which the Director or non-Director committee member is affiliated, including organizations on whose Board of Directors the LSTAR Director sits, and their responsibility to LSTAR. A Board Director or non-Director committee member has an obligation to disclose to the Board any conflict of interest, or beneficial interest, of themselves, their spouse/partner, child, or other person related by blood or marriage/common law, or of a conflict on any firm, partnership, corporation or other organization of any kind which may be affected by any dealings with LSTAR. The Board will determine if the conflict of interest disclosed brings the Director or non-Director committee member into a position of conflict of interest and will notify the Director or non-Director committee member accordingly. This includes actual and perceived conflict. A conflict of interest may exist whether or not any advantage has been, or may have been, given to that person. A person is considered in conflict of interest until the Board determines otherwise.

Any Board Director or non-Director committee member who is present at a meeting, including a committee or other meeting, at which an issue, contract or proposed contract, in which they may have an interest is the subject of consideration, will as soon as practicable, after the commencement of the meeting, disclose their conflict of interest and will not take part in the consideration or discussion, or vote on any questions with respect to the issue, contract or proposed contract, or attempt in any way to influence the voting on any such issue. Where the conflict of interest of any Director has not been disclosed by reason of their absence from the meeting, or by reason of such conflict of interest having been acquired after the meeting, they will disclose the conflict of interest at the next meeting they attend.

Acceptance of Favours: A Board Director or non-Director committee member will not demand, accept or agree to accept, directly or indirectly, gifts, discounts, loans, services or benefits from a person, business, or corporation having dealings with LSTAR.

Personal Influence: Whenever a Board Director or non-Director committee member knows or considers that they could derive a personal benefit through personal influence, the individual will disclose the situation to the Board as soon as they become aware of such.

Financial Interest: If a Board Director or non-Director committee member directly or indirectly owns, is entitled to, or has an interest in any land, building, lease, mortgage, goods, service or contract, which is offered for option, sale, lease or assignment to LSTAR, the person will disclose the situation to the Board as soon as they become aware of such.

Recording a Conflict: All disclosures will be recorded in the Minutes of the Board meeting.

Withdrawing: A Board Director or non-Director committee member who has a conflict of interest must withdraw from the discussions and the decision-making process related to the conflict.

I, _____, have read LSTAR's Code of Conduct and Conflict of Interest Practice and agree to abide by them and act accordingly. I understand that a Board Director or non-Director committee member who is alleged to have violated the Code of Conduct or Conflict of Interest Practice may be subject to censure by the Board.

Signed: _____ Dated: _____

Appendix C: Director Performance Expectations

All Directors are expected to do their best to adhere to the following standards. Directors will be evaluated against these standards annually using a self and peer-to-peer assessment. Results of the assessment will be reported anonymously. The assessment report will be confidential to the individual and the Chair and will be used for development purposes.

1. **Be Prepared**

Prepare for meetings by reviewing the pre-reading materials in advance, reflecting on the key issues and forming your thoughts/questions before the meeting. Seek clarification from report authors before the meeting. Come to the meetings ready to address the items on the agenda.

2. **Be Attentive**

Remain attentive throughout the entire meeting. Avoiding temptations to be distracted by electronic devices or fellow members. Listen carefully to the viewpoints offered by fellow Directors.

3. **Participate Appropriately**

Think and act independently. Actively participate in meetings, drawing on your experience and expertise to bring relevant and constructive insights and perspectives into the dialogue. Avoid dominating the dialogue. Respect the role of the Chair in managing the agenda and group process.

4. **Say it in the Meeting**

Express your views in the meeting, not before or after the meeting is over.

5. **Avoid Micro-Management**

Focus your questions and comments at a governance/oversight/strategic level. Do not get into the "weeds" of operational issues and managements' responsibilities. Focus on *what* needs to be done not *how* it will be done.

6. **Build Mutual Respect**

Engage with fellow Directors and management in a respectful manner even when offering a different point of view. Make an effort to build a constructive working relationship with fellow Directors and the management team.

7. **Maintain Integrity**

Always act ethically and with integrity. Focus your perspectives, discussions and decision-making on the best interests of the organization and its members, not on your own interests.

8. **Make Well Informed Decisions**

Seek out and use sound evidence when forming and communicating your position on an issue. Do not let your own opinions or the opinions of others interfere with making well informed decisions that can better withstand challenge from members and stakeholders.

9. **Support Board Process and Decisions**

Respect the Board's decision-making process. Once a formal decision has been made by the Board support the Board's process and its decision. Respect that the Board speaks with one-voice and only through formal mechanisms (Minutes/Chair/CEO).

10. **Respect Confidentiality**

Respect the confidentiality of all board discussions and organizational business issues. Do not share documents, details of meetings or discussions outside of the Board room.

11. **Donation of Time and Expertise**

Attend LSTAR functions and special events. Promote and encourage the support of LSTAR in social and public settings.

Appendix D: Board Officer Roles

Chair Role

The Chair is the formal leader and representative of the Board internally to the organization and externally to stakeholders. This position includes the following responsibilities:

- a) Communicate with, and support, the CEO between meetings;
- b) Act as a resource to the CEO as required;
- c) Focus Board activities on strategic priorities;
- d) Ensure Board goals are developed and implemented;
- e) Ensure the Board Governance Manual is reviewed on a yearly basis by the Board;
- f) Facilitate/coordinate that Board issues are brought to the Board through an effective agenda;
- g) Prepare and review the request for Board reports prior to each meeting;
- h) Work with the Governance Committee to ensure effective Board governance within the Board and its committees and their work plans;
- i) Preside at all Board and Members Meetings and act as Chairperson;
- j) Encourage Director participation;
- k) Connect with each Director individually and informally to obtain Director feedback;
- l) Speak on behalf of the LSTAR Board;
- m) Promote interest and active participation in the Association on the part of the membership and reports activities of the Association to Members by means of letters, publications, speeches, etc.;
- n) Act as official host of all Association social events (complimentary tickets shall be given to the Chair for all Association functions and, to their spouse/guest if the occasion warrants);
- o) Act as an ex-officio member at all committee/task force meetings (the Chair may offer input, but may not make motions or vote at the committee/task force meetings unless they are a voting member of the committee as stated in the committee's Terms of Reference; their presence only counts as part of quorum if they are a voting member of the committee);
- p) Review the CEO's expenses at least once each year; **Comment – delegate to Finance Chair**
- q) Meet from time to time with the leadership of government and other organizations to discuss problems or solutions of common interest to LSTAR and the real estate profession; and
- r) Attend meetings and conferences of OREA, CREA, NAR and other groups as deemed necessary for the benefit of the Association.

While holding office, the Chair will not be charged monthly dues. All functions at which the attendance or presence of the Chair is desired or required shall be at the expense of the Association.

The new Chair will be announced each January in appropriate media.

The Chair will be given a "Chair's Pin" at the beginning of their term.

The Chair's picture will be taken (in black & white) at the beginning of their term and placed in the Chairs' Gallery.

Chair-Elect Role

The Chair-Elect's role is to provide support to the Chair in their duties as the Chair of the Board. This position includes the following responsibilities:

- a) Act as the official back-up for the Chair position, filling in for the Chair responsibilities (as per role description) when the Chair is unavailable to do so;
- b) Shadow and learn from the current Chair to refine the understanding of the Chair position and develop skills that can be applied when the Chair-Elect assumes the position of Chair;
- c) Be conversant with the Association Bylaws, Rules and policies;
- d) Attend all Directors' meetings and is fully informed on all current issues brought before the Directors for consideration;
- e) Attend other such meetings as are required, at the provincial and national levels, and reports on the content and value of these meetings to the Board;
- f) Develop a strong and cooperative working relationship with the Chair and the CEO; and
- g) Speak on behalf of LSTAR if the Chair is not available.

The Chair Elect will not be charged monthly dues during their term as Chair Elect.

Past Chair

The Past Chair shall have such duties and powers as the Board may specify from time to time.

- a) Attends all meetings of the Directors and perform the duties of a Director;
- b) At the request of the Chair, provides advice and guidance to the Directors as a whole, and to the Chair and the Chair-Elect;
- c) From time to time, as appropriate, is called upon to chair task forces as designated by the Chair;
- d) The Past Chair(or their designate) will be the Association's representative to the Western Fair Association;
- e) Chairs the Nominations Committee; and
- f) Performs other duties as required by the Directors, or as requested by the Chair.

The Past Chair will not be charged monthly dues during their term as Past Chair.

Appendix E: Chair Performance Expectations

The Chair (and Chair-Elect as back-up) are expected to do their best to adhere to the following standards. The Chair will be evaluated against these standards annually using a self and peer-to-peer assessment. Results of the assessment are to be reported anonymously. The assessment report will be confidential to the individual and used for developmental purposes (the Chair may voluntarily agree to share the results with the entire Board).

1. Maintain relationship with the CEO

Maintain an open and productive working relationship with the CEO. Communicate, coordinate and support Board related activities with the CEO between Board meetings.

2. Ensure an effective agenda

Ensure that Board and Director issues are brought to the Board through the development of an effective Board meeting agenda. Ensure agenda items are focused at the right governance/strategic level.

3. Facilitate productive meetings

Set and maintain conditions for an engaging and effective Board meeting. Manage Board meeting time to ensure meetings run efficiently and effectively. Respect and adhere to agreed meeting timelines.

4. Focus on strategic direction and priorities

Ensure Board discussions and decisions are linked to the approved strategic plan and priorities for the organization. Ensure that member interests remain central to all decisions.

5. Encourage Director contribution

Encourage every Director to contribute to Board discussions and decisions. Ensure diverse perspectives are welcomed and valued as part of Board dialogue.

6. Manage disruptive behaviour

Ensure that Directors adhere to agreed Board meeting protocols. Address Director behaviour that is not conducive to respectful and productive group dialogue and decision-making practices.

7. Steward Board policy and practice

Understand and reinforce adherence to Board policy and practice.

8. Advance Board performance goals

Ensure Board work plan priorities are clear, documented and moving forward. Ensure governance enhancements are supporting Board effectiveness.

9. Model Director performance standards

Lead by example. Champion the high-performance standards expected of all Directors.

10. Fairly represent the Board

Ensure the Board speaks with one-voice to stakeholders. Confidently and accurately speak on behalf of the Board in a manner that builds stakeholder trust and respect for the Board.

Appendix F: Committee Terms of Reference

Executive Committee

Current

The Executive Committee may act on urgent matters only on behalf of the Board of Directors.

Examine and review executive policies of the Association and recommend to the Directors any additions, deletions or changes.

Conduct annual performance review of the Chief Executive Officer.

- a) Select and approve all Committee Chairs, Committee Appointees, Advisory Groups, the Political Action (PAC) Representative and the Education Representative, following the General Election Meeting in each calendar year.
- b) Recommend any new Task Forces to the Directors.

Perform other such duties as the Directors may delegate.

Shall appoint substitutes to serve for Members temporarily unable to act upon any Committee for such time as they may direct. Such appointments shall also be confirmed at the next Board of Directors meeting.

Proposed

Purpose of the Committee:

The Executive Committee is established as a standing committee of the Board of Directors. The Board of Directors is the governing authority for LSTAR. The primary role of the Executive Committee is to assist the Board through the exercise of powers delegated by the Board.

Responsibilities:

Subject to the pre-eminent authority, powers and duties of the Board, the Executive Committee shall perform the following duties:

- 1) Provide support and direction in the establishment of the agendas for Board meetings in the normal course;
- 2) Act on behalf of, and with full authority of the Board, where the Board has specifically delegated such authority to the Committee with the exception of the delegated authorities prevented under the Act;
- 3) Facilitate annual performance review of the Chief Executive Officer;
- 4) Recommend for approval by the Board of Directors all Committee Chairs, Committee Appointees, ITSO Directors, Advisory Groups, the Political Action (PAC) Representative and the Education Representative, following the General Election Meeting in each calendar year;
- 5) Perform other such duties as the Directors may delegate; and
- 6) Appoint substitutes to serve for Members temporarily unable to act upon any Committee for such time as they may direct. Such appointments shall be confirmed at the next Board meeting.

Accountability:

The Committee is accountable to the Board and will report through the Chair.

The minutes will be provided to the Board at its next regularly scheduled meeting

Committee Composition:

The Executive Committee is made up of the Officers of the Corporation. Executive Committee members shall normally be appointed by the Board's first meeting following the Annual General Meeting.

The Chair-Elect shall act as Chair of the Executive Committee.

Term:

As appointed by the Board.

Voting:

Business arising at any meeting of this committee shall be decided by a majority of votes.

LSTAR's CEO is a non-voting member of the committee.

No committee member shall be entitled to vote by proxy.

Quorum:

A quorum shall consist of a simple majority of 50% plus one of the voting membership of the committee.

Resources:

The Board Secretary or designate serves as secretary to the Committee. Other resources and support services will be provided to the Committee through the office of the CEO, as approved by the Board of Directors.

Minutes:

The Committee shall maintain minutes of its meetings in which shall be recorded all decisions and actions taken by it. Minutes shall be ratified by the Committee at its next scheduled meeting. Minutes will be kept and stored in accordance with LSTAR's document management practices.

Meeting Frequency:

The Committee shall meet as required to discharge the responsibilities assigned by the Board of Directors and as per policy. Additional extraordinary meetings may be held as deemed necessary by the Committee Chair.

Comment: recommend changes to current Executive Committee mandate that are more precise and require specific delegation by the Board of Directors.

Finance Committee

Accountability

The Finance Committee is accountable to the Board of Directors.

Purpose

Based on the Association goals for a governing year, develop and implement an annual work plan to review, monitor and provide guidance and/or recommendations to the Board of Directors, related to the financial stewardship of LSTAR

Responsibilities

- Ensure the integrity of the corporation's financial affairs.
- Develop and seek approval by the Board of Directors for financial policies.
- Review and recommend the corporation's operating and capital Budgets.
- Review and recommend any capital plan for facilities and equipment.
- Oversee the performance of the investment manager and investments.
- Review and submit financial statements and reports to the Board of Directors on a minimum quarterly basis.
- Review the investment policy and all investments by LSTAR.

Criteria

A Member of the Finance Committee should:

- Have knowledge, skills and competency in financial controls and risk management.
- Bring a strategic perspective to financial monitoring.
- Be committed to financial stewardship.
- Have availability for expected time commitment.

Composition

- Minimum of one Director and maximum of two.
- President.
- CEO (Non-voting).
- Four Members (Non-Directors).
- Up to two other Affiliates (Member or Non-Member).

Voting

Business arising at any meeting of the committee shall be decided by a majority of votes. The Committee Chair shall not have a vote except in the case of a tie. No Committee Member shall be entitled to vote by proxy.

Quorum

A quorum shall consist of more than 50% of the voting membership of the committee.

Resources

Resources and support services will be provided through the office of the CEO, as approved by the Board of Directors.

Meeting Frequency

Minimum of six meetings; any additional meetings at the call of the Chair.

Audit and Risk Committee

Accountability

The Audit Committee is accountable to the Board of Directors.

Purpose

To develop and implement an annual work plan to appoint an external auditor and oversee the audit process based on the Board's goals for a governing year.

Responsibilities

- ☑ To review and create a strategy addressing current, future and perceived risks.
- ☑ Risk management will be a standing item on the agenda of the planning meeting of the Audit Committee.
- ☑ Management and the Audit Committee will discuss the risks and mitigating factors in light of changing internal and external environments.
- ☑ A risk management report from the Audit Committee will be an input into the Board Strategic Planning Session.
- ☑ The Board may consider a full risk management planning session every 3 to 5 years if the internal or external environments have changed or the strategic objectives change significantly.
- ☑ Board will monitor risk through the Board monitoring dashboard.

Pre-Audit

- ☑ To review all of the Association's critical accounting policies and all major issues regarding accounting principles and financial statement presentations.
- ☑ Prior to commencement of the annual audit work, review with the external auditor the plan and required documentation.
- ☑ Oversee the Association's asset and risk management.

Post-Audit

- ☑ To review with management and external auditor any significant issues, concerns or difficulties encountered during the course of the audit.
- ☑ Discuss guidelines and policies to govern the process by which risk assessment and risk management have been and are handled.

Criteria

A member of the Audit Committee should:

- ☑ Have an interest in asset and risk management.
- ☑ Have knowledge, skills and/or competency in financial controls.
- ☑ Bring a strategic perspective to financial monitoring.
- ☑ Have knowledge, skills and/or competency in audit procedures.
- ☑ Have availability for expected time commitment.

Composition

- ☑ 2 Directors (one of whom shall be from the Finance Committee and one whom shall be Chair).
- ☑ Up to 3 additional Members.
- ☑ CEO (Non-voting).
- ☑ Director of Finance (Non-voting).
- ☑ 1 external expert (Non-voting).

Voting

Business arising at any meeting of the committee shall be decided by a majority of votes. The Committee Chair shall not have a vote except in the case of a tie. No Committee Member shall be entitled to vote by proxy.

Quorum

A quorum shall consist of more than 50% of the voting membership of the committee.

Resources

Resources and support services will be provided through the office of the CEO, as approved by the Board of Directors.

Meeting Frequency

At the call of the Chair; minimum of twice yearly.

Governance Committee

Purpose of the Committee:

Based on the Board goals for a governing year, develop and implement an annual work plan for the improvement of the Board of Directors' good governance policies and practices, including recruitment, nominations and election process.

