



# GOVERN FORWARD

Governance Game Changer PAG

**2021**

Sharon Millett / *PAG Chair*  
Terrie Suit / *PAG Vice Chair*



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# PAG PURPOSE

The purpose of the Governance Game Changer PAG is to examine the components of governance of the National Association, including structure, process, people, resources, and culture/ environment. The PAG has made recommendations based on a comprehensive, multi-year plan involving examination of research, member feedback, and case studies from both in and outside of the real estate industry. PAG recommendations support efficient and transparent operation of NAR, allowing the National Association to act deftly and proactively in its second century.

# PAG COMPOSITION

## PAG LEADERSHIP TEAM

**Sharon Millett** / Chair / Auburn, ME  
**Terrie Suit** / Vice Chair / Glen Allen, VA  
**Tyrone Adams** / Englewood, CO  
**Steve Francks** / Olympia, WA  
**Jim DeLizia** / Facilitator / Burbank, CA

## PAG MEMBERSHIP

**Colleen Badagliacco**  
Morgan Hill, CA

**Barbara Betts**  
Long Beach, CA

**Gavin Blair**  
West Des Moines, IA

**Randall Blankenship**  
Asheville, NC

**Daryl Braham**  
Fargo, ND

**Steven Brown**  
Dayton, OH

**Leslie Cantu**  
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**Tommy Choi**  
Chicago, IL

**Russ Cofano**  
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**Pat Combs**  
Grand Rapids, MI

**Brian Copeland**  
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Vidalia, GA

**Ann DeFries**  
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**Kit Fitzgerald**  
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**Kristy Hairston**  
Nashville, TN

**Kit Hale**  
Roanoke, VA

**Rick Harris**  
Ashland, OR

**Jeff Hebb**  
Tucson, AZ

**Carlton Jackson**  
Dayton, OH

**Courtney Korb**  
Burbank, CA

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**Jenny Pakula**  
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**Georgia Stevens**  
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**Steve Stevens**  
Lexington, KY

**Kurt Thompson**  
Templeton, MA

**Breanna Vanstrom**  
Boise, ID

**Lana Vukovliak**  
Chicago, IL

**Ray Wade**  
Spring, TX

**Jeremy Walker**  
Montgomery, AL

**Steve White**  
Northridge, CA

The PAG wishes to recognize the service of Sharon Keating, Jefferson City, MO. Her contributions to the PAG before her passing are many and meaningful, and we are thankful to have benefited from her knowledge.

# INTRODUCTION

The real estate industry, our members, and how they do business, are dramatically different than they were just 10 years ago. The old governance structures and processes that have served NAR well just weren't designed to operate in today's business world. And they don't satisfy the needs of our members who aren't living and working the way their parents and grandparents did.

There are better ways. Our current decision-making structure is based on twice-a-year meetings, in a world of real-time communication. We have:

- A Delegate Body currently comprised of 1,092 local board presidents who attend one meeting, in one year of service. They have limited authority, but oversee major issues governed by the Code of Ethics and the Constitution. Many Delegates cede their vote to their state president as they don't normally attend NAR meetings. In interviews, some indicated that they didn't know they were members of the Delegate Body.
- Directors on the NAR Board are expected to be informed, forward thinkers, well versed in today's real estate industry and our businesses - who can act quickly when needed, or discuss and deliberate as needed. But with governing authority spread over several bodies, are they able to accomplish this?
- An Executive Committee that meets for two days to review committee actions and recommend to the Directors how the Board should act. Should this smaller body, which is able to have meaningful discussion and debate on important issues, have more decision-making authority?

The most important reason to change is that our members are asking for it. We conducted extensive research, published on the [govpag.realtor](https://govpag.realtor) web site, that points to what the members want and expect from their REALTOR® association.

## INTRODUCTION

### **The PAG's Guiding Principles**

At the very beginning of our work, the Governance PAG members spent time considering the core needs of an effective, efficient governance system. The outcome is the Eight Ideal Qualities of Governance listed below. These qualities have guided all of the work, decisions, and ultimately the recommendations presented in this report:



We hope you will keep these Eight Qualities top of mind, as we did, while considering the recommendations in this report.

The members of our 50 person PAG represent a diverse range of perspectives, areas of business, and experience. We didn't always agree. There was meaningful debate, strong convictions, and often we revisited decisions we had already made - just to be sure we had it right. In the end, our recommendations are grounded in two things - what the members told us they need and the Eight Qualities of Ideal Governance.

