

REALTOR® Association Mergers and Dissolutions

Katie Johnson

Senior Vice President & General Counsel

kjohnson@realtors.org

312.329.8372

What are we talking about?

- Merger
 - <http://www.realtor.org/policy/association-merger-procedure>
- Dissolution
 - <http://www.realtor.org/policy/requirements-for-voluntary-dissolution-of-a-member-association>

Why merge?

- Increase the association's appeal to area members.
- Deliver services more efficiently or more effectively.
- Reduce overhead and other costs.
- Enhance services and availability.
- Increase operating income.

How do associations merge?

- Exploration – involve members and local legal counsel
- Identify Plan of Merger
- Board of Directors approval
- General Membership approval
- Submit Application for Merger to NAR (copy state assn.)

Business Considerations

- Employment (including pension and profit-sharing plans)
- Existing vendor, supplier, or other contracts
- Leases, mortgages, loans, notes
- MLS bylaws, rules, data sharing, vendor agreements
- Bank accounts and other financial or credit accounts
- Subsidiaries, affiliates, foundations
- Insurance policies

Legal Considerations

- Confidentiality Agreement
- Governance of surviving association
- Merger Agreement
- Compliance with Secretary of State
- Notify IRS

Merger Grants

- Individual grants of \$15,000 to \$25,000 are available to successfully-merged associations.
- Calculated at \$25 times the number of primary REALTOR® members in surviving entity.
- Available through June 30, 2016.

Dissolution

- Identify Plan of Dissolution
- Board of Directors approval
- General Membership approval
- Written notice to NAR (copy to state association)
- Jurisdiction reverts to unassigned territory

NAR Contacts

- Katie Hunter
Manager, Membership and Association Jurisdiction
khunter@realtors.org / 312-329-8355
- Finley Maxson
Senior Counsel
fmaxson@realtors.org / 312-329-8381

Association Litigation

Typical year: 30 lawsuits, 60 threats, \$1.5m in claims paid

	Lawsuits	Threats	Claims paid (projected)
2012	19	40	\$1.5 million
2013	12	36	\$621K
2014	14	27	\$468K
2015 (to date)	14	24	TBD