Responsibilities:

- Inform, educate and assist Directors of LSTAR about the Bylaws, Governance Manual, Member Handbook
- Make changes and present the Directors any changes deemed necessary from the Board, OREA and/or CREA
- Keep the General Members informed of any Bylaw, and Member Handbook changes and keep the Bylaws current
- Successfully complete approved Board annual Work Plan
- Oversee the process for Board and Board committee assessments both for the full Board and committee members
- Monitor and recommend any policies for the Director recruitment, nomination and election process
- Oversee the process for Board, Officers, committee chairs and Board Chair orientation and new member on-boarding
- Review and recommend changes or updates to Board Committee Terms of Reference
- Oversee the review of policies related to Director expenses
- Implement a governance review every 5 years
- Research and recommend Board development topics related to good governance
- Monitor and recommend processes for the CEO performance management and annual performance review. Annual reviews will be conducted by the CEOs using the [CEO Performance Evaluation Framework in Appendix K](#).

Accountability:

The Committee is accountable to the Board and will report through the Committee Chair.

Committee Composition:

This Committee shall consist of three (3) current Directors and up to two (2) non-Director members. The Board will appoint a Director as Chair of the Committee.

Membership Criteria:

A member of the Committee should:

- Have an understanding of the not-for-profit sector and member-based associations
- Be committed to the governance process
- Have knowledge, skills and competency of good governance practices
- Have availability for expected time commitment

Term:

As appointed by the Board.

Voting:

Business arising at any meeting of this committee shall be decided by a majority of votes.

No Committee member shall be entitled to vote by proxy.

Quorum:

A quorum shall consist of a simple majority of 50% plus one of the voting membership of the committee.

Resources:

Resources and support services will be provided to the Committee through the office of the CEO, as approved by the Board.

Minutes:

The staff supporting the committee shall take minutes at the committee meetings and the minutes shall be approved at subsequent meetings. Minutes will be kept and stored in accordance with LSTAR's document management practices.

Frequency:

The committee will meet at a minimum of four times each year (once per quarter). Additional meetings may be convened by video or conference call at the discretion of the Committee Chair, or at the request of the Board.

Nominating Committee

Purpose of the Committee:

To follow the established process to develop the slate of candidate(s) for Director vacancies.

Responsibilities:

- Follow LSTAR's Board Election Policy
- Identify LSTAR members with special skills, attributes and qualifications that truly represent the membership and respects the principles of diversity and inclusivity.
- Oversee the election process for Directors of the Board in accordance with applicable regulations and Bylaws.
- Evaluate and compile a list of suitable candidates for election as Directors of the Board.
- Provide and circulate the names of candidates for consideration by LSTAR voting members in advance of the Annual General Meeting.
- Promote quality, transparency, fairness and member engagement in Board of Directors recruitment.
- Recommend any changes to Director qualifications.
- Recommend any changes to the Director recruitment, nomination and election process or the Board Election Policy.
- Maintain a list of potential candidates to fill unexpected vacancies

Accountability:

The Committee is accountable to the Board and will report through the Committee Chair.

Committee Composition:

Not later than October 1st of each year, a Nominating Committee will be appointed of not less than four (4) members. This Committee shall consist of the Past Chair and two to four other LSTAR Members in good standing. The Past Chair will serve as Chair of the Committee.

The CEO will be the staff liaison.

Membership Criteria:

A member of the Committee should:

- Have knowledge, skills and competency of good governance practices
- Have availability for expected time commitment

Term:

As appointed by the Board.

Voting:

Business arising at any meeting of this committee shall be decided by a majority of votes.

No Committee member shall be entitled to vote by proxy.

Quorum:

A quorum shall consist of a simple majority of 50% plus one of the voting membership of the committee.

Resources:

Resources and support services will be provided to the Committee through the office of the CEO, as approved by the Board.

Minutes:

The staff supporting the committee shall take minutes at the committee meetings and the minutes shall be approved at subsequent meetings. Minutes will be kept and stored in accordance with LSTAR's document management practices.

Frequency:

The committee will meet as required.

Appendix G: Committee Performance Expectations

Committees are expected to do their best to adhere to the following standards. Committees will be evaluated against these standards annually. Each committee member and the CEO will provide their individual assessment. Results of the assessment will be reported anonymously. The assessment report will be shared with the Board and will be used for committee development and composition purposes.

1. Clear and accurate Terms of Reference

Committee Terms of Reference are accurate and effectively inform the composition and work of the committee. Committee members have been oriented to the Terms of Reference.

2. Focused work plan

The committee work plan accurately describes the priorities for the coming year, including timeframes, deliverables and resource assignment. The work plan has been approved by the Board of Directors. Committee members have been oriented to the work plan. The work plan is kept up to date throughout the year and is an accurate record of the progress of the committee.

3. Appropriate committee membership

Committee members exhibit the attitude, skills, experience and competencies required to be effective contributors to the work of the committee. There is a good balance of experience and fresh perspectives on the committee.

4. Effective meeting agenda and material

Committee meeting agendas are established ahead of time, are clear and enable the committee to focus on their work. Agenda items are well supported with background material that enables members to come well prepared.

5. Productive meetings

The committee Chair sets and maintains conditions for an engaging and effective meeting. Meeting time is managed to ensure they run efficiently and effectively. Meetings respect and adhere to agreed timelines. Sufficient meetings are scheduled to accomplish the work of the committee.

6. Prepared members

Committee members come well prepared and come ready to address the items on the agenda.

7. Balanced member contribution

All committee members are encouraged to contribute to committee discussions and decisions. Diverse perspectives are welcomed and valued as part of committee dialogue.

8. Effective staff support

Staff liaison support the work of the committee and contribute to efficient and effective committee work.

9. Informed recommendations

The work of the committee results in well informed recommendations that the Board can readily understand and address. Committee recommendations are largely endorsed by the Board.

10. Meeting evaluations

Meeting evaluations are completed at the end of every committee meeting. These evaluations are reviewed by the committee Chair and staff liaison who act on the feedback to continually improve the effectiveness of meetings.

Committee Chairs are expected to do their best to adhere to the following standards. The Committee Chairs will be evaluated against these standards, annually using a self and peer-to-peer assessment. Results of the assessment will be reported anonymously. The assessment report will be confidential to the Committee Chair and the Chair and is used for developmental purposes.

1. Maintain relationship with committee members

Maintain an open and productive working relationship with the committee members. Communicate, coordinate and support committee related activities with the staff liaison between Board meetings.

2. Ensure an effective agenda

Ensure that issues are brought to the committee through the development of an effective meeting agenda. Ensure agenda items are focused at the right committee level.

3. Facilitate productive meetings

Set and maintain conditions for an engaging and effective committee meeting. Manage meeting time to ensure meetings run efficiently and effectively. Respect and adhere to agreed meeting timelines.

4. Focus on terms of reference and work plan

Ensure committee discussions and decisions are linked to the approved Terms of Reference and work plan for the committee. Ensure that member interests remain central to all decisions.

5. Encourage committee member contribution

Encourage every member to contribute to committee discussions and decisions. Ensure diverse perspectives are welcomed and valued as part of committee dialogue.

6. Manage disruptive behaviour

Ensure that members adhere to agreed meeting protocols. Address member behaviour that is not conducive to respectful and productive group dialogue and decision-making practices.

7. Steward Board policy and practice

Understand and reinforce adherence to Board policy and practices as they relate to committee work.

8. Advance Board performance goals

Ensure committee work plan priorities are clear, documented and aligned with the Board's expectations.

9. Model Director performance standards

Lead by example. Champion the high-performance standards expected of all Directors.

10. Fairly represent the Committee

Ensure the committee speaks with one-voice to the Board and CEO. Confidently and accurately speak on behalf of the committee in a manner that builds trust and respect for the committee.

Appendix H: Board & Committee Meeting Evaluation

These standards will be evaluated after each Board and committee meeting. Each Board/committee member and the CEO will provide their individual assessment. Results of the assessments will be recorded in the minutes and reviewed at the subsequent meeting by the past Chair (Board) or current Chair (Committee). The assessment reports will be shared with the Board and used for Board/committee development.

Comment: reflects earlier recommendation on a more robust evaluation practice

1. **Agenda**
The meeting agenda was clear and appropriately focused on committee level items.
2. **Agenda package**
The agenda package was thorough and provided relevant background to members.
3. **Member preparation**
Members came fully prepared to actively participate in the agenda.
4. **Chair effectiveness**
The Chair set and maintained conditions for an engaging and effective meeting.
5. **Dialogue and respectful conduct**
Members respected the practices of good dialogue and respectful conduct.
6. **Diverse perspectives**
Diverse perspectives were encouraged and valued as part of the discussions.
7. **Right level engagement**
Members engaged at the right level and stayed within the committee's Terms of Reference.
8. **Opportunity to participate**
All members were given opportunity to participate in discussions and decision-making.
9. **Meaningful contribution**
All members contributed in a meaningful way to discussions and decision-making.
10. **Actionable recommendations**
Recommendations were formed that will advance the Board's goals and the strategic plan.
11. **Time well spent**
Overall, I feel this meeting was time well spent in service to the organization's mission.
12. **Individual contribution**
Overall, I feel my contribution to this meeting was valuable and valued.
13. **Successful outcome**
The most successful part and/or outcome of this meeting was:
14. **Stop**
One thing I would recommend we STOP doing at Board/committee meetings is:
15. **Start**
One thing I would recommend we START doing at Board/committee meetings is:

Appendix I: Board Work Plan

	Frequency of Board Action			
	Every Meeting	Semi-annually	Annually	As Needed
Principle 1.1 Board Composition				
1.1.1 Board Size and Composition			X	
1.1.2 Director Attribute Inventory			X	
1.1.3 Director Recruitment, Election & Succession			X	
1.1.4 ITSO Director			X	
1.1.5 Officers of the Corporation			x	
1.1.6 Directors' Terms of Office			X	
Principle 1.2 Director Contribution				
1.2.1 Board 'as a Whole' Duties			X	
1.2.2 Director's Duties			X	
1.2.3 Board Leadership Duties			X	
1.2.4 Director (Re)Orientation & On-Boarding			X	
1.2.5 Director Development			X	
1.2.6 Directors and Officers Liability Insurance			X	
1.2.7 Director Remuneration and Expenses			X	
1.2.8 Conferences & Assemblies			X	
1.2.9 Social Media Use			X	
Principle 2.1 Board Accountability				
2.1.1 Letters Patent & Bylaws			X	
2.1.2 Board Governance Manual			X	
2.1.3 Governance Disclosure			X	
2.1.4 Delegation of Authority			X	

2.1.5 Committees			X	
2.1.6 Board Meetings			X	
2.1.7 Dissemination of Information/Material			X	
Principle 3.1 Board Decision Making				
3.1.1 Board Decision Making	X			
3.1.2 Strategic Plan and Renewal			X	
3.1.3 Operating Plan and Budget			X	
3.1.4 Disaster Recovery Plan			X	
3.1.5 CEO Succession Plan			X	
Principle 3.2 Board Monitoring				
3.2.1 Organizational Compliance	X			
3.2.2 Principal Risks		X		
3.2.3 Organizational Performance	X			
3.2.4 Audit Function			X	
3.2.5 CEO Performance			X	
3.2.6 Board Performance			X	
Principle 4.1 Organizational Sustainability				
4.1.1 Member Focused			X	
4.1.2 Stakeholders			X	
4.1.3 Relationship and Engagement			X	
4.1.4 Quality		X		
4.1.5 Workplace Health			X	

Appendix J: Board Standards & Assessment

These standards are to be evaluated annually. Each Board Director and the CEO will provide their individual assessment. Results of the assessment are to be reported anonymously. The assessment report will be shared with the Board and used for Board development (via the Governance Committee).

Comment: reflects earlier recommendation on a more robust evaluation practice

Right People

1. Our Board composition is predominantly based on required competencies (skills and attributes-based) as opposed to being exclusively based on representing specific constituencies (representative-based).
2. Our Board has a clearly articulated Code of Conduct and Conflict of Interest that Directors sign.
3. Our Board has a clearly articulated role description for Directors.
4. Our Board recruitment and selection process is open and transparent.
5. Our Board conducts regular orientation sessions to prepare new and existing Directors for their duties.
6. Our Board conducts regular individual Director evaluations.
7. Our Board conducts regular Director development sessions to provide the knowledge and skills needed to carry out their Director duties.
8. Our Board Director turnover strikes an appropriate balance of tenured Directors and new Directors.
9. Our Board Directors are clearly informed about their Director liabilities and any liability protection.
10. Our Board Directors act honestly and in good faith with a view to the best interest of the organization.

Clear and Supportive Structures

1. Our Board's guiding governance documents (Bylaws, Policies and Practices) are current and relevant.
2. Our Board has a Governance Committee charged with ensuring the organization's governance system is performing optimally.
3. The size of our Board is optimal for monitoring and decision-making.
4. The form and frequency of our Board meetings is optimal for monitoring and decision-making.
5. Our Board has appropriate standing committees.
6. Our Board committees have clearly articulated Terms of Reference that describe the composition, role and responsibility of the committee.
7. Our Board committees function effectively and add value to Board decision-making.
8. Our Board conducts regular evaluations of its committees.
9. Our Board has an Executive Committee that functions exclusively in times of emergency when it is not possible for the full Board to meet.
10. Our Board has clear and documented delegation of authorities in place.

Reliable and Enabling Processes

1. Our Board has an up-to-date strategic plan that provides a clear long-term direction for the organization.
2. Our Board regularly reviews the strategic plan and adjusts it to meet the changes and challenges in the environment.
3. Our Board has a reliable process for ensuring the CEO's operating plan is aligned with the Strategic Plan.
4. Our Board approves an annual budget that aligns with the annual operating plan.
5. Our Board has a reliable mechanism for monitoring organization compliance with legislative and regulatory obligations.
6. Our Board has a reliable mechanism for monitoring organization risk.
7. Our Board has a reliable mechanism for monitoring organization performance indicators and outcomes.
8. Our Board has a reliable practice for managing the performance of our CEO.
9. Our Board undertakes regular Board performance assessments.
10. Our Board reviews, at minimum, quarterly financial reports, ensuring that the organization is achieving its strategic goals and objectives.

Healthy and Sustainable Culture

1. Our Board culture is focused and built around the members we serve.

2. Our Board culture emphasizes service quality.
3. Our Board culture emphasizes continuous improvement.
4. Our Board culture emphasizes the pursuit of best-practices.
5. Our Board culture is one of inclusivity, engagement and transparency both with internal and external stakeholders.
6. Our Board makes time for and engages deeply in generative and strategic conversations.
7. Our Board sets specific goals to improve its governance performance (Board Work Plan) and works diligently to accomplish those agreed goals.
8. The Board leverages the diversity of its Directors' knowledge and experience in discussions and decision-making.
9. Overall, the Board of our organization adds significant value to the members it serves.
10. Overall, I feel that my contribution to our Board is meaningful, valued and makes a positive difference in the mission of our organization.

Appendix K: CEO Performance Evaluation Framework

Setting and measuring CEO performance involves two components: "**What**" the CEO does and "**How**" the CEO does it. The Board as a whole is responsible for setting and measuring their CEO's performance on both dimensions. Following is a basic evaluation framework for use and enhancement by LSTAR. At the highest level the CEO is expected to deliver on the following expectations:

"What" (Scorecard) Objectives

1. Ensure the organization complies with all of its regulatory, legal, Bylaw and contractual obligations.
2. Identify and mitigate known and significant risks to the organization.
3. Advance the strategic priorities and operational goals of the organization in a "balanced manner":
 - a. Member priorities;
 - b. Stakeholder priorities;
 - c. Human Resource priorities;
 - d. Internal process/systems priorities; and
 - e. Financial priorities.
4. Support the Board of Directors and board systems to enable effective governance.
5. Represent the organization in a professional and respectful manner with all internal and external audiences.
6. Demonstrate strong management and leadership capabilities in carrying out the above objectives.
7. Demonstrate continuous learning and self-development to enhance these management and leadership capabilities.

"How" Management & Leadership Capabilities

8. Demonstrate strong and consistent leadership skills that move the organization forward.
9. Demonstrates strong and consistent management skills that make the operations efficient and effective.
10. Possess and apply the knowledge (business acumen and industry acumen) necessary to be an effective CEO.
11. Possess and apply the practical experience necessary to be an effective CEO.
12. Share and demonstrate the values that the organization has set and upholds.

A simple CEO evaluation will have each Board Director and direct staff reports to the CEO assess how they perceived the CEO's success against the above seven (7) "what" items and the five (5) "how" items above. A feedback survey will be completed by each Director, senior staff and the CEO. The results will be rolled up to provide insight regarding the Board's overall evaluation of the CEO performance in these core scorecard areas. Suggested (Likert-type) ratings for the feedback survey include: 1 - consistently exceeds expectations; 2 - occasionally exceeds expectations; 3 - meets expectations; 4. occasionally fails expectations; 5. consistently fails expectations.

Future Considerations:

Scaling up "What" Performance:

The basic "what" framework can be enhanced as the organization becomes more sophisticated and rigorous in setting specific metrics/outcomes for each of the (7) "what" areas. Most importantly, the Board is accountable for setting specific metrics/outcomes for the Balanced Scorecard. These metrics/outcomes are typically found in the organization's Strategic Plan, are monitored and "refreshed" annually, and should become the dominant performance measures to determine CEO success.

Scaling up "How" Performance:

The basic framework (item's 8-12) alludes to the behavioural or "how" aspects of CEO performance. However,

measuring behaviour performance and providing objective, reliable and credible behavioural feedback warrants a more robust and proven process. Often referred to as 360 Feedback or "multi-level" feedback, this type of survey is focused on providing a broader and more objective assessment of behavioural performance. Here there are important processes and safeguards that need to be considered to ensure that the raters and the subject can fulfill their accountabilities in the process. Also, the outcome of the 360 survey is not the report itself, which is typically confidential to the subject. Rather, the outcome of the 360 survey is the formation of a development plan that outlines how the CEO will bolster identified blind-spots or weaknesses and build upon confirmed strengths. Here, the achievement of the development plan objectives, over time, is what's measured by the Board, not the survey data/report itself.