We believe our recommendations will ensure that NAR will Govern Forward.



The PAC proposes a number of recommendations to ensure a new system of governance that will move the association forward. The main components of this new system are summarized here.

- Eliminate the Delegate Body and transfer its authority to the new Board of Directors. The PAC's research concluded that the Delegate Body is not a meaningful experience and its limited authority and effectiveness is not commensurate with the use of member's time and expense necessary to conduct its meetings.
- Constitute a new Board of Directors whose authority, role, and focus would be as a strategic body representing the full diversity of the membership. The Board would be comprised of approximately 1,000 members, with modifications to composition and function. The PAC also recommends new state and local allocation Director formulas that separate the way state and local seats are allocated with a simple formula based on each association's percentage of NAR's membership. The composition of the Board would be primarily constituency-based<sup>1</sup> with an allowance for seats for small and medium sized associations, and subsets of the real estate industry.
- Constitute a new Executive Committee that is substantially smaller and more nimble than the Board of Directors, with a broader composition of constituency-based and competency-based members. The Executive Committee would meet more frequently and would have the authority to approve committee recommendations and policy, except for those which specifically require approval of the Board (amendments to the new Bylaws and to the Code of Ethics, NAR budget, dues and assessments), and committee recommendations that the Leadership Team or Executive Committee may refer to the Board for vetting and approval.
- Establish an enhanced role for the Regional Vice President position with new qualifications and performance expectations to ensure a meaningful contribution focused on issues and specific duties that support NAR initiatives and effective decision-making at the national level, with less focus on regional administrative and

<sup>1</sup> "Constituency-based" seats refer to those seats held by individuals who represent specific NAR groups, such as state or local associations, Societies, Institutes and Councils, Past Presidents, and Large Firms.

"Competency-based" seats refer to those seats held by individuals based on their skills, experience, expertise or perspectives. Needed competencies are determined by the Leadership Team on a regular basis based on a review of the NAR Strategic Plan, annual priorities, critical ongoing issues, and emerging issues to be addressed.

## INTRODUCTION - Summary of Proposed Governance Changes

operational issues. RVPs will serve a two-year term on the NAR Executive Committee. The proposed governance structure maintains NAR regions with a recommendation to implement systems and practices that enhance the member engagement on key issues and industry trends.

- Implement the concept, as approved by the 2020 NAR Leadership Team, of leadership qualifications and performance expectations. The PAG was asked to further study and recommend specific qualifications and performance expectations for key leadership positions that would ensure development of a continuous pipeline of qualified, committed leaders who could contribute at a high level of excellence to advance NAR's mission, goals and priorities. A new Leadership Identification and Development Committee will meet for the first time in 2021 to assume this responsibility and oversee implementation of leadership qualifications and performance expectations, along with improved orientation and training for all volunteers and leaders.
- In 2020 the NAR Leadership Team approved some preliminary PAG recommendations that lay the groundwork for the system of governance presented in this report. One such recommendation was formation of a Strategic Planning Committee that would oversee the development and oversight of NAR's strategic plan. This new Strategic Planning Committee will meet for the first time in 2022.





# DELEGATE BODY



### RECOMMENDATION #1

That there be a Local Association President Town Hall held within 30 days prior to every Board of Directors meeting and that the following provisions of NAR's Constitution and Bylaws be amended to eliminate the Delegate Body from NAR's governance structure and transfer the authority of the Delegate Body to the new Board of Directors:

- (1) Delete Articles IX, XII and XIX of the Constitution in their entirety;
- (2) Delete Article VIII, Section 3(A) and (B) of the Bylaws in their entirety; and
- (3) Add the following as a new Section 3 to Article IV – Code of Ethics, of the Bylaws:

**SECTION 3.** The Code of Ethics may be amended by two-thirds of the number of votes cast by the Directors; provided the proposed amendment shall first have been submitted in writing and have been reported upon by the Executive Committee.

And further that reference to the Constitution and Bylaws be renamed and renumbered to constitute one governing document referred to as the Bylaws of the National Association of REALTORS®.

### RATIONALE

We currently have a 1,092-member Delegate Body and a 997-member Board of Directors; two large governing bodies which are arguably redundant and unnecessary. The new Board of Directors and the new Executive Committee are strategically assembled to achieve the modern, nimble, and transparent governance NAR needs to carry us into the future. Transferring the Delegate Body's authority to the new Board of Directors, that now includes more representation from small and medium associations, ensures fair and inclusive representation from the breadth of NAR's membership.