Comment: this outlines a more detailed CEO evaluation process engaging both Directors and staff who report to the CEO.

Appendix L: Board Meeting Protocols and Report Framework

The Board will do its best to follow these suggested practices and guidelines for conducting effective meetings:

Establishing the agenda

- The Board owns the agenda.
- Directors are responsible to provide input to the Chair regarding agenda items.
- The agenda is formed as a joint process between the Chair and CEO.
- All/any items should originate from or relate to the Board's accountabilities (Dashboard).
- Topics and dialogue should be forward looking.
- Make effective use of a consent agenda for regular monitoring accountabilities.
- Ensure time is set aside for education and generative discussion.

Preparing the Board Package

- **Just enough:** Everything need not go into the Board package AND everything in the Board package need not be discussed.
- **Just in time:** Directors should receive the package no less than one week before the meeting.
- **Accessible:** Directors' portals and electronic distribution should be optimized.
- **Useful:** Items should include right-level content and a clear description of why the Board is receiving it and what the Board is expected to do with the item.
- **Consistent:** Agenda and reports should have a consistent format and feel.

Facilitating the meeting

- **Chair accountability:** The Chair facilitates the agenda and discussion and maintains order in the group process.
- **Purposeful:** Meetings should enable every Director to contribute; Directors should leave feeling confident that their duties (diligence, loyalty, obedience) have been properly discharged; Clear direction should be given to the CEO and Committees.
- **Appropriate and skillful:** Discussion should be at the governance and strategic level (staying out of operational weeds); Respectful conduct is required at all times.
- **Rules of order:** A matter of style and culture: Ensures proper conduct and decision-making (e.g. motions, voting).

Reports to the Board

- **Should relate directly to Board accountabilities:** Compliance, Risk, Performance, Resourcing, CEO, Governance.
- **Should originate from a delegated body:** CEO, Board Committee.
- **Should indicate what Board action is required:** Reports for information; Reports requiring input; Reports requiring a decision.
- **Should use a standardized template for consistency**
- **Should be thorough and require little or no presentation:** Directors are expected to have read reports before the meeting AND to have asked questions of report authors before the meeting; Time should be spent in dialogue; providing input or arriving at a decision.

Delegation to CEO and Committees

- **Meeting agenda arises largely from work that has been delegated to the CEO and/or Board Committees:** CEO: Compliance, Risk, Performance; Board Committees: Governance Policy, Board enhancement, CEO performance.
- **Reports reflect progress on delegated work and will culminate in a Board decision:** Approval to proceed, change in direction or priority, new policy.

- **Many Board decisions result in new delegated work**
- **Board must be clear and aligned in what it delegates:** This process can take significant time to ensure all Directors agree on what is expected and that expectations are clearly articulated and documented; A standard template can help improve Board delegation.

Minutes of Meetings

- **Official record of the organization:** Part of the “proof” that Directors, individually and collectively, have conducted themselves to the standard expected by their members and as expressed by decisions of the courts.
- **Context:** Brief description of the background and context for each matter addressed; Sufficient record of any research process, options considered, assessment of best option(s) as recommendation going forward.
- **Origins of work:** Reference to source of delegation and what was expected; Sufficient context and record of discussions and/or information used to arrive at the recommendation.
- **Level of detail:** Sufficient to establish a traceable record of the work and decision.

Room for generative/strategic dialogue

- **Enable Directors to proactively contribute to the shaping and advancement of the organization’s vision:** Forward Looking; Educational; Explorative; Often begins with a big question - What if? How might we?; Doesn’t have to lead to decision or action; May set context or appetite for future decisions.

In Camera

Note: An In Camera meeting is not the same as a meeting of a Committee of the Whole. This Practice, as a general rule, is to be used instead of the Committee of the Whole process.

Format

Scheduling

An in-camera meeting will be scheduled as an agenda item at every Board meeting, but will only be held if it has been determined by the Chair prior to the Board meeting that an in camera meeting is needed, or if a Director asks at the Board meeting that an in-camera meeting be held.

When a Director requests an in camera meeting, the Chair will determine the appropriateness of the request, based on the terms of this Practice. If the Chair declines the request, the matter will be determined by the Board of Directors if the Director who requested the matter be added so requests.

Entering In-Camera

For a meeting to enter *in-camera*, a motion to that effect must be made at a regular meeting of the Board. The regular Board meeting minutes shall record that the Directors went *in-camera*. When a motion to go *in-camera* is presented, all other business shall be put on hold until regular order is restored.

Exiting In-Camera

A motion is required to exit an *in-camera* session.

Participants

The only attendees at a Board *in camera* meeting shall be the Directors except where the Directors invite other attendees, such as LSTAR’s CEO, to attend as well.

In-Camera Meeting

Regular Board meeting work will not be discussed during an *in-camera* meeting. The meeting is not intended to replace or duplicate Board Meeting agenda and work. Any item identified during an *in camera* meeting that belongs on the Board Meeting agenda will be added to the Board Meeting agenda in accordance with existing practice.

Matters that may be dealt with *in-camera* meeting include:

- Human resources or personnel issues;
- Discussions and dealings with other entities or persons where the information may be of a confidential nature;
- Financial and contractual matters for which a decision must be made in which premature disclosure would be prejudicial;
- Matters involving sensitive internal Board governance issues, such as Board policies/practices, director duties/behaviours, Board performance/evaluation, Board leadership and general Board “team culture”
- Matters related to litigation or potential litigation.

Conduct of In-Camera Meeting

The Chair or the Chair’s delegate will chair the *in camera* meeting, which will proceed as per existing Board meeting practice, with the following exceptions:

- Once a meeting has been designated as having *in-camera* status, all non- Directors shall leave the meeting room except where the Directors’ specify otherwise.
- Motions (except for the motion to exit the *in camera* session) shall not be made or voted on during *in-camera* meetings and no decisions will be made. Any required motions must be made during the regular Directors meeting, once the directors have risen from the in camera meeting.
- No minutes shall be taken of the *in-camera* meeting.
- No Director may make notes during the *in camera* meeting.

Confidentiality

Attendees must keep the contents of *in camera* meetings confidential.

Comment: recommend having an in camera meeting policy/practice to ensure its consistent and appropriate application.

REPORT TO THE BOARD OF DIRECTORS

Date:	
Meeting Agenda Item #:	
Topic:	
Report from:	<input type="checkbox"/> CEO <input type="checkbox"/> Board Committee <input type="checkbox"/> Other _____ (name)
Intention of Report:	<input type="checkbox"/> Information – no discussion required, information is FYI <input type="checkbox"/> Input Required – all Directors input is required, no decision taken <input type="checkbox"/> Decision – formal motion, discussion and vote required
Origins of Report – Statement of Delegation	
Recommendation(s):	
Background Information:	
Impact (Identify any contractual, strategic plan, policy, timeline or financial consequences)	
Next Steps	
Make inquiries to:	<input type="checkbox"/> Committee Chair _____ <input type="checkbox"/> Staff _____

Appendix M: Board Nomination and Election Policy

1.0 Nomination Process

1.01 80 days prior to the date set for the Election Meeting, nominations for those positions which will be coming vacant shall be sought from all those Members allowed to stand for office as per Article 6, Section 1 and these nominations must be:

- i) in writing and accompanied by the written consent of the nominee;
- ii) endorsed by two Members who are not registered with the Firm of the nominee;
- iii) filed with the Chief Executive Officer within 35 days from commencement of nomination In the event that sufficient names are not put forward to fill the slate 36 days from the commencement of nominations, the Nomination Committee shall be activated. The Terms of Reference for the Nomination Committee is outlined in General Policies.

1.02 In the event that the Past-Chair or Chair wish to run for office and are disqualified from serving on the Nomination Committee, their replacements will be appointed by the Board of Directors.

1.03 The Nomination Committee shall:

- a) present a slate of nominees which addresses any vacancies not later than 36 days from commencement of nominations;
- b) ensure one candidate is nominated for each vacant position;
- c) ensure all nominees qualify in accordance with the Bylaw;
- d) obtain the written consent of all nominees agreeing to stand for election;
- e) send an alphabetical list of nominees to all Members allowed to attend Member Meetings following the close of nominations.

1.04 No member of the Nomination Committee may stand for election.

2.0 Voting and Proxy Voting

2.01 Prior to the Election Meeting, electronic voting will be made available for 5 business days, from 8:30 a.m. to 4:30 p.m. (to be determined by the CEO)

2.02 Voting will also be available at the Election meeting by attending the meeting in person or by proxy.

2.03 Any proxy vote submitted with other than "at proxy's discretion" will be tallied by the recording secretary versus the proxy holder at the applicable Member Meeting or advance poll as applicable.

2.04 Except as provided for in the Bylaws the election of the Directors at meetings of Members held for such purpose; elsewhere in this By-law; and if required pursuant to the Corporations Act, all matters proposed for consideration and approval of the Members shall be decided by a majority of the votes cast by the Members present either in person or by proxy.

2.05 The Chair of the meeting shall carry one vote as a Member at the meeting.

Comment: recommend removing 2nd vote of the Chair

2.06 If at any meeting a ballot vote is demanded on the issue of electing a Chair of the meeting or on the issue of adjourning the meeting, that vote must be taken immediately.

2.07 If at any meeting a ballot vote is demanded on any other issue, including the election of Directors, the ballot vote shall be held in the manner and at a time during the meeting as the Chair shall direct, and the results of the ballot vote shall be deemed to be the decision of the meeting.

2.08 A demand for a ballot vote may be withdrawn by the person who made the demand.

2.09 Where after a show of hands or a holding up of differently coloured cards, a ballot vote is demanded, the Chair may refuse to conduct same if, in his opinion, it appears that such a procedure would not serve any useful purpose in reaching a clear decision on the resolution being voted on

3.0 Proxies and Voting

4.01 A proxy shall be in writing, and it must be signed by the Member or someone authorized by him, under power of attorney, to sign the proxy on behalf of the Member and deposited with the Chief Executive Officer not less than 48 hours prior to the date and time of the function at which the proxy may be exercised

4.02 Subject to Bylaws, a Member may, exclusively with respect to an election meeting (and not for any other meeting), vote by Electronic Ballot, provided that the Electronic Ballot is completed in the manner set out as follows:

- a) they shall be required to be submitted with or by means of one or more personal identifier codes or numbers that are unique to that Member, which shall be deemed by LSTAR to be the signature of the Member;
- b) they shall designate as the holder of the ballot proxy no person other than the Chair of the Committee of Tellers for that election meeting;
- c) they shall expire upon the termination of the election meeting for which it is completed;
- d) they must be completed in a manner that no matter on which the Member is entitled to vote can be left uncompleted or such Electronic Ballot will be deemed spoiled and will not be accepted, voted or counted; and
- e) they are final and cannot be revoked in any manner

4.03 An instrument appointing a proxy shall be in the following form:

4.04 Unless revoked earlier, a proxy shall expire one year from the date it was granted. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing signed in the same manner as a proxy and deposited either with the Chief Executive Officer at the Association offices at any time up to and including the last day (excluding Saturdays, Sundays and holidays) preceding the date of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chair of such meeting on the day of the meeting, or any adjournment thereof, before such meeting (or adjourned meeting) is called to order.

4.05 The Directors may specify in the notice calling a meeting of Members, a time, not exceeding 48 hours (excluding Saturdays, Sundays and holidays) preceding the meeting, or any adjournment thereof, before which time proxies to be used at that meeting must be deposited with the Chief Executive Officer at the offices of the Association, and any period of time so fixed shall be specified in the notice calling the meeting. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Chief Executive Officer at the offices of the Association or, where no such time is specified in such notice, it has been received by the Chief Executive Officer at the offices of the Association, or by the chair of such meeting, or any adjournment thereof, before the meeting (or adjourned meeting) is called to order.

4.06 All notices of meetings of Members shall include reference to the proxy provisions and shall include a blank proxy form, noting that a member may only carry one proxy. .

5.0 – Election Meeting Procedures

5.01 Notwithstanding anything contained in this Bylaw to the contrary, the Chair of the Election Meeting shall be the most immediate and available Past-Chair who is a Member of the Association.

5.02 a) The Chair of the Election Meeting shall appoint a Committee of Tellers consisting of not less than three Members in good standing, one of whom shall be designated as the Chair of the Committee of Tellers. No Member of the Committee of Tellers may be running for Office or be employed by the same office as any Candidate.

b) The security of the unopened ballot boxes shall be the responsibility of the Chief Executive Officer. The unopened ballot boxes shall be placed in the custody of the sequestered Committee of Tellers on the day of the Election Meeting, at such time as is deemed necessary in order to start conducting the count, and these results shall be included with the ballots cast at the Election Meeting.

c) Ballots and proxies used in the election of Directors shall be retained in the custody of the Chief Executive Officer for thirty (30) days following the Election Meeting, and thereafter shall be destroyed, unless there is an unresolved controversy respecting the conduct of the said election, raised by a written notice received by the Association from a Member.

5.03 Election shall be determined by a plurality system vote. Note ◇ "Plurality system" means the Candidate receiving the highest number of votes is declared elected even though he may have received fewer than fifty percent of the votes cast.

5.04 a) Voting may be available to all licensed Members in good standing the following ways but shall not be limited to:

i) A Member shall be entitled to vote electronically;

ii) In person at the Election meeting; or

iii) by proxy at the election meeting.

b) The eligibility of each member will be verified upon arrival at the Association Office or Election meeting.

c) Whether voting in person, or by proxy, each Member shall mark the ballot according to the instructions given thereon and the failure of the Member not to follow the instructions on the ballot will result in the ballot being spoiled.

d) Voting shall be done by secret ballot.

5.05 Where a majority of votes cast would result in more than three people registered with the same Firm being elected, the person receiving the largest majority shall stand elected, and all others registered with that Firm shall be declared ineligible.

In the event of a tied vote for any office, and after one additional round of balloting has been conducted in an attempt to break the tie, the Chair shall be empowered to break the tie.

5.06 The Chair of the meeting shall announce the election results but shall not announce the individual tally of votes

5.07 Upon election, the Directors shall immediately be formally installed and assume office for the periods outlined in the Bylaws commencing on January 1st of the following year or until their successors are elected or appointed

Appendix N: Awards, Certificates, Presentations & Events

1.0 Lyn Coupland Outstanding Service Award

- 1.01 The Executive Committee will annually submit to the Board of Directors for approval nominees for the Lyn Coupland Outstanding Service Award based on the following:
 - a) No more than three individuals and/or organizations as recipients in any given year; and,
 - b) Recognition based on outstanding service to the industry during the last few years.
- 1.02 Chair is excluded from eligibility.

2.0 Retiring Directors

- 2.01 Each outgoing Director will be recognized at the Annual General Meeting.

3.0 Chair's Gift and Foundation Fellowship

- 3.01 Each outgoing Chair shall be presented with an appropriate plaque, commemorating his year in office to be presented at the Annual General Meeting.
- 3.02 Each outgoing Chair shall be presented with a gift, the cost of which shall not exceed \$800.00, to be presented at the Annual General Meeting.
- 3.03 The Association will purchase a REALTOR® Care Foundation Fellowship for each outgoing Chair at the end of his or her term at a cost of \$1,000.00.

4.0 Chair-Elect's Honorarium

- 4.01 The Chair Elect will receive a \$3,000 honorarium during their term as Chair Elect and that this sum is paid quarterly at the end of each quarter during their term. In addition, the Chair Elect will not be charged the monthly assessment fee during their term as Chair Elect.

5.0 Chair's Honorarium

- 5.01 The Chair will receive a \$15,000.00 honorarium during their year as Chair and that this sum is paid quarterly at the end of each quarter during the term. In addition, the Chair will not be charged the monthly assessment fee during their term as President.

6.0 Past Chair's Honorarium

- 6.01 The Past Chair will not be charged the monthly assessment fee during their term as Past President.

7.0 Presentations

- 7.01 The spouse/guest of any Member who is receiving special recognition at the Awards & Recognition Event (i.e. Long Term Service Pins/Plaques, Outstanding Service Award, Community Service Award, etc.) will be invited to attend at the Association's expense.

8.0 Christmas Gala

- 8.01 The Committee shall arrange this event which will include a dinner, a dance and a live band and/or a disc jockey.

- 8.02 This event is open to all Members and their guests on a reservation basis.
- 8.03 Detailed records of previous years events are to be placed in the Committees file as a guideline for the organization of future parties.

9.0 Children's Christmas Party

- 9.01 The Children's Christmas Party will be considered a charitable event.

Appendix O: Investment Policy

Overview

The Investment Plan (the “Plan”) applies to all investments held by the Association. The Plan contains investment objectives, investment guidelines and monitoring procedures. The intention of the Plan is to ensure that investment functions will be exercised in the best interests of the Association.

The responsibility of the Association investments lies with the Board and its Finance, Audit & Risk Committee as set out in the Plan.

The Finance, Audit & Risk Committee may delegate some of its responsibilities with respect to the investment of assets to one or more investment managers (the “Manager”). The Finance, Audit & Risk Committee maintains an active role with respect to the following:

- (i) formulating a written Investment Policy Statement and Manager mandates;
- (ii) selecting, appointing and monitoring Managers;
- (iii) providing direction to Managers and revoking the appointment of a Manager, if appropriate.

Any Manager to whom the Finance, Audit & Risk Committee delegates responsibilities with respect to the investment of assets must:

- (i) act with the standard of care expected of a person carrying on the business of investing the money of others;
- (ii) act in accordance with the written agreement between the Association and the Manager;
- (iii) act in accordance with the Plan of Management; and
- (iv) not delegate that authority to another person.

Plan of Management

The Association will establish investment objectives and the investment portfolio will be developed directly from these objectives. The starting point of the Investment Policy is a thorough understanding of these objectives. From time to time, it may be appropriate to establish separate investment portfolios, each with its’ own unique set of investment objectives.

The Investment Policy sets out the investment objectives, asset allocation guidelines and the reporting and review processes of the Association. It is to be used to provide a framework for investment decisions as well as monitoring investment performance.

Based on the investment objectives, the manager will design and revise the portfolio as appropriate. The Manager will report on current holdings, buy/sell activity and investment performance.

The performance of the portfolio and that of the Manager will be actively reviewed to ensure that it is in compliance with the investment objectives and expectations as set out in the Investment Policy.

The Investment Policy will be reviewed on at least an annual basis by the Finance, Audit & Risk Committee to ensure it continues to meet the objectives of the Association and may be amended upon recommendation to the Board. A revision should take into consideration long-term risks in capital markets and anticipated spending by the Association.

Investment Objectives

The Association's investment assets are comprised of long-term assets which are to sustain the Association over the long term. The objectives set out below are listed in order of priority:

1. Preservation of Capital

While short-term fluctuations in market value are expected, the long-term preservation of capital shall be essential.

2. Growth of Capital

On a three-year basis the Association expects the total return from income and appreciation of capital to at least equal the market index chosen for each asset class.

3. Tolerance for Market Value Fluctuations

While long-term declines in market values are not acceptable, the Association recognizes that the risk of periodic declines quarter over quarter are unavoidable. However, it must be understood that there is a moderate tolerance for these short-term fluctuations. The Association further recognizes that the main tools to manage such fluctuations are through the investment in a moderate risk asset management.

4. Liquidity

While liquidity of investments is not of paramount importance, the Association may need from time to time and the portfolio will be primarily comprised of "large cap" institutions with an active market for their securities.

5. Cash Flow Requirements

The long-term funds must provide sufficient annual income to help meet the operating budget of the Association and any future approved programs. The Manager will be advised of the estimated income needs of the Association prior to January 1st of each year. Any material change to these estimates or cash requirements will be immediately communicated to the Manager.

6. Taxation

The Association is not subject to income tax and, as such, income tax considerations will not be a factor in investment decisions.

Investment Guidelines

General reserves will be maintained at no less than three (3) months, and ideally at 6 months, Operating Expenses based on the prior years audited financial statements.

Comment – reflects a desired level of 6 months reserve

Interest earned on all Reserve accounts will be retained in their respective accounts. The investment portfolio may only be invested in:

- (i) Cash including conservatively managed Canadian money market mutual funds and/or money market securities with a term to maturity of less than 365 days such as treasury bills and other short-term government securities and commercial paper;
- (ii) Fixed income instruments issued or guaranteed by governments and corporations having a term to maturity in excess of one year, including federal, provincial, municipal, corporate bonds, mortgage backed securities and fixed income mutual funds;
- (iii) Equities including common and preferred shares, convertible preferred shares, convertible fixed income securities, warrants, income trusts and mutual funds, pooled or segregated funds, fixed income component and exchange traded funds; invested in any or all of the above asset categories.

The investment portfolio may not hold derivative financial or currency related instruments such as forward

contracts or swaps except in accordance with a program established in writing by the Finance, Audit & Risk Committee.

Borrowing on behalf of the investment portfolio, short sales or the purchase of securities on margin, will not be permitted.

Asset Allocation Guidelines

The General and Building Fund Reserves are considered long-term Reserve account funds.

- (i) Investment terms for long-term Reserve account funds to have an average term of 2 to 8 years.
- (ii) Investment portfolios will be permitted to have 10-45% of the total market value, with a target of 30% in cash or money Market funds as noted in the Investment Guidelines.
- (iii) Investment portfolios will be allowed to have 10-45% of the total market value, with a target of 40% in Fixed income instruments, including high grade corporate issue bonds. Minimum credit quality for the corporate issue bonds will be "A" as rated by a recognized bond-rating firm.
- (iv) Investment portfolios will be allowed to have 10-40% of the total market value, with a target of 30% in Equity investments as outlined above. The maximum permitted to be invested in U.S. and/or International investments will be 30% of this total.

The Computer Reserve is considered short-term account funds.

- (i) Investment terms for short-term reserve funds to have an average Term of 2 to 4 years.
- (ii) Investment portfolio will be allowed to be invested in short-term Canadian Government Bonds, money markets and guaranteed investment certificates.

Investment portfolios will be allowed to have a maximum of 40% of the total market value in Fixed income instruments including high grade corporate issue bonds. Minimum credit quality for the corporate issue bonds will be "A" as rated by a recognized bond-rating firm.

Performance Measurement

The Association expects the short-term investment portfolio to earn returns consistent with Government of Canada 91-day treasury bills.

The Association expects the long-term investment portfolio to grow in excess of major market indices over a 3-year period. These performance benchmarks have been determined in order to relate the Managers' performance to the returns that would have been generated had the assets been invested in passive index funds.

The performance benchmarks (RBC GIC rate net of expenses) are the said rate to be reviewed on at least an annual basis.

Reporting and Review

Managers will provide monthly valuations as well as reports on monthly, quarterly and annual performance by asset class measured against performance benchmarks based on a December 31st year-end, the Association's fiscal year end.

The Finance, Audit & Risk Committee will review the monthly financial statements of the Association and monitor the current market value of investment assets and the income earned on a monthly basis.

Quarterly Rebalancing

Individual asset classes will be allowed to fluctuate within the ranges as set out by the Finance, Audit & Risk Committee. The Finance, Audit & Risk Committee and the Manager shall review the asset mix relative to the investment policy statement and consider the need for rebalancing the fund on at least a calendar quarterly basis and one mandatory rebalancing to take place at the end of Q2.

As a rule of thumb, if the deviation under each mandate remains within the minimum and maximum ranges, as set out by the committee, this shall not trigger a requirement to rebalance. Should any class fall outside the aggregate market investment limits during the quarter, the need for a rebalancing review will be triggered at which point in time, the Finance, Audit & Risk Committee will make the decision if rebalancing the classes is warranted. If a decision is made to rebalance, the Manager shall do so as soon as practicable, but not later than one month after any quarter-end.

The Manager shall manage the external cash flows into and out of the fund in such manner as to contribute to under-weighted asset classes and withdraw from over-weighted asset classes to the extent possible. The portfolio manager will attempt to allocate monthly contributions and withdrawals across managers and mandates to achieve such purposes.

Semi-annual Compliance Assurance

Managers will provide a letter indicating compliance with the provisions of the Investment Policy indicating any instances where provisions were violated. The Manager is required to report immediately any breach of compliance in writing along with pertinent details and remedial action taken.

Managers will provide comprehensive written reports on the semi-annual activity including commentary on investment market results and asset allocation by a date determined by the CEO.

Annual Reporting

Managers will report in person to the Finance, Audit & Risk Committee annually prior to the Finance Budget meeting:

- (i) Providing information concerning any new developments affecting the firm and its' services;
- (ii) Review the investment results for the year;
- (iii) Review performance relative to Industry benchmarks;
- (iv) Providing an economic outlook as well as their investment strategy based on this outlook;
- (v) Recommend adjustments to the asset allocation.

Three Year Review

No less than every three years, the Finance, Audit & Risk Committee will undertake a comprehensive review of the Manager's investment performance and make recommendations for any changes to the Board.

Appendix P: Membership, Dues, Fees and Assessments Policy

Membership

Section 1 – Appraisal Access

- 1.01 Any person not registered as a Broker or Salesperson under the Act, but holding an accreditation or designation by the Appraisal Institute of Canada, may contract for access to the MLS® Data Base of LSTAR (excluding Interboard and Connect).

Section 2 – Honourary Award

- 2.01 Criteria
- That the candidate has shown exceptional devotion, effort and time on behalf of the Association and organized real estate in general, and/or for the community.
 - That the candidate has carried on their business in accordance with the spirit of the RECO Code of Ethics, CREA Code of Ethics and Standards of Business Practice.
 - That the candidate is no longer an active member of LSTAR.
 - That the candidate submit his/her resume, together with the application that has been endorsed by three members, to the Board of Directors.

Section 3 – Applications

- 3.01 Requirements for New Applications for Firms

All new applicants must have the following to register with the Association;

- Copy of approved Membership Form fully completed and duly executed accompanied by appropriate fee;
- Copy of Firm's and Principle Broker's Licenses from RECO;
- Funds to cover Initiation Fees, CREA/OREA Dues, Annual Dues and

- 3.02 New Membership Application for Salesperson and Associate Broker

All new applicants must have the following to register with the Association;

- Application fully completed and signed by all parties;
- Copy of Real Estate License or Registration number;
- Funds to cover Initiation Fees, CREA/OREA Dues, Annual Dues and

NOTE: If License is not available upon registration, a copy must be forwarded to the Association upon receipt from RECO.

Section 4 – Requirements when Changing Offices within 60 days.

- 4.01 "Termination Section" completed and executed by previous Broker/Manager or
- 4.02 "Change to Another Firm Section" completed and executed by new Broker/Manager. 4.03 Any past due assessment must be paid before transfer is processed. NOTE: (4.01 & 4.02 can be on one form or two separate forms)

Section 5 – Requirements for Termination of Membership

- 5.01 "Termination of Membership Section" completed and executed by last Broker/Manager.

Section 6 – Late Membership Registration

- 6.01 Where any Member is in violation of the Bylaw, Article 2, Section 9, this Policy will apply:
- An automatic \$50.00 late application fee; and
 - All back Assessment to the time the application was considered late.

Section 7 – Protection of a Member that is a Firm/Branch Office Initiation Fee

- 7.01 Upon request to, and approval by the Board of Directors, a member that is a Firm may be protected and no further initiation fee will be payable in the event the Member wishes to reopen his/her own company again sometime in the future (provided that the individual maintains continuous membership in this Association).

Those offices that paid the original Branch Office initiation fee of \$750.00* (or whatever fee the Board of Directors may from time to time determine) may, upon request to and approval by the Board of Directors, be protected and no further initiation fee will be payable in the event that the Member that is a Firm wishes to reopen his/her Branch Office in the future (provided that the member that is a Firm remains continuous in the Association).

Section 8 – Requests for Return of Initiation Fees

- 8.01 Refunds will be given on the following basis:
- If the member leaves between the 1st and 30th day after joining the Association, he/she will be entitled to a \$670.00 refund;
 - If the member leaves between the 31st and 60th day after joining the Association, he/she will be entitled to a \$340.00 refund; and
 - If the member leaves after the 61st day of joining, he/she will not be entitled to any refund. The above will only apply in cases where the member's license with RECO was active at the time of the termination.

Section 9 – Exemption from Assessment

- 9.01 Sick Leave
- Exemption is granted for three month intervals, from the time of application only (not retroactive), up to one year;
 - Exemption requests after one year are to be approved by the Board of Directors;
 - Members on exemption will NOT be entitled to receive any Association services;
 - Anyone returning to work prior to three months will be required to pay back assessment to (this is for the first 3 month exemption only as long as the sick leave has been consecutive) beginning of three month exemption;
 - Any appeals to the rules of exemption are to be referred to the Board of Directors.

Note: Members under exemption will be given temporary passwords while taking MCE lab courses

- 9.02 Requirements
- Request for Exemption form fully completed;
 - All requirements must be met by the 15th of the month to obtain current month's exemption

- 9.03 Parental Leave
- Granted for fifty two weeks; and
 - Has the same requirements as sick leave Doctor's certificate.

Section 10 – New Member's Kit

- 10.01 Upon receipt of the application for new Membership the applicant shall receive a copy of the London

and St. Thomas Association of REALTORS®'s Bylaw, Rules & Regulations and Policy Manual.

- 10.02 Use of the term MLS® explanation – copy of the Prohibition Order and Competition Law Agreement – copy of Code of Ethics and Standards of Business Practice.

Section 11 – Certificates & Stickers

- 11.01 Each firm upon being admitted shall be given a certificate of Membership, and in subsequent years, shall be given a dated sticker to affix to the original certificate.
- 11.02 Upon changing of a company's name, a new certificate of Membership will be supplied.
- 11.03 Each individual upon being admitted to Membership shall be given a Membership card which will be updated each year and/or upon changing offices.

Section 12 – Late Membership Application

- 13.01 It shall be the sole responsibility of each Firm to ensure all membership applications of Brokers and Salespeople registered with it are received at the Association Office not later than 30 days from the date shown as the date the applicant was registered with that Firm under the ACT.
- 13.02 Where an application is not received as specified in Section 3, the Firm shall be subject to assessment arrears plus an automatic late application fine, the amount of which shall be as the Directors may from time to time determine and set as policy.
- 13.03 A Firm may appeal a late application fine to the Executive Committee provided the appeal is:
- a) in writing and sets out in full the grounds for appeal; and is,
 - b) received by the Chief Executive Officer not more than 10 days from the date of receipt of the notice of fine sent to the Firm,
 - c) accompanied by the full amount of the fine.

Section 13 - Payments

New Member

Based on date of registration, all new Members will be invoiced a pro-rated amount for the month they join the Association.

Terminating Membership

- a) When a Member is terminated by the Firm after the first working day of the month and the Member has not paid the Association the current month's assessment, the Member is responsible only for the days that the Member was active (until the date that the termination is received at the Association Office). A credit for the remainder of the month will be applied to the Member's account.
- b) If the Member transfers to another Firm within the same month that their Membership was terminated, the Member is responsible for the full month's assessment. The transfer will not be effected until the outstanding assessment has been paid in full.
- c) If the Member transfers to another Firm the following month(s) (within 60 days of termination), the Member is responsible for all assessment back to the date of termination and the transfer will not be effected until the outstanding assessment has been paid in full.
- d) If the Member transfers to another Firm the following month(s) (within 60 days of termination), the Member is responsible for the partial assessment paid by the former office (a credit will be applied to the

- former office's account) as well as all assessment back to the date of termination.
- e) The transfer will not be effected until the outstanding assessment has been paid in full or the Member has authorization from the new Firm to charge the amount to their office. Also, the new office will be invoiced a pro-rated amount for the current month based on the date the Association receives the request for change.

Any Member resigning on or after the first day of January shall be responsible for the annual fee for that calendar year or such portion of it as the Directors may determine.

Section 14 Firm Member Responsibilities

In addition to the requirements in Section 2.01 above, every Member that is a Firm shall report in writing to the Chief Executive Officer any of the following, within thirty (30) days from the date of its registration or the registration of such changes under the Act:

- a) if the Member is a corporation, the names and addresses of its officers and directors, the number of shares held by any shareholder of the Member and any change of any of the addresses;
- b) if the Member is a partnership, the names and addresses of the partners, and any change of any of the addresses, and if any partner is a corporation, the information required by Sub-section (a) above;
- c) upon a Member who is a Broker or Salesperson being registered or ceasing to be registered with the Member that is a Firm;
- d) upon a Member who is a Salesperson employed by a Member that is a Firm becoming a Broker registered with the Member that is a Firm, and vice-versa; or
- e) the names and addresses of all Principal Brokers and all branch managers designated pursuant to the Act and any changes thereto.

Section 15 Dues

Establishing Dues, Fees, and Assessments

All membership dues, fees and assessments shall be established by the Board from time to time and shall be payable in such amounts, at such times, and subject to such conditions as the Board shall decide, in accordance with LSTAR Policy.

1.02 A previous Member re-applying for membership shall not be required to again pay the entrance fee, provided the re-application for membership is received not more than 60 days from the date the previous membership ceased.

1.03 All new Brokerages, including new sub-brokerages, be charged a one-time Initiation Fee of \$1,000

2.02 Members shall be notified a minimum of 30 days in advance of any increase to membership fees and given explanation of the reasons for same and an opportunity to provide their input and suggestions.

2.03 A Member who holds membership for any part of a year, shall pay the full Annual Membership Fee, subject to the provisions of subsections 2.04, 2.05, and/or 2.06.

2.04 Provided written notice is received by the Chief Executive Officer not later than January 10th that a Member registered with a Firm has resigned or been terminated, the Annual Membership fee and current month's assessment for such Member shall be waived.

2.05 Members whose applications are dated or received subsequent to September 30th but prior to December 1st shall pay only 25 percent of the Annual Membership Fee.

2.06 Members whose applications are dated or received subsequent to November 30th but prior to December 31st, shall pay only the amount equivalent to the Membership Fees due to CREA and OREA.

3.02 Members shall be notified a minimum of 30 days in advance of any increase to Monthly Service Fees and given an

explanation of the reasons for same and an opportunity to provide their input and suggestions.

3.03 Monthly Service Fees shall be invoiced monthly in advance and where applicable pro-rated, based on the date a membership becomes approved or a transfer is affected.

Section 4 – Payment and Collection of Fees and Association Accounts

4.01 Each Member shall be billed directly and shall be responsible to pay to the Association all dues, fees or other monies payable by that Member. Except as otherwise stated in this Article, all amounts payable by Members are due on the date set out in the invoice.

4.02 All Members of the Association who are Firms or, become Officers or Directors of a Firm which is a corporation, agree that they shall be individually and personally liable for any amounts incurred by the Firm while the Member was an Officer or Director of the Firm.