Eliminating the Delegate Body addresses some pain points identified by the PAG's outreach and research efforts. There is a perception that the current Delegate Body has limited authority and that participation in the Delegate Body is not a meaningful or valuable volunteer experience. Of the 1,092 local association Presidents who serve on this body, some don't attend NAR meetings or cannot stay the extra day for the Delegate Body meeting, and many give their proxy votes to someone else. The time and expense associated with the Delegate Body is not commensurate with its limited authority and its effectiveness. The PAG believes their duties could be easily and more effectively satisfied by the new Board of Directors.

Under the new system, local associations will have greater ability to share their views and participate in NAR governance through the newly created position on the Board of Directors for small and medium sized local associations and through the Local Association President Town Hall held in advance of each Board of Directors meeting.

# BOARD OF DIRECTORS



### RECOMMENDATION #2

That Article IV of the NAR Constitution be deleted and replaced with the following to reflect the authority, qualifications, and composition of the new Board of Directors:

#### **Article IV – Board of Directors**

**SECTION 1.** The government of the National Association shall be vested in a Board of Directors composed of the following individuals each serving a term of one year unless otherwise indicated:

- (A) The President, President-Elect, First Vice President, Treasurer, Immediate Past President, Immediate Past President twice-removed, Vice President of Advocacy, Vice President of Association Affairs, and REALTOR® Party Director;
- (B) Executive Committee members not already members of the Board of Directors provided that such member of the Executive Committee has not resigned a directorship, the term of which would have coincided in whole or in part with their term appointment to the Board of Directors;
- (C) The Regional Vice Presidents for a two-year term;
- (D) The Presidents of the Institutes, Societies, and Councils of the National Association;
- (E) The former Presidents of the National Association who continue to be affiliated with their respective local boards and active in the National Association;
- (F) The former Treasurers of the National Association who continue to be affiliated with their respective local boards and active in the National Association;
- (G) The Presidents of the state and territorial REALTOR® associations;
- (H) Each Committee Liaison, provided such Committee Liaison has not resigned a directorship the term of which would have coincided in whole or in part with the term as a Committee Liaison;
- (I) Recipients of the Distinguished Service Award who continue to be affiliated with their respective local association and active in the National Association;
- (J) Four Association Executives consisting of two from local associations, one from a state association, and one from a regional multiple listing service, appointed by the Leadership Team that will be in office when these terms begin;
- (K) Up to two REALTORS® or REALTOR-ASSOCIATE®s who are members of a commercial overlay board appointed by the Leadership Team that will be in office when these terms begin;
- (L) Up to ten representatives of organizations not affiliated with the National Association appointed by the Leadership Team that will be in office when these terms begin, which must include at least one representative from the National Association of Real Estate Brokers, the National Association of Hispanic Real Estate Professionals, the

### RECOMMENDATION #2

Asian Real Estate Association of America, and a representative from the LGBT real estate community. Representatives may be selected and approved at any time during an elective year and shall serve for the balance of that elective year;

- (M) A principal, partner or corporate officer or management team member from fifty of the largest seventy-five firms, partnerships or corporations in the real estate business who hold REALTOR® membership in a Member Board of the National Association and is appointed by the Leadership Team that will be in office when these terms begin upon recommendation of the Real Estate Services Advisory Group. The largest real estate firms, partnerships, or corporations shall be identified by determining those with the greatest number of REALTORS® and REALTOR-ASSOCIATES® employed by or affiliated with a principal, partner, corporate officer or branch office manager of the firm, partnership or corporation. In making the determination of the largest firms, partnerships or corporations, all real estate businesses operating under common control, regardless of their business structure, shall be considered a single firm, partnership or corporation;
- (N) 261<sup>2</sup> Directors appointed by state and territorial associations to be allocated to each state and territorial association pursuant to the following formula: the number of primary members in the state or territorial association as of July 31st of the year prior to service divided by the number of primary members in the National Association as of the same date multiplied by 261. Fractions will be rounded using traditional rounding methods. Each Director appointed pursuant to this provision will serve a term of up to three years;
- (O) 425 Directors appointed by local associations to be allocated to each local association with at least 2,000 members as of July 31st the year prior to service pursuant to the following formula: the number of primary members in the local association as of July 31st of the year prior to service divided by the number of primary members in local associations with 2,000 or more members as of the same date multiplied by 425. Fractions will be rounded using traditional rounding methods. Each Director appointed pursuant to this provision will serve a term of up to three years;
- (P) 50 Directors, one from each state, who is a primary member in a local association with 500 to 1,999 members, and is appointed by their state association. Each Director appointed pursuant to this provision will serve a term of up to three years;
- (Q) 50 Directors, one from each state, who is a primary member in a local association with 499 members or less, and is appointed by the state association. Each Director appointed pursuant to this provision will serve a term of up to three years;