Section 5 – Non-Payment of Fees and Association Accounts

5.01 If a Member owes money to the Association for any reason whatsoever, and does not pay the amount when due (for the purposes of this Article, such Member hereinafter called the "Defaulting Member"), the Chief Executive Officer may send that Defaulting Member an electronic communication (i.e. e-mail, text message, etc.), requiring that the money be paid to the Association by the date stipulated in the letter, and advising that if it is not paid by such date the Defaulting Member shall lose all membership privileges and his membership in the Association shall be terminated.

5.02 (a) If the required action is not taken or payment made by the date provided for in Section 5.01 above, the Chief Executive Officer shall suspend all Membership services (including MLS Access) and shall send, by registered mail or personal delivery (or by courier), a second letter to the Defaulting Member setting out therein that the Defaulting Member's membership shall be terminated unless, within ten (10) days of receipt of such second letter, the Defaulting Member delivers to the Discipline Committee, care of the Chief Executive Officer, a notice disputing the amount claimed to be owing by the Defaulting Member to the Association together with a cheque or cash representing the amount claimed to be owing to the Association. If no such notice of dispute plus amount owing is delivered, the termination of the Defaulting Member's membership shall come into effect upon expiry of such tenth day. Upon such termination, the Broker of Record is to provide to the Association a copy of termination to RECO and the Association shall advise CREA of such termination.

(b) If the Defaulting Member is a Firm, and if the amount owed is not paid within two (2) days of receipt by the Defaulting Member of the letter described in Sub-section 5.02 (a) above, the Chief Executive Officer may, if so directed by the President, send a copy of such letter to all Members shown in the records of the Association to be employed by (the "Affected Members") the Defaulting Member. The provisions of this Sub-section (b) and the sending of copies of the such second letter to those Affected Members is for information purposes only and does not in any way change the provisions or the effect of any other section of this Article 4, including, but not limited to Sections 6.01 and 6.02.

(c) When a member's services have been suspended/ terminated in accordance with Sub-Section 5.01 or 5.02 of this article, re-instatement of the member's services may be granted upon the payment of all accounts, plus interest and a penalty levied in the amount of \$50.00. An applicable credit limit will be placed on such member's account for one year after re-instatement of services. The amount to be determined by the Chief Executive Officer.

5.03 Where a Member delivers a notice of dispute and the amount owing, as provided for in Sub-section 5.02(a), the dispute shall be heard by a Discipline Hearing Panel made up of members of the Discipline Committee, following the procedures set out in Article 9 of this By-law, save and except that the right to Appeal (as defined in Article 9) shall not apply to such a dispute.

5.04 The Discipline Hearing Panel shall not have authority to deal with a dispute by a Defaulting Member as provided for in this Section 5, unless the Defaulting Member has first complied with the payment requirements as set out in the second letter described in Section 5.02, provided that if the Defaulting Member is successful in his dispute any amount paid to 5.05 In such a dispute, the onus shall be on the Defaulting Member to prove that such amount was not owing to the Association the Association which was found not to be owing, shall be returned to him.

5.06 The Discipline Hearing Panel shall have the right to dismiss the dispute or find in favour of the Defaulting Member and apply such penalties as are prescribed in Article 13.

- a) If a Defaulting Member is suspended or terminated for failure to pay to the Association any amount owing, or if any Member is terminated, suspended, or resigns from the Association, any amount owing by such Member or Defaulting Member shall remain a debt owing to the Association until paid, notwithstanding the suspension or termination of services or membership. Upon reapplication to this Association to become a Member or upon applying to this Association, as a member of another real estate Association, in order to access or obtain any of the Association's services (including MLS data and MLS services) pursuant to any service sharing/data sharing/inter Association agreement that this Association has with any other real estate Association, the applicant shall repay such debt as a condition precedent to such application for membership being approved by the Directors, or as a condition precedent to accessing or obtaining any of the Association's services (including MLS data and MLS services) pursuant to any service sharing/data sharing/inter Association agreement that this Association has with any other real estate Association.
- b) If a Member which is a Firm is terminated or suspended, whether for failure to pay to the Association any amount owing or for any other reason, or if such Member resigns from the Association, any amount owing to the Association shall remain a debt owing to the Association until paid, notwithstanding the suspension or termination of services or membership. Upon reapplication by the Firm whose membership was terminated, or by any sole proprietor, partner, Principal Broker, officer or director of such Firm to become a Member, or upon the Firm whose membership was terminated or any sole proprietor, partner, Principal Broker, officer or director of such Firm applying to this Association, as a member of another real estate board, in order to access or obtain any of the Association's services (including MLS® data and MLS® services) pursuant to any service sharing/data sharing/interboard agreement that this Association has with any other real estate board the applicant shall repay such debt as a condition precedent to such application for membership being approved by the Directors or as a condition precedent to accessing or obtaining any of Association's services (including MLS® data and MLS® services) pursuant to any service sharing/data sharing/interboard agreement that this Association has with any other real estate board.

Section 6 – Payment and Collection of Fees

- 6.01 All members who are or who become Brokers(s) of Record, officers or directors of a Firm, agree that they shall be personally responsible to LSTAR for any amounts owing by the Firm, which amounts were incurred from the time they occupied such position.
- 6.02 All members who are or who become a partner of a Firm which is a partnership agree that they shall be personally responsible to LSTAR for any amounts owing by the Firm, which amounts were incurred from the time they occupied such position.
- 6.03 Where a Member fails to pay such amounts as determined in Sections 6.01 and 6.02, such failure may be dealt with in accordance with Section 5 of this Article

Section 17 General

To facilitate HST regulations the following will apply:

- a) Cost of resale supplies, catalogues, and quarterly sales books, etc. shall be sold at 15% above cost.
- b) Electronic key boxes will be sold at 5% above cost.

Firms may charge for Association's social events through the Association billing system.

Entrance Fees (all fees are + HST)

<u>Classification</u>	
Firm	\$1000.00
Principal Broker	\$1000.00
Broker/Salesperson	\$1000.00
Branch Office	\$250.00

Membership Fees

Classifications	CREA	OREA
Principal Broker	\$310.00	\$115.00
Broker/Salesperson	\$310.00	\$115.00

Assessment Fees

Principal Broker	\$142.75
Broker/Salesperson	\$142.75
Appraisal Subscriber	\$360.00 per quarter

Appendix Q: Professional Standards, Discipline & Appeal Policy

General Guidelines

- 1.01 All correspondence to the Member being charged will be copied to the Principal Broker/Manager, furthermore the Principal Broker/Manager will be allowed to attend the hearings.
- 1.02 As a party to any disciplinary hearings, the Professional Standards Committee may appoint another Member of that Committee (in addition to the "Researcher") to act as its Presenter/Prosecutor or Assistant at any hearings.
- 1.03 The Member of the Professional Standards Committee who has been appointed as the "Presenter/Prosecutor" on any specific case and/or the Recording Secretary, be authorized to report the findings of the Discipline Committee back to the Professional Standards Committee and further, that any such findings which are modified or reversed on Appeal be reported back to both the Professional Standards Committee and the Discipline Hearing Panel.
- 1.04 Association policy provides that while the Association will advise the original Complainant (be it an Association Member or a Member of the Public) whether or not the Respondent was found guilty of unethical practice, and of the exact section of the Code of Ethics, Standards of Business Practice, bylaw or rule and regulation which the discipline hearing panel determines has been breached, it will not disclose what Charge or Charges were originally laid nor will it disclose what disciplinary action has been imposed.
- 1.05 A summary of Discipline Hearings (without identifying individuals) and their dispositions will be compiled and published to the Membership.
- 1.07 In cases when complaints are being considered and a Committee Member either works for the same company as the Member being complained against (or the Committee Member/ Committee Member's office is the Complainant), such Committee Member must declare a conflict of interest and abstain from speaking to, or voting on, any such matters.
- 1.08 In cases where a Committee Member has either initiated the complaint, or is the member against who the complaint has been lodged, such Committee Member must vacate the meeting room while the Committee deals with that particular complaint.

Discipline Guideline

- 2.01 Regulations, Code of Ethics, etc. Suspension or termination of services and/ or Membership is considered an extreme sanction to be used in cases of severe violations.

Retention and Destruction of Documents

- 3.01 All documents introduced as evidence at a Board Discipline or Arbitration Hearing shall be retained until the time period for filing an appeal has expired. If an appeal is filed, the documents shall be retained until the appeal has been finally disposed of, and then for one year in the event there is a court challenge to the Association proceeding. After which time, all documents excluding the decision of the Hearing Panel and, in the case of an appeal, the appeal letter and decision of the Appeal Panel, shall be destroyed.
- 3.02 All files from the Professional Standards Committee will be kept only during the term of the Committee.

Professional Standards Procedure

Section 1 – Definitions and General Provisions

- 1.01 For the purposes of this policy:

- a) **"Allegation Statement"** shall mean a written statement containing the specific allegations of misconduct of the Respondent, as prepared by the Professional Standards Committee.
- b) **"Appeal"** is further described in Section 17 of this Article.
- c) **"Appeal Hearing"** is further described in Section 19 of this Article.
- d) **"Appeal Panel"** shall have the meaning prescribed thereto in Section 18.01 of this Article, and shall include any Past-Chair or Director of a Signatory Board appointed by the President of this Association to hear an Appeal.
- e) **"Appellant"** is the term to describe the Respondent once he has filed an Appeal of the decision of the Discipline Hearing Panel.
- f) **"Basic MLS Rules"** shall mean the rules contained in sections 2.01, 2.09 2.11 2.12 2.14 2.15 3.01, 3.02, 4.01, 4.02 6.01, 6.02, 7.01, 7.02, 8.02, 8.03 8.04, 9.01, and 10.01, 10.02, 10.03, and 10.01 of the Association's MLS® rules and regulations and Section 10.03 of the MLS® policy – *added March 4, 2009 – effective May 1, 2009*). The Board of Directors may, from time to time, amend, add to, or delete from this list of Basic MLS Rules, without the requirement of a by-law change, but with notice of such amendment, addition or deletion to be provided to the Members through an Association publication (whether in paper or electronic format), prior to the amendment, addition or deletion taking effect. – *revised November 7, 2007 (as per the Directors) to conform with the new MLS® Rules and Regulations*
- g) **"Chief Executive Officer"** means the Chief Executive Officer of the Ontario Real Estate Association or his/her appointed nominee.
- h) **"Discipline Hearing"** shall mean a hearing held by the Discipline Hearing Panel using the procedures as set out in Sections 11 through 15 of this policy.
- i) **"Discipline Hearing Panel"** shall have the meaning prescribed thereto in Section 12.01 of this Article, and shall include any member of the Discipline Committee of a Signatory Board appointed to conduct a Discipline Hearing.
- j) **"FAST Allegation Statement"** shall mean a written statement prepared by the Professional Standards Committee containing the specific allegations of misconduct of the Respondent regarding alleged Basic MLS Rule infraction(s), and setting out a fine for such alleged infraction(s), all as further described in sections 7.04 and 8.02.
- k) **"PSC Sub-Committee"** shall have the meaning prescribed thereto in Section 2.03 of this Article.
- l) **"Referral Document"** shall mean the document which shall be forwarded to the Discipline Hearing Panel instead of either the Allegation Statement or the FAST Allegation Statement, as further described in sections 7.04 and 8.02.
- m) **"Reply"** shall mean the written statement of the Respondent filed in response to an Allegation Statement or to a FAST Allegation Statement, if the Respondent chooses not to pay the fine.

- n) **"Researcher"** shall mean a member of the Professional Standards Committee appointed to carry out the research concerning the complaint of misconduct against a Member and in most instances shall also mean the person appointed to present the case of the Professional Standards Committee before the Discipline Hearing Panel.
 - o) **"Respondent"** shall mean the Member of the Association who is in receipt of an Allegation Statement or a FAST Allegation Statement.
 - p) **"Signatory Board"** shall mean any Real Estate Association who has signed the Co-operative Discipline Agreement which is on file at the Association Office.
- 1.02 In this policy, all letters, notices or other documents required to be forwarded to a Member by the Chief Executive Officer, or the Professional Standards Committee Chair, the Discipline Committee Chair, or on behalf of the Professional Standards Committee, the Discipline Committee, or the Appeal Panel shall be forwarded either by personal delivery (or courier) or registered mail. Any letter, notice or other document so forwarded shall be conclusively deemed to be received in accordance with the provisions of Section 6.01.
- 1.03 The provisions of this policy apply to all Members.
- 1.04 If a Member against whom a complaint has been made resigns his membership in the Association or is terminated from the Association, for any reason, at any time before a discipline decision is rendered by a Discipline Hearing Panel, the Professional Standards Committee may, at its sole and unfettered discretion either:
- a) hold the complaint and the professional standards and discipline process in abeyance until such time as the Member re-joins the Association, at which time the Professional Standards Committee may re-start the process from the point when the Member left the Association; or
 - b) with the complainant's consent (which does not have to be in writing), forward the complaint to any other real estate board which the Member joins after leaving the Association, and such other real estate board may process the complaint, starting at the beginning of the professional standards and discipline process.

Section 2 – Composition of Professional Standards Committee and PSC Sub-Committee

- 2.01 The composition of the Professional Standards Committee is outlined in the Terms of Reference in General Policies.
- 2.03 The PSC Sub-Committee shall consist of any (3) three Members of the Professional Standards Committee, chosen on a rotating basis, per meeting of the PSC Sub-Committee. The Chair of the Professional Standards Committee shall appoint one of the PSC Sub-Committee Members as Chair of the PSC Sub-Committee for that particular PSC Sub-Committee meeting. – effective December 6/00

Section 3 – Jurisdiction

- 3.01 The Professional Standards Committee may, either on its own initiative or upon receipt of a written complaint from any source whatsoever, and after complying with the provisions of Section 4 of this policy, proceed to research the conduct of any Member of the Association and proceed to take any action as prescribed in this policy or in furtherance of its mandate and obligations as set out in this policy.

- 3.02 At any time after having received a complaint or having proceeded on its own initiative, the Committee may in its sole and absolute discretion decide that no further action should be taken in respect of the matter under research and such decision shall not be subject to review or Appeal.

Section 4 – Handling of Complaints

- 4.01 Where the Chief Executive Officer receives a written complaint concerning any alleged breach of this Bylaw or some other apparent misconduct by a Member, or if the Professional Standards Committee has a self-initiated complaint, such complaint shall first be forwarded to the attention of the PSC Sub-Committee, and a copy of same shall also be sent forthwith to the Member against whom the complaint was made. However, if a written complaint has already been reviewed by RECO and RECO has advised the complainant to deal with the Association, or if the complaint has been forwarded or returned to the Association by RECO, such complaint shall not be forwarded to the PSC Sub-Committee, but shall be forwarded directly to the Professional Standards Committee in accordance with Section 5.01.
- 4.02 Within two (2) weeks of receipt of the written complaint by the Association, the PSC Sub-Committee shall determine the jurisdiction of the complaint and decide whether the complaint should be:
- a) forwarded to RECO;
 - b) forwarded to the Professional Standards Committee, to be dealt with in accordance with the provisions of this Article 9;
 - c) both a) and b) above; or
 - d) neither of a) or b) above, and such decision shall not be subject to review or appeal.
- 4.03 The PSC Sub-Committee shall make the decision required by Section 4.02 in its sole and absolute discretion, based upon a review of the complaint; a comparison of the RECO Code and the CREA Code; and a review of the Association's Bylaw. Whenever the complaint appears to involve conduct that may be a breach of the RECO Code it shall be forwarded to RECO, although under certain circumstances, all or part of the complaint may also be forwarded to the Professional Standards Committee.
- 4.04 Once the PSC Sub-Committee has made the decision required by Section 4.02, it shall advise the complainant, the Member, and if applicable, RECO of such decision. Within (7) seven days of the PSC Sub-Committee's decision, the complaint will be forwarded in accordance with such decision.
- 4.05 If all or part of a complaint has been forwarded to RECO and has not been forwarded to the Professional Standards Committee, the Professional Standards and Discipline Committees shall have no further jurisdiction to deal with that part of the complaint which has been forwarded to it. However, if a complaint, which was forwarded to RECO, is returned by RECO, advising that the Association should deal with it, the complainant and the Member will be so advised and the complaint will be dealt with in accordance with the provisions of this policy.
- 4.06 If all or part of a complaint has been forwarded to RECO and has also been forwarded to the Professional Standards Committee, the Professional Standards Committee shall deal with its part of the complaint in accordance with the provisions of this policy. If RECO asks the Association to defer its investigation and/or discipline process, the Association will do so, in which case the complainant and the Member will be so advised; any materials gathered by the Professional Standards Committee

will be forwarded to RECO, if RECO so requests; and the Professional Standards and Discipline Committees shall have no further jurisdiction to deal with the complaint.

Section 5 – Powers of Researcher

5.01 Where:

- a) the PSC Sub-Committee has forwarded all or part of a complaint to the Professional Standards Committee;
- b) RECO has asked a complainant to deal with the Association; or
- c) RECO has forwarded or returned all or part of the complaint to the Association;

the Chair of the Professional Standards Committee shall appoint a Researcher to examine and determine the validity of the complaint, and the complainant and the Member shall be so advised.

5.02 In the process of carrying out his research, the Researcher shall have the power to require any Member to produce, subject to any legal objection, all records, documents and writings or other things within the possession of the Member that may be required as part of the Research.

5.03 Where a Member fails or refuses to produce the documents and records when requested by the Researcher, such failure or refusal shall be deemed to be a breach of this Bylaw and dealt with by the Professional Standards Committee in accordance with the provisions of this policy.

Section 6 – Report of Researcher

6.01 Upon completion of his Research, the Researcher shall file a written report with the Chair of the Professional Standards Committee and attach thereto copies of all records, documents or writings he has obtained in the course of his Research. The report shall be considered confidential and not subject to access by any person who is not a member of this Committee.

Section 7 – Review and Disposition of Research

7.01 Upon receipt and review of the report of the Researcher, the Professional Standards Committee shall determine whether the information in the report shows that the complaint relates to:

- a) an alleged infraction(s) of any of the Basic MLS Rules; or
- b) an alleged infraction(s) of something other than the Basic MLS Rules, which is within the Association's jurisdiction; or
- c) a matter which is not within the Association's jurisdiction.

7.02 If the Professional Standards Committee determines that Section 7.01a) applies to the complaint, it shall further

- a) ascertain whether the Member has been fined or otherwise disciplined two or more times for breaches of the same Basic MLS Rule (as the currently alleged infraction) that occurred within the twelve-month period immediately preceding the occurrence of the current alleged infraction;
- b) ascertain whether the Member has been fined or otherwise disciplined four or more times for breaches of any of the Basic MLS Rules that occurred within the twelve-

month period immediately preceding the occurrence of the current alleged infraction;
and

- c) determine whether the alleged misconduct and/or consequences described in the report of the Researcher are serious, even though the alleged infraction involves Basic MLS Rules.

The Professional Standards Committee shall be provided with statistics regarding a Member's past infractions of the Basic MLS Rules that occurred in the twelve-month period immediately preceding the occurrence of the current alleged infraction in order that the Professional Standards Committee can make the determinations required to be made in this section 7.02 and in sections 7.03, 7.04 and 8.03.

7.03 If the Professional Standards Committee determines that:

- a) section 7.01 b) or any or all of the paragraph(s) in section 7.02 applies to the complaint; and
- b) there is sufficient evidence to support a charge(s), it shall prepare an Allegation Statement.

7.04 If the Professional Standards Committee determines that:

- a) section 7.01 a) applies to the complaint; and
- b) none of the paragraphs in section 7.02 applies to the complaint; and
- c) there is sufficient evidence to support a charge(s), it shall prepare an Allegation Statement.

7.05 If the Professional Standards Committee determines that:

- a) section 7.01 c) applies to the complaint; or
- b) either section 7.01 a) or b) applies to the complaint but there is not sufficient evidence to support a charge(s) it shall take no further action in respect of the complaint and close its file on the matter.

7.06 All of the determinations made by the Professional Standards Committee in this section 7 shall be made in its sole and absolute discretion and shall not be subject to review or appeal.

Section 8 – Allegation Statement and FAST Allegation Statement

8.01 Where the Professional Standards Committee determines to prepare an Allegation Statement, it shall set out the specific misconduct or omission which the Member is alleged to have done or omitted to do and specify the particular Section(s) of the Bylaw, the Association's MLS® Rules AND Regulations, or the particular paragraph(s) of the CREA Code or the particular Article(s) of the Standards of Business Practice which the Member is alleged to have violated or not complied with.

8.02 If section 7.04 of this Article 9 applies and the Professional Standards Committee determines to prepare a FAST Allegation Statement, it shall set out:

- a) the specific misconduct or omission which the Member is alleged to have done or omitted to do;

- b) the particular section(s) of the Basic MLS Rules which the Member is alleged to have violated or not complied with;
- c) the amount of the fine to be paid by the Member, if the Member wants the matter to be finalized at this stage, the amount of such fine as determined in accordance with section 8.03;
- d) the date upon which such fine is to be paid, if the Member wants the matter to be finalized at this stage;
- e) a notation that if the fine is not received by the specified date (whether or not a Reply is received), the Member shall be deemed to have asked that the matter not be finalized at this stage and the process will continue in accordance with this policy; and
- f) a notation that if the Member does not want to pay the fine and wishes to have the matter proceed in accordance with this policy, the Member should provide a Reply by the same specified date.

8.03 If section 7.04 of this Article g applies, the fine to be set out in the FAST Allegation Statement shall be:

- a) \$100.00 for the first non-compliance with a Basic MLS Rule within a twelve-month period.
- b) \$200.00 for the second non-compliance with the same Basic MLS Rule within a twelve-month period.

The fine is to be assessed on a per same Basic MLS Rule basis [for example if the FAST Allegation Statement sets out the breach of two different Basic MLS Rules, each for the first time within a twelve-month period, the fine would be $\$100.00 \times 2 = \200.00].

8.04 The Chief Executive Officer shall forward a copy of the Allegation Statement or FAST Allegation Statement to the Respondent.

8.05 The Respondent may, within ten (10) days of receipt of the Allegation Statement deliver a Reply thereto, addressed to the Chair of the Professional Standards Committee.

8.06 The Respondent may, within ten (10) days of receipt of a FAST Allegation Statement:

- a) pay the fine as set out in the FAST Allegation Statement and, upon receipt of such payment by the Association, the Professional Standards Committee shall close its file on the matter, subject only to the tracking of the Respondent's Basic MLS Rule infractions as described in section 7.02; or
- b) advise the Professional Standards Committee that he will not pay the fine and wishes to have the matter proceed in accordance with this policy and deliver a Reply thereto, addressed to the Chair of the Professional Standards Committee.

8.07 If the Respondent does not pay the fine within ten (10) days of receipt of the FAST Allegation Statement (whether or not a Reply is delivered), the Respondent shall be deemed to have asked that the matter not be finalized at this stage and the process will continue in accordance with this policy. After the ten (10) day period set out in the FAST Allegation Statement, the Respondent shall have no further right to pay the fine set out in the FAST Allegation Statement. The Professional Standards Committee is under no obligation to accept payment of the fine set out in the FAST Allegation Statement at any time after the ten (10) day period set out in the FAST Allegation Statement.

8.08 Failure of the Respondent of an Allegation Statement to deliver a Reply within the ten (10) day period shall not prevent the Professional Standards Committee from continuing with the process and

making the decision on whether or not to refer the matter to a Discipline Hearing, and, if the matter is referred to a Discipline Hearing, such failure of the Respondent shall not prevent the Discipline Hearing panel from proceeding to make a determination in the matter and shall also not prevent the Respondent from attending and presenting his case at the Discipline Hearing.

- 8.09 Failure of the Respondent of a FAST Allegation Statement who has not paid the prescribed fine to deliver a Reply within the ten (10) day period shall not prevent the Professional Standards Committee from continuing with the process and making the decision on whether or not to refer the matter to a Discipline Hearing, and, if the matter is referred to a Discipline Hearing, such failure of the Respondent shall not prevent the Discipline Hearing panel from proceeding to make a determination in the matter and shall also not prevent the Respondent from attending and presenting his case at the Discipline Hearing.

Section 9 – Disposition Upon Receipt of Reply

- 9.01 Upon receipt and review of the Reply to either an Allegation Statement or a FAST Allegation Statement, the Professional Standards Committee may:
- a) determine that no further action be taken in respect of the complaint and declare the file closed; or
 - b) by resolution refer the matter to the Discipline Committee for a Discipline Hearing, and neither of these decisions or actions by the Professional Standards Committee shall be subject to review or appeal.
- 9.02 Where the matter is referred to the Discipline Committee for a hearing, the Chair of the Professional Standards Committee may appoint the Researcher who researched the complaint to act on behalf of the Committee in presenting its case at the Discipline Hearing.
- 9.03 Where the matter is referred to the Discipline Committee for a hearing, the Chief Executive Officer shall forward to the Chair of the Discipline Committee (for the Discipline Hearing Panel) the Referral Document and the Reply, if one has been received. When the Respondent is sent the notice of the discipline hearing, a copy of the Referral Document shall be enclosed with the notice of hearing.
- 9.04 The Referral Document shall set out:
- a) the specific misconduct or omission which the Member is alleged to have done or omitted to do; and
 - b) the particular section(s) of the By-law, the Association's MLS Rules and Regulations, or the particular paragraph(s) of the CREA Code or the particular Article(s) of the Standards of Business Practice which the Member is alleged to have violated or not complied with.
- 9.05 All files, documents, correspondence, reports and records pertaining to a complaint and/or investigation by the Professional Standards Committee shall be in the custody, care and control of the Chief Executive Officer on behalf of the Professional Standards Committee and shall be considered confidential and not subject to access by any persons except as those files, documents, correspondence, reports and records may be disclosed by the Professional Standards Committee in relation to the Discipline Hearing and subsequent appeals, or if requested by RECO.

Section 10 – Discipline Committee

The composition of the Discipline Committee is outlined in the Terms of Reference in General Policies.

Section 11 – Jurisdiction of Discipline Committee

- 11.01 The Discipline Committee may:
- a) upon referral of a matter by the Professional Standards Committee, hold a hearing to determine if the Respondent has engaged in the conduct as set out in the Referral Document; and/or
 - b) discipline any Member as is hereinafter provided.

Section 12 – Procedural Matters

- 12.01 The Chair of the Discipline Committee shall appoint a Discipline Hearing Panel consisting of three (3) members of the Discipline Committee to conduct a Discipline Hearing, one of whom he shall appoint as the Discipline Hearing Panel Chair.

Where the Chair of the Discipline Committee is not able to find three (3) members of the Discipline Committee who are eligible to serve on a particular Discipline Hearing Panel, he may contact the Discipline Committee Chair of any Signatory Board and request that members of that Signatory Board's Discipline Committee serve on the Discipline Hearing Panel and the Panelists so chosen shall constitute all or a part of the Discipline Hearing Panel for that particular Discipline Hearing.

- 12.02 The Discipline Hearing Panel Chair shall determine a date for the Discipline Hearing and direct the Chief Executive Officer to notify, in writing, the Respondent and the Researcher of the date set for the Discipline Hearing. Such notice shall be forwarded to each party at least twenty (20) days prior to the date of the Discipline Hearing.
- 12.03 At the Discipline Hearing, the parties may be represented by a lawyer or a Member of the Association who is either a Broker or Salesperson, provided that the Respondent may not be represented by a Member who is a member of the Professional Standards Committee or the Discipline Committee, and further provided that if either party is to be represented by a lawyer they shall notify, in writing, the other party and the Discipline Hearing Panel Chair, such notice to be received by the other party and the Discipline Hearing Panel Chair at least five (5) days before the date set for the Discipline Hearing. The Discipline Hearing Panel may retain legal counsel to sit at the Discipline Hearing and advise the Discipline Hearing Panel on any and all matters of law or procedure, but he shall not take part in any deliberation or decision of the Discipline Hearing Panel.
- 12.04 On the date set for the Discipline Hearing, the Discipline Hearing Panel shall proceed to hear and determine the matters contained in the Referral Document, and the failure of the Respondent to attend the Discipline Hearing shall not prevent the Discipline Hearing Panel from proceeding to make such a determination.
- 12.05 The members of the Discipline Hearing Panel may:
- a) adjourn any Discipline Hearing from time to time;
 - b) proceed in such manner as it deems proper and without being bound by the rules of evidence or other legal rules, provided that it shall consider the best evidence available;
 - c) receive evidence under oath; or
 - d) use any acceptable method of recording the Discipline Hearing, including but not limited to

audio or video tape, recording secretary or stenographer.

- 12.06 The parties to the Discipline Hearing shall have the right to call, as a witness, anyone who may have knowledge of the facts concerning the matter in question, whether or not that person is a Member of the Association.

Section 13 – Documents

- 13.01 The Chief Executive Officer shall cause all documents, files, correspondence, reports and records introduced as evidence at a Discipline Hearing, to be kept in the custody of the Discipline Hearing Panel until any Appeal from a decision of the Discipline Hearing Panel has been disposed of. All evidence, tapes and records pertaining to a Discipline Hearing or a subsequent Appeal shall be in the custody, care and control of the Chief Executive Officer on behalf of the Discipline Committee and shall be considered confidential and not subject to access by any person except as those documents, files, reports, correspondence and records may be disclosed in relation to the Discipline Hearing and subsequent Appeals, or if requested by RECO.

Section 14 – Decision of the Discipline Hearing Panel

- 14.01 The decision of a majority of the members of the Discipline Hearing Panel shall be deemed to be the decision of the Discipline Hearing Panel, but if there is no majority, the decision of the Chair of the Discipline Hearing Panel shall govern.
- 14.02 The decision of the Discipline Hearing Panel shall:
- a) be in writing, and shall contain the reasons for the decision;
 - b) be signed by the Discipline Hearing Panel Chair thereof; and
 - c) specify the penalty imposed.

Section 15 – Decisions and Penalties

- 15.01 The Discipline Hearing Panel in its decision may:
- a) find the Respondent has not engaged in the conduct set out in the Referral Document;
 - b) upon finding the Respondent has engaged in the conduct set out in the Referral Document, impose one or more of the following penalties:
 - (i) a reprimand;
 - (ii) a suspension of Association membership privileges as defined by the Discipline Hearing Panel in its decision, or from using any one or more of the Association's facilities or services as set out by the Discipline Hearing Panel, or both, for such period of time as the Discipline Hearing Panel deems appropriate;
 - (iii) a fine of not less than Five Hundred Dollars (\$500.00), nor more than Thirty Thousand Dollars (\$30,000);
 - (iv) the costs of the Discipline Hearing;
 - (v) expulsion from membership in the Association; and/or

- (vi) order that the Respondent attend and successfully complete any courses of an educational nature as may be available through the Association and/or OREA, including the passing of any examinations pertaining to these courses.

15.02 A copy of the Discipline Hearing Panel decision shall immediately be given to the Chief Executive Officer who shall forward same to the parties to the Discipline Hearing, being, the Chair of the Professional Standards Committee, and the Respondent.

15.03 For the purpose of this policy, the “Discipline Compliance Date” for each Discipline Hearing shall be determined as follows:

- a) If no Appeal is commenced in accordance with the terms of this Article, or if an Appeal is commenced but the Respondent discontinues the Appeal or resigns membership in the Association, the Discipline Compliance Date is the date which is the earlier of either:
 - i) the date upon which the penalty is to be paid or performed according to the decision of the Discipline Hearing Panel; or
 - ii) if the Discipline Hearing Panel does not set a specific date for the payment or performance of the penalty in its decision, thirty (30) days from the date upon which the Discipline Hearing Panel decision is forwarded to the Respondent.
- b) If an Appeal is commenced and continued in accordance with the terms of this Article, the Discipline Compliance Date is the date which is the earlier of either:
 - i) the date upon which the penalty is to be paid or performed according to the Appeal Decision (which may be an amendment or confirmation of the date for penalty set by the Discipline Hearing Panel or a new date set by the Appeal Panel); or
 - ii) if the Appeal Panel does not set a specific date for the payment or performance of the penalty in its decision, thirty (3) days from the date upon which such Appeal decision is forwarded to the Respondent.
- c) If an appeal to OREA is commenced and continued in accordance with the terms of this Article, the Discipline Compliance Date is determined in accordance with paragraph b) above with the substitution of the words “OREA Appeal Panel” for the words “Appeal Panel”.

15.04 If the Respondent fails to comply with a discipline decision by the Discipline Compliance Date, as determined in accordance with Section 15.03, the Board of Directors may, at any subsequent meeting of the Board of Directors, and without further proceedings, expel the Member from membership in the Association or suspend the Respondent’s membership in the Association for such period as the Board of Directors may in its sole discretion determine. The Chief Executive Officer shall advise CREA and the Registrar of such termination within thirty (30) days of such termination.

Section 16 – Publishing the Decision

16.01 a) Where an Appeal is not filed as hereinafter set out, the decision of the Discipline Hearing Panel may be communicated to all Members of the Association, without revealing the name or any other information which may reveal the identity of the Respondent.

b) When the applicable appeal periods have expired without an appeal being commenced; when appeal rights have been extinguished; or when the applicable appeals have either been completed, or discontinued, the Association may advise the person who made the complaint of the general outcome of the Discipline Hearing and, if applicable, which sections of the CREA Code or Bylaw the Respondent was found to have breached.

Section 17 – Appeal of Discipline Hearing Decision

- 17.01 An Appeal of the decision of the Discipline Hearing Panel may be filed by the Respondent within thirty (30) days from the date upon which the Discipline Hearing Panel decision is forwarded to him. The Appeal is to be in writing addressed to the Board of Directors, and delivered to the Chief Executive Officer.
- 17.02 The Appeal may be from a finding that the Respondent (now called the Appellant) engaged in the conduct set out in the Referral Document or from the penalty imposed, or both.
- 17.03 The Appeal shall be accompanied by a filing fee, in cash or by certified cheque, in an amount of Five Hundred Dollars (\$500.00).
- 17.04 The Appeal shall contain a brief and concise statement of the grounds for Appeal (hereinafter referred to as the Appellant's Statement).
- 17.05 The Appeal shall not be processed, dealt with or heard if the Appellant's Statement is not filed within the thirty (30) day period set out in Section 17.01 hereof, or if the filing fee is not delivered within the same thirty (30) day period.
- 17.06 Upon its receipt, the Chief Executive Officer shall forward the Appellant's Statement to the Chair of the Professional Standards Committee. The Professional Standards Committee may file a statement in reply to the Appellant's Statement, and if it chooses to file such a statement in reply, it must do so within fifteen (15) days of receipt of the Appellant's Statement. Such reply is to be in writing addressed to the Board of Directors, and forwarded to the Chief Executive Officer.
- 17.07 Upon receipt of the Professional Standards Committee's reply to the Appellant's Statement, the Chief Executive Officer shall forward a copy of same to the Appellant.
- 17.08 If the Respondent (now called the Appellant), for any reason, resigns his membership in the Association either during the period of time during which he may file an Appeal in accordance with Section 17.01 or at any time during the Appeal process described in this Article, the Respondent/Appellant shall be deemed to have waived all his rights of Appeal provided for in this Article. All of the Respondent's/Appellant's rights of Appeal provided for in this Article shall automatically be extinguished upon the Respondent's/Appellant's resignation of membership in the Association and the decision of the Discipline Hearing Panel shall be final and binding with no further rights of Appeal. Upon the extinguishing of the Appeal rights, any filing fee paid by the resigning Respondent/Appellant, relating only to the Appeal, shall be refunded to such resigning Respondent/Appellant. The extinguished Appeal rights and Appeal process cannot be reopened upon the Respondent/Appellant re-joining the Association.

Section 18 – Composition of Appeal Panel

- 18.01 The Appeal Panel shall consist of three (3) Members who must be either a Broker or Salesperson who are either on the Board of Directors or who are Past-Chair of the Association (including a Chair, who shall be the current Chair, or one of the Appeal Panelists appointed by the Board Chair) all of whom

are not members of either the Professional Standards or Discipline Committees.

Where the Chair is not able to find three Directors of the Association or three Past-Chairs of the Association (or a combination of both) who are eligible to serve on a particular Appeal Panel, he may contact the President/Chair of any Signatory Board and request that Directors or Past-Presidents/Chairs of that Signatory Board serve on the Appeal Panel and the Panelists so chosen shall constitute all or part of the Appeal Panel for that particular Appeal Hearing.

Section 19 – Nature of Appeal Hearing

- 19.01 Neither the Appellant nor the Professional Standards Committee shall be allowed to call any new evidence since the Appeal is to be decided solely on the evidence as contained in the Record of the Discipline Hearing as described in Section 20 of this Article.
- 19.02 An Appeal shall only be with respect to the question of whether or not the Discipline Hearing Panel had the jurisdiction to make its decision or whether or not there was a denial of natural justice.

Section 20 – Record of the Discipline Hearing

- 20.01 For purposes of this Article, the Record of the Discipline Hearing shall include the following:
 - a) the written Referral Document;
 - b) the written Reply, if any;
 - c) all notices sent to the parties by the Professional Standards and Discipline Committees;
 - d) any transcript or other summary of the evidence of the proceedings of the Discipline Hearing Panel, including any tape recordings of those proceedings;
 - e) all exhibits entered into evidence at the Discipline Hearing; and
 - f) the decision of the Discipline Hearing Panel.

Section 21 – Appeal Hearing

- 21.01 After the Professional Standards Committee's reply to the Appellant's Statement has been received by the Chief Executive Officer and forwarded to the Appellant, or if no such reply is received by the Chief Executive Officer, after the time period for the filing of the Professional Standards Committee's reply has elapsed, notice in writing, of the date, time and place set for the Appeal Hearing shall be forwarded to the Appellant and the Chair of the Professional Standards Committee, by the Chief Executive Officer, at least twenty (20) days prior to the date of the Appeal Hearing.
- 21.02 Where the Appellant fails to appear at the Appeal Hearing, the Appeal shall be dismissed and there shall be no further rights to appeal pursuant to this Article. However, failure of a representative of the Professional Standards Committee to appear at the Appeal Hearing does not mean that the Appeal will automatically be allowed, the onus being on the Appellant to prove his grounds for Appeal.
- 21.03 At the Appeal Hearing, the Appellant may be represented by a lawyer or a Member of the Association who is a Broker or a Salesperson. The Professional Standards Committee may be represented by the Researcher, another Member of the Association who is a Broker or a Salesperson or by a lawyer. The Appellant, may not, however be represented by a Member who is a member of the Professional Standards Committee or the Discipline Committee. Further provided that if either party is to be

represented by a lawyer it shall notify, in writing, the other party and the Appeal Panel Chair, such notice to be received by the other party and the Appeal Panel Chair at least five (5) days before the date set for the Appeal Hearing. The Appeal Panel may retain legal counsel to sit at the Appeal Hearing and advise the Appeal Panel on any and all matters of law or procedure, but he shall not take part in any deliberation or decision of the Appeal Panel.

Section 22 – Disposition of Appeal

- 22.01 The Appeal Panel, by its decision may:
- a) dismiss the Appeal;
 - b) grant the Appeal;
 - c) amend the decision of the Discipline Hearing Panel as the Appeal Panel deems appropriate;
 - d) remit the matter back to the Discipline Committee for a new Discipline Hearing in whole or in part, and at their discretion by a differently constituted Discipline Hearing Panel;
 - e) impose any of the penalties as set out in Sub-Section 15.01 of this Article; and/or direct the disposition of the Appeal filing fee.
- 22.02 The decision of the majority of the members of the Appeal Panel shall be deemed to be the decision of the Appeal Panel, but if there is no majority, the decision of the Chair shall govern.
- 22.03 The decision of the Appeal Panel shall:
- a) be in writing, and shall contain reasons for the decision;
 - b) be signed by the Members of the Appeal Panel or the Chair of that Panel; and
 - c) set out the disposition of the Appeal.

Section 23 – Notification of Decision

- 23.01 A copy of the decision of the Appeal Panel shall be forwarded to the Appellant and to the Chair of the Professional Standards Committee, by the Chief Executive Officer, immediately upon the Chief Executive Officer receiving it.
- 23.02 Subject to a further appeal being filed in accordance with Section 24 of this Article, and disposed of as provided for in that Section, the decision of the Appeal Panel shall be final and binding, and may be communicated to the Members of the Association, without revealing the name or any other information which would identify the Appellant (except in the case of expulsion from or suspension of membership, in which case the Association may note in its communications to its Members that the Appellant has been expelled or suspended from Membership for a certain period of time).

Section 24 – Appeal to OREA

- 24.01 a) Any dispute, between a Member and the Association which relates to the enforceability of any decision of a Discipline Hearing Panel under Article 13 of this Bylaw (provided that such decision has been appealed as allowed herein and further provided that the enforceability of such a decision

shall be determined only on the question of whether or not the Discipline Hearing Panel had the jurisdiction to make its decision or whether there was a denial of natural justice) shall be submitted to the Executive Director of OREA in accordance with the OREA Bylaw. Notice of such appeal together with the filing fee as then prescribed by OREA shall be filed with the Executive Director of OREA within thirty (30) days of the date on which the decision of the Appeal Panel was received by the Member.

b) If the Respondent (now called the Appellant), for any reason, resigns his membership in the Association either during the period of time during which he may file an appeal in accordance with Section 24.01a) (or in accordance with the OREA Bylaw) or at any time during the appeal process described in this Section and/or in the Bylaw of OREA, the Respondent/Appellant shall be deemed to have waived all his rights of appeal provided for in this Section and/or in the Bylaw of OREA. All of the Respondent's/Appellant's rights of appeal provided for in this Section and/or in the Bylaw of OREA shall automatically be extinguished upon the Respondent's/Appellant's resignation of membership in the Association and the decision of the Discipline Hearing Panel (as confirmed or amended by the Appeal Panel as provided for in Section 22) shall be final and binding with no further rights of appeal. Upon the extinguishing of such appeal rights, any filing fee paid by the resigning Respondent/Appellant, relating only to the appeal to OREA, shall be refunded to such resigning Respondent/Appellant. The extinguished appeal rights and appeal process cannot be reopened upon the Respondent/Appellant re-joining the Association.

Section 25 – Indemnity

25.01 No Member of the Association may prefer charges or sue for damages any agent or employee of the Association or any member of the Professional Standards and Discipline Committees or the Board of Directors for any reason for what they did or failed to do in the administration of the provisions of this policy and this Section is hereby confirmed as an absolute defence against such charges or suit and each Member hereby waives his right to file such charges or suit.

Appendix R: Principles of Competition

The purpose of a listing service operated under the MLS® trademark is the orderly correlation and dissemination of listing information to its members so that through cooperation in the marketing of property MLS® may better serve the buying and selling public. Member real estate boards and associations shall not undertake any activity or enact or enforce any rules which run contrary to these guidelines subject to any applicable laws, government statute, ordinance or regulation, and to any final decree of any court or administrative agency.

THEREFORE, MEMBER REAL ESTATE BOARDS AND ASSOCIATIONS MUST NOT:

- 1) Fix, establish, suggest, maintain or control the commission rates or fees for MLS® or other listing services or any services to be rendered by members.

Interpretation I

References to "fees" exclude charges by boards or associations to members for board or association services.

- 2.) Fix, establish, suggest, maintain or control the division of commission or fees between cooperating members or members and non-members.

Interpretation I

Brokers and associations may require that listing brokers indicate the commission available to a selling broker with respect to a particular transaction and require that such compensation be paid by the listing broker unless the listing broker and selling broker have mutually agreed to alter said commission.

Interpretation II

In those cases where the listing Broker is also the selling Broker and the Listing broker is reducing the commission rate or fee, require that the listing Broker disclose he or she is reducing his or her commission to all Brokers with competing offers to purchase, in order that such competing selling Brokers shall not be at a disadvantage and that the vendor shall receive the full benefit of competition from such selling Brokers.

Interpretation III

Member boards and associations may arbitrate or mediate disputes regarding fees or commissions between brokers, persons acting on their behalf, or offices in connection with a specific transaction.

- 3.) Require financial support of the Multiple Listing Service® operation by any formula based on commissions charged for the provision of real estate services.
- 4.) Finance a Multiple Listing Service® by any formula based on sales price, unless that fee does not exceed \$400.00 as increased in accordance with any increases in the Consumer Price Index as published by Statistics Canada and experienced since January 2000.
- 5.) Require or agree with a publisher or publication in which the board or association has no financial interest to refuse any type of advertising from members or non-members including refusals based on the commission rate or fees contained therein or recommend the type of advertising to be accepted by such publishers/publications.

Interpretation I

Member boards and associations may restrict advertising in board/association publications to advertising concerning real property and certain size limitations and minimum periods as necessary for the efficient operation of the publication provided such restrictions are applied uniformly to all potential advertisers.

Interpretation II

Member Boards and associations may require advertising of a listing containing certain basic information relating to price and description of the subject property.

6.) Prevent or restrict advertising by members of commission rates or fees, or advertising of for sale by owner or other consultative services, or offering or advertising of inducements, incentives, gifts, prizes, refunds or rebates.

Interpretation I

Advertising means advertising of any description including the posting and use of signs but board compilations of MLS® listings whether in an MLS® book or other MLS® data base are not included in the term "advertising" for the purpose of these Principles of Competition.

Interpretation II

Boards and associations may enforce advertising restrictions which relate to the use of trademarks owned by The Canadian Real Estate Association, provided that such restrictions shall not contravene any section of the Competition Act.

7.) Generally restrict advertising by members or non-members unless the advertising is:

- i) False or misleading,
- ii) Prohibited by law, or
- iii) Restricted at the request of the vendor.

Interpretation I

Interpretation I of Section 6 above applies.

Interpretation II

Interpretation II of Section 6 above applies.

8.) Prohibit or discourage cooperation with non-members.

Interpretation I

Boards and associations may restrict non-members from offering MLS® listings. Likewise, the board may restrict non-members from having access to MLS® services except through members cooperating on specific listings for which boards may charge fees for such MLS® services.

9.) Limit or interfere with the terms of the relationship between members.

10.) Require brokers or salespersons work full time in real estate sales, brokerage or related industries as a condition of membership although membership may be terminated based on complaints that member(s) are proven not available to serve the public on a regular and consistent basis and/or in accordance with standards of competence and integrity necessary to serve the public.

11.) Refuse membership in a board or association to any broker or salesperson unless they fail to meet uniform and reasonable financial and educational criteria or standards of competence, integrity and character that are reasonably necessary for the protection of the public.

Interpretation I

A board or association may require that all sales personnel in an office or related office become members of that board in those cases where one person in an office is a member of such board so as to avoid use of such board's services by non-board members without payment.

Interpretation II

Interpretation I of Section 8 above applies.

Interpretation III

A board or association may refuse membership to applicants or expel members who have been convicted of a criminal offence that reflects on the integrity and character of the applicant or member.

12.) Reject a listing submitted to the MLS® system by a member on the basis of price, commission rate or fees contained in the listing.

13.) Prohibit or discourage a member from accepting a listing from a vendor preferring to give “office exclusive”.

It shall be the duty and obligation of member boards of The Canadian Real Estate Association to examine their Rules and Regulations to assure that they conform to this policy. The right of real estate boards and associations, to use the certification and design marks of CREA, may be terminated in the event of a failure to adhere to the Principles of Competition.

Appendix S: Arbitration and Appeal Policy

Section 1 – Definitions and Notice Provision

1.01 For the purposes of this Article:

- a) **"Appeal"** means the request for review of a decision of the Association's Arbitration Panel to the OREA Appeal Panel, as filed in Form A.
- b) **"Appellant"** means the party who is filing the Appeal.
- c) **"Arbitration"** means the proceedings (other than an Appeal) prescribed by this Article.
- d) **"Arbitration Committee Chair"** means the Chair of the Arbitration Committee, unless the context indicates otherwise.
- e) **"Arbitrational Panel"** means a panel chosen from the Arbitration Committee to hear and determine the Claim, as further described in Section 10, and shall include any member of the Arbitration Committee of an Arbitration-Signatory Board appointed to conduct an Arbitration Hearing, and **"Arbitrator(s)"** means a Panelist or the Panelists on a particular Arbitration Panel.
- f) **"Arbitration-Signatory Board"** means any Real Estate Association who has signed the Co-operative Arbitration Agreement which is on file at the Association office.
- g) **"Claim"** means a dispute between two Members which are Firms, relating to the division, distribution or disposition of commission paid or to be paid in respect of a transaction or transactions, and shall also mean the written notice of such Claim as submitted by the Claimant and further described in Section 6.
- h) **"Claimant"** means the Member which is a Firm that has a Claim against another Member which is a Firm.
- i) **"Defence"** means the Defendant's written reply to the Claim, as further described in Section 7 of this Article.
- j) **"Defendant"** means the Member which is a Firm against which a Claimant has filed a Claim.
- k) **"Chief Executive Officer"** means the Chief Executive Officer of the Ontario Real Estate Association or his appointed nominee.
- l) **"OREA Appeal Panel"** means the persons appointed by the Chief Executive Officer to hear and deal with an Appeal, as provided for herein and in the Bylaw of OREA.
- m) **"Panel Chair"** means the person, as herein provided, who is the Chair of an Arbitration Panel.
- n) **"Respondent"** means the other party to an Arbitration award which is the subject of an Appeal by the Appellant to the OREA Appeal Panel.

1.02 In this policy, all letters, notices or other documents required to be forwarded to a Member by the Chief Executive Officer, or the Arbitration Committee Chair or on behalf of the Arbitration Panel shall be forwarded either by personal delivery (or courier) or registered mail. Any letter, notice or other document so forwarded shall be conclusively deemed to be received in accordance with the

provisions of Article 1 – Section 6.

Section 2 – Committee Composition

The composition of the Arbitration Committee is outlined in the Terms of Reference in General Policies.

Section 3 – Qualification of Arbitrators

- 3.01 No Member shall serve as an Arbitrator in any dispute where:
- a) he has, either directly or indirectly, any personal or financial interest in the Claim;
 - b) he is related by either blood or marriage to either the Claimant or the Defendant or to any officer, director, shareholder, partner or employee of either the Claimant or Defendant; or
 - c) there is any other bias.

Section 4 – Custody of Files and Documents

- 4.01 All files, documents, tapes and records pertaining to all Arbitration cases shall be in the custody, care and control of the Arbitration Committee, and are confidential. Such files, documents, tapes and records are not accessible by anyone (whether he be a member of the public or a member) except: a member of the Arbitration Committee; a party to the particular Arbitration for which it is seeking access to the files, documents, tapes and records; the Chief Executive Officer; the conciliator for the particular Arbitration for which he is seeking access to the files, documents, tapes and records; the OREA Appeal Panel and the Executive Director.

Section 5 – Binding Arbitration

- 5.01 a) The provisions of this policy shall constitute the arbitration agreement between and among the Members that are Firms with respect to Claims, the intention being that Claims shall be dealt with in accordance with this policy. The provisions of this policy may be pleaded in any action or proceeding at law or in equity taken with respect to such a Claim.
- b) Every Member that is a Firm agrees that any Claim it may have against another Member that is a Firm shall be submitted to the Arbitration Committee for hearing and resolution in accordance with this Article, unless all of the parties to the Claim have mutually agreed not to arbitrate the Claim at the Board and have advised the Board in writing of that agreement. Decisions rendered by the Arbitrators shall be final and binding on the Members that are Firms that were parties to the Arbitration, subject to any Appeal provisions as are allowed in this Article, but without a right of appeal to the courts on a question of law.
- 5.02 Every Member that is a Firm agrees that if it does not submit for Arbitration any Claim it may have against another Member that is a Firm, but proceeds instead to undertake any court proceedings, that such action shall be deemed a breach of this By-law except where the parties to the Claim have mutually agreed not to arbitrate the Claim at the Board and have advised the Board in writing of that agreement.
- 5.03 All Claims filed in accordance with this Article shall be heard unless settled between the parties prior to a hearing.

Section 6 – Filing the Claim

- 6.01 The Arbitration Committee shall not have jurisdiction to process or otherwise deal with a Claim unless:
- a) it is in writing, signed by or on behalf of the Claimant, addressed to the Arbitration Committee Chair, and forwarded to the Chief Executive Officer;
 - b) it is filed with the Arbitration Committee Chair not later than six (6) months from the date this transaction closed; and
 - c) the Claim is accompanied by a filing fee, in the amount of \$250.00.
- 6.02 The Claim shall contain a brief and concise statement of the reasons in support of the Claim and the amount being claimed.
- 6.03 The Claimant shall attach to the Claim such documents, records and other writings as are in his possession upon which he intends to rely, and such documents, records and other writings shall be deemed to become part of the Claim.
- 6.04 The filing fee referred to in Section 6.01 hereof shall be kept by the Association, and shall be disposed of as further provided in this Article, provided that if the Claim is resolved without the necessity of a hearing, then the Arbitration Committee Chair may, in his sole discretion, direct that filing fee be returned to the Claimant.

Section 7 – Filing the Defence

- 7.01 When a Claim is received, the Chief Executive Officer shall forthwith forward a copy of same to the Defendant.
- 7.02 In a notice or letter accompanying the Claim, the Chief Executive Officer shall advise in writing, that the Defendant has ten (10) days from receipt of the notice or letter in which to file a Defence.
- 7.03 The Defence shall:
- a) be in writing, addressed to the Arbitration Committee Chair, and delivered to the Chief Executive Officer;
 - b) contain a brief and concise statement of the position of the Defendant with respect to the Claim and the reasons therefor; and
 - c) have attached to it such records, documents and other writings as are in the Defendant's possession and upon which he intends to rely, and such documents, records and other writings shall be deemed to become part of the Defence.
- 7.04 The Chief Executive Officer shall forthwith upon receipt forward a copy of the Defence to the Claimant.
- 7.05 If the Defendant fails to deliver a Defence within the ten (10) days, or fails or refuses to appear at a hearing, the Arbitrators may still proceed with an Arbitration hearing, and hand down an award, based on the Claim and the evidence presented at the Arbitration hearing.

Section 8 – Conciliation

- 8.01 After the time limit for the filing of the Defence has passed and before setting a date for the

Arbitration Panel hearing, the Arbitration Committee Chair may ask whether the Claimant and Defendant wish to meet with a conciliator.

- 8.02 A conciliator, who shall be a Member of the Association who is a broker, shall be appointed by the Arbitration Committee Chair. The Conciliator shall not be a Member of the Arbitration Panel.
- 8.03 The purpose of the meeting with the conciliator shall be to attempt to resolve the Claim without the necessity of having a hearing.
- 8.04 Where the Claimant and Defendant agree to a resolution of the Claim, the conciliator shall prepare a settlement agreement setting out the terms agreed on, and the Claimant and Defendant shall sign the agreement showing that they agree to be bound by it.
- 8.05 A copy of such a settlement agreement shall be given to the Arbitration Committee Chair, as well as to the Claimant and Defendant.
- 8.06 Where a meeting with the conciliator does not lead to a resolution of the Claim, the conciliator shall advise the Arbitration Committee Chair in writing that the Claim could not be resolved, but the conciliator shall not discuss with anyone any of the matters discussed or statements made or positions taken by either the Claimant or Defendant at any meeting or meetings with the conciliator.
- 8.07 If a conciliator is unsuccessful in resolving the dispute, and the matter proceeds to an Arbitration hearing, the conciliator shall not be allowed to participate in any form at such an Arbitration hearing.

Section 9 – Notice of Hearing

- 9.01 After the time limit for the filing of the Defence has passed and after the conciliation process described in Section 8 above has been declined or pursued, the Arbitration Committee Chair shall set a date for the Arbitration hearing, and shall forward to the Claimant and the Defendant written notice of same at least twenty (20) days prior to that Arbitration hearing date.

Section 10 – Selection of Arbitrators

- 10.02 Where an Arbitration hearing is required, the Arbitration Committee Chair shall appoint not less than three (3) nor more than five (5) members of the Arbitration Committee to hear and determine the Claim, one of whom he shall appoint as Arbitration Panel Chair.
- 10.03 Where there are not at least three (3) members of the Arbitration Committee who would qualify as Arbitrators because of the provisions of Section 3 of this Article, then the Arbitration Committee Chair may appoint any other Member who is Broker who qualifies to act as an Arbitrator, to sit on the Arbitration Panel.
- 10.04 The Panel Chair shall preside at the Arbitration hearing.

Section 11 – Legal Counsel

- 11.01 At an Arbitration hearing, the Claimant and Defendant may be represented by a lawyer or by a Member who is either a Broker or a Salesperson, as long as such Broker or Salesperson is not a member of the Arbitration Committee or the conciliator appointed to try to settle that particular dispute. The Arbitration Panel may retain legal counsel to sit at the hearing and advise the Arbitration Panel on any and all matters of law or procedure, but he shall not take part in the deliberation or decision of the Arbitration Panel.

- 11.02 Where a Claimant or Defendant is to be represented by a lawyer it shall so notify, in writing, the other party and the Arbitration Panel Chair, such notice to be received by the other party and the Arbitration Panel Chair at least five (5) days prior to the date of the Arbitration hearing.

Section 12 – Powers of Arbitrators

- 12.01 The Arbitrators shall possess all of the powers of arbitrators under the Arbitration Act and without in any way limiting the generality so conferred, the Arbitration Panel may:
- a) adjourn any hearing from time to time;
 - b) proceed in such a manner as it deems proper and without being bound by the rules of evidence or other legal rules, provided that it shall consider the best evidence available;
 - c) receive evidence under oath; or
 - d) use any acceptable method of recording the Arbitration hearing, including but not limited to audio or video tape, recording secretary or stenographer.
- 12.02 For the purposes of the Arbitration hearings and Appeals prescribed by this policy, the Association and its Members hereby agree to be bound by the provisions of the Arbitration Act, save and except Sections 21, 40 and Section 45 of the Arbitration Act (as it exists in 1994), which Sections are specifically excluded.

Section 13 – Witnesses

- 13.01 The Claimant and Defendant shall have the right to call, as a witness, anyone who has knowledge of facts concerning the Claim, whether or not that person is a Member of the Association.

Section 14 – Arbitrators' Award

- 14.01 The award of the Arbitrators shall be in writing, shall contain the reasons for the award, shall be signed by the Arbitrators or by the Arbitration Panel Chair, and shall be forwarded to the Chief Executive Officer.
- 14.02 The Chief Executive Officer shall forward a copy of the award to both the Claimant and Defendant.
- 14.03 The decision of the majority of the Arbitrators shall be deemed to be the decision of all of the Arbitrators, but if there is no majority, then the decision of the Panel Chair shall govern.
- 14.04 In their decision, the Arbitrators may:
- a) dismiss the Claim;
 - b) order the Defendant to pay to the Claimant the amount or any part of the amount set out in the Claim; and/or

- c)
 - i) order that the filing fee, or such portion of it as they feel is appropriate, be kept by the Association to cover costs incurred by the Association in processing and administering the Arbitration;
 - ii) order that all or a portion of the filing fee be returned to the Claimant; and /or
 - iii) order that the Defendant reimburse the Claimant in an amount equal to all or any part of the filing fee paid by the Claimant.
- 14.05 The award of the Arbitrators shall be final and binding upon the Claimant and the Defendant subject to the Appeal rights provided for in this policy, but without a right of appeal to the courts on a question of law.
- 14.06 For the purposes of this policy, the "Arbitration Compliance Date" for each Arbitration hearing shall be determined as follows:
 - a) If no Appeal is commenced in accordance with the terms of this Article, or if an Appeal is commenced but the party appealing the Arbitrators award discontinues the Appeal or resigns membership in the Association, the Arbitration Compliance Date is the date which is the earlier of either:
 - i) the date upon which the award of the Arbitrators is to be paid according to the Arbitrators decision; or
 - ii) if the Arbitrators do not set a specific date for the payment of the award in the Arbitrators decision, thirty (30) days from the date upon which the Arbitrators Award is forwarded to the parties to the Arbitration.
 - b) If an Appeal is commenced and continued in accordance with the terms of this Article, the Arbitration Compliance Date is the date which is the earlier of either:
 - i) the date upon which the award of the Arbitrators is to be paid according to the Appeal decision (which may be an amendment of confirmation of the date for payment of the award set by the Arbitrators or a new date set by the OREA Appeal Panel); or
 - ii) if the Appeal Panel does not set a specific date for the payment of the award in its decision, thirty (30) days from the date upon which such Appeal decision is forwarded to the parties to the Appeal.
- 14.07 If a party to an Arbitration fails to comply with an award of the Arbitrators by the Arbitration Compliance Date, as determined in accordance with Section 14.06, the Board of Directors may, at any subsequent meeting of the Board of Directors, and without further proceedings, expel the non-complying party from membership in the Association or suspend the membership of such non-complying party in the Association for such period as the Board of Directors may in its sole discretion determine. Once the non-complying party has been expelled from membership in the Association or its membership has been suspended, the Chief Executive Officer shall so advise CREA and the Registrar within thirty (30) days of such expulsion or suspension.

Section 15 – Appeal

- 15.01 A Claimant or Defendant may appeal the award of the Arbitrators, in accordance with the following provisions of this Bylaw.

15.02 Where an Appeal is filed, the award of the Arbitration Panel shall, subject to the provisions of Section 15.04, be suspended pending discontinuance or disposition of the Appeal.

15.03 Until:

- a) the period to file an Appeal has elapsed and no Appeal has been filed;
- b) an Appeal has commenced and has either been completed or discontinued; or
- c) the appeal rights have been extinguished as provided for in Section 15.04,

neither party to the Arbitration may ask a Court to enforce the Arbitrators' award, and it is agreed by all Members that there will not exist any valid basis for such Court action until either or both parties have complied with the appropriate provisions of this policy.

15.04 If a party to the Arbitration, for any reason, resigns its membership in the Association either during the period of time during which it may file an Appeal in accordance with Section 16.01 or at any time during the Appeal process described in this policy and/or in the Bylaw of OREA, that party shall be deemed to have waived all its rights of Appeal provided for in this policy and/or in the Bylaw of OREA. All of the rights of Appeal provided for in this policy and/or the Bylaw of OREA shall automatically be extinguished upon such party's resignation of membership in the Association. Upon the extinguishing of the appeal rights, any filing fee paid by the resigning Appellant, relating **only** to the Appeal, shall be refunded to such resigning Appellant. The extinguished Appeal rights and appeal process cannot be reopened upon such party re-joining the Association.

Section 16 – Filing the Appeal

16.01 The OREA Appeal Panel does not have jurisdiction to process, hear or otherwise deal with an Appeal:

- a) unless the Appellant files the Appeal in Form A within thirty (30) days of the Appellant receiving the award of the Arbitrators;
- b) unless the duly completed Form A is received by the Chief Executive Officer within such thirty (30) day period; and
- c) unless the Appellant pays to OREA, at the time of filing the Appeal, a filing fee in the amount established from time to time by the Board of Directors of OREA, in cash or by certified cheque or money order payable to OREA; or
- d) if the Appellant, for any reason, resigns its membership in the Association either during the period of time during which it may file an Appeal in accordance with Section 16.01 or at any time during the Appeal process described in this Article and/or in the Bylaw of OREA.

Section 17 – Reply to Appeal

17.01 Upon receipt of the Appeal, the Chief Executive Officer shall forward a copy of it to the Respondent. The Respondent shall file with the Chief Executive Officer, on or before a date set out in the notice from the Executive Director, a reply to the Appeal, provided that such a date shall not be less than fifteen (15) days from the date the notice from the Chief Executive Officer was sent to the Respondent.

17.02 When the Chief Executive Officer receives the reply to the Appeal he shall immediately forward a

copy of same to the Appellant.

- 17.03 If the Respondent fails to deliver a Reply within the prescribed time period, or fails or refuses to appear at an Appeal hearing, the OREA Appeal Panel may proceed to hear and determine the matter only upon the Appellant's attendance at the Appeal hearing and/or upon Form A filed by the Appellant and the Reply, if any, filed by the Respondent.

Section 18 – Notice of Appeal

- 18.01 The Chief Executive Officer shall notify the Arbitration Panel Chair that the Arbitrators' award is being appealed, and upon receiving such notification the Arbitration Panel Chair shall send the Record of the Arbitration Proceedings, as described in Section 19.01, to the Chief Executive Officer.

Section 19 – Record of Arbitration Proceedings

- 19.01 For purposes of Section 18 of this Article, the Record of the Arbitration Proceedings shall include the following, as it relates to the particular Arbitration being appealed:
- a) the Claim;
 - b) the Defence;
 - c) all notices sent to the Claimant or Defendant by the Chief Executive Officer;
 - d) any transcript or other summary of the Arbitration Panel hearing, including any tape recordings;
 - e) all exhibits entered in evidence at the Arbitration Panel hearing; and
 - f) the award of the Arbitrators (together with reasons for same).

Section 20 – Notice of Appeal Hearing

- 20.01 The Chief Executive Officer shall notify the Appellant and Respondent, in writing, of the date, time and place that the Appeal is to be heard, it being agreed that such a date may not be sooner than thirty (30) days from the date that the Chief Executive Officer first received an Appeal as set out in Section 16 of this policy.

Section 21 – Legal Counsel

- 21.01 At an Appeal, the Appellant and Respondent may be represented by a lawyer or by a Broker or Salesperson who is a Member of the Association. The OREA Appeal Panel may retain legal counsel to sit at the Appeal hearing and advise the OREA Appeal Panel on any and all matters of law, but he shall not take part in the deliberation or decision of the OREA Appeal Panel.
- 21.02 Where an Appellant or Respondent is to be represented by a lawyer it shall so notify, in writing, the other party and the Chief Executive Officer, such notice to be received by the Chief Executive Executive Director and the other party at least five (5) days prior to the date set for hearing the Appeal.

Section 22 – Selection of OREA Appeal Panel

- 22.01 There shall be an OREA Appeal Panel of at least twenty (20) Members of OREA who are Brokers.
- 22.02 The Chief Executive Officer shall have full authority to appoint members to the OREA Appeal Panel and may fill any vacancies as they may occur. Where the Chief Executive Officer receives an Appeal as set out in Section 16 of this policy, he shall appoint three (3) Members of the OREA Appeal Panel under the Bylaw of OREA to hear, process, decide and otherwise dispose of the Appeal.

Section 23 – Nature of Appeal Hearing

- 23.01 Both the Appellant and Respondent shall be given full opportunity to present both oral and written arguments.
- 23.02 At an Appeal hearing neither the Appellant nor the Respondent shall be allowed to present any new evidence since the Appeal is to be decided solely on the evidence as set out in the Record of the Arbitration Proceedings as described in Section 19 of this policy.
- 23.03 An Appeal shall only be with respect to the question of whether or not the Arbitration Panel had the jurisdiction to make its award or whether or not there was a denial of natural justice.

Section 24 – Powers of OREA Appeal Panel

- 24.01 Subject to the provisions of Section 23 and Section 12.02 of this policy, the OREA Appeal Panel of three (3) members appointed as per Section 22 of this policy shall possess all of the powers of arbitrators under the Arbitration Act.

Section 25 – Qualifications of OREA Appeal Panel

- 25.01 No person may serve on the OREA Appeal Panel as appointed under Section 22.03 of this policy where:
 - a) he has, either directly or indirectly, any personal or financial interest in either of the parties to the Appeal;
 - b) he is related by either blood or marriage to the Appellant or the Respondent or to any officer, director, shareholder, partner or employee of either the Appellant or Respondent;
or
 - c) there is any other bias.

Section 26 – OREA Appeal Panel Award

- 26.01 The OREA Appeal Panel appointed under Section 22.03 of this policy may:
 - a) dismiss the Appeal;
 - b) grant the Appeal;
 - c) i) order that the filing fee paid to OREA or any portion of it be retained by OREA to

- cover its costs in handling the Appeal;
 - ii) order that all or part of the filing fee paid to OREA be returned to the Appellant; and/or
 - iii) order that the Respondent reimburse the Appellant in an amount equal to all or any part of the filing fee paid by the Appellant to OREA; and/or
 - d) amend the decision of the Arbitration Panel as the OREA Appeal Panel deems appropriate; and/or
 - e) remit the subject matter of the Appeal back to the Arbitration Committee for a new Arbitration hearing in whole or in part, and at the OREA Appeal Panel's discretion, by a differently constituted Arbitration Panel.
- 26.02 The OREA Appeal Panel award shall be in writing, shall contain the reasons for the award, shall be signed by the Members of the OREA Appeal Panel or the Chair, and shall be forwarded to the Chief Executive Officer.
- 26.03 The Chief Executive Officer shall forward a copy of the OREA Appeal Panel award to the Appellant and Respondent immediately after he has received it.

Section 27 – Indemnity

- 27.01 No Member of the Association may prefer charges or sue for damages any agent or employee of the Association or OREA, or any Arbitrator or member of the Appeal Panel of OREA, for any reason, for what they did or failed to do in the administration of the provisions of this Article, and this Section is hereby confirmed as an absolute defence against such charges or suit, and each Member hereby waives his right to file such charges or suit.

Should a Member resign during an Arbitration Hearing proceeding provided for in Article 8, and as a result of that resignation, such proceeding cannot continue since that person is no longer a Member, the Arbitration Committee of the Association may keep open the file on such proceeding and such proceeding may be restarted or continued, as appropriate, if and when such person again becomes a Member of the Association.

NOTICE OF APPEAL

BETWEEN
(Appellant)

-AND-

(Respondent)

1. The Appellant hereby appeals the Award of the Arbitrators of
the _____ Real Estate
Association day the _____ day of _____, .
2. The Arbitration Panel Chair was _____
3. The address of the Appellant is _____

4. The address of the Respondent is _____

5. The Appellant is a Member of the following Real Estate Association(s):

6. The Appellant appeals the Award for the following reasons:

(Note: If more space is required, attach additional sheets. According to Article 8, Section 23, the Record of the Arbitration Proceedings, this Notice of Appeal, and the Respondent's Reply will be the only documents submitted to the OREA Appeal Panel. Please ensure that your reasons for Appeal are complete and detailed. Please see Article 8, Section 23.03 which sets out the grounds for Appeal.)

DATED this _____ day of _____, _____.

Firm Name

_____ per:
Signature