**SECTION 2.** Appointments and recommendations for Directors as provided in Article IV, Section 1 subsections (M)-(Q) must be submitted to the National Association by September 15th of the year prior to service. Failure to timely submit the Directors to the National Association constitutes forfeiture of those allocated appointments.

<sup>2</sup> The formula of allocations for state associations (261 directors) and local associations (425 directors) is explained in greater detail on page 15 of this report.

## **RECOMMENDATION #2**

**SECTION 3.** One-third of the whole Board of Directors shall constitute a quorum.

**SECTION 4.** There shall be two regular meetings of the Board of Directors in each year at a time and place fixed by the Board of Directors. Special meetings may be called by the President or by one-third of the members of the Board of Directors representing at least five states or the District of Columbia, upon due notice in writing given to each Director which includes the agenda and any item that will be voted upon at the special meeting. Directors may unite in a petition to call such meeting or individually address written requests to the National Association. Upon receipt of such petition or written requests from the required Directors, the President shall notify each Director, in writing, of such meeting, fixing the time and place thereof not less than ten nor more than thirty days from the date of said notice.

**SECTION 5.** Any Director, except the former Presidents of the National Association, who shall be absent from two consecutive regular meetings of the Board of Directors shall automatically forfeit their office unless the Leadership Team, upon receipt of a written explanation for such absence satisfactory to it, shall waive this provision.

**SECTION 6.** The Board of Directors, Executive Committee, Leadership Team and other NAR committees shall from time to time seek the opinions and advice of the members and Member Boards on matters of national importance in such manner as may be convenient and shall consider such information in their deliberations.





The new Board of Directors will be NAR's strategic governing body, a diverse body that engages in discussion, debate, and decision-making that's representative, impactful, and fair. The new board will continue to be charged with oversight of NAR's big picture goals and strategy while not being bogged down with tactical or perfunctory governance tasks. By keeping the new Board of Directors informed and engaged on NAR activities and industry trends throughout the year, the Directors will be better prepared for tackling important issues at their meetings.

When debating the optimal size of the Board of Directors, the PAC recognized the need for the Board to represent the diverse interests and practices of the NAR membership in a way that is inclusive, fair, and manageable, while also addressing the current tension created by the state and local association Director allocation formula. The PAC also considered that while eliminating the Delegate Body creates greater efficiency and productivity for NAR governance, there could be a perceived lack of representation by some of the local associations. Keeping the Board of Directors at its current size ensures comprehensive representation of associations from all areas and of all sizes with the addition of 100 new seats for small- and medium-sized local association representatives.

In the end, the new Board authority, qualifications, composition, and directive to create a culture of open discussion and knowledge-based decision making will provide a meaningful engagement and leadership development opportunity and will expose a large group of members to the business of the association.

**Authority** – the new Board of Directors will provide a critical check and balance within the association.

The Board will no longer have the role of approving most committee recommendations, as that authority will reside with the new Executive Committee, except for committee recommendations that the Leadership Team or Executive Committee must refer to the Board for vetting and approval (amendments to the Bylaws and Code of Ethics, the NAR budget, and dues and assessments) or may refer because of their import and impact on the industry. The focus of the new Board will be more strategic and big-picture, having the authority to:

- Approve amendments to the newly combined Constitution and Bylaws which will constitute one governing document referred to as the Bylaws of the National Association of REALTORS®, and amendments to the Code of Ethics.
- Approve the NAR annual budget and set dues and assessment levels.
- Be engaged in and review progress of the NAR Strategic Plan to provide critical input and to evaluate the success of NAR's goals and priorities.

## **BOARD OF DIRECTORS**

- Provide input and perspective to the Executive Committee and Leadership Team as requested on industry issues and NAR policy, particularly those considered so important or contentious that vetting and consensus by the broadest representation of the membership is needed.
- Consider, discuss, debate and provide input on critical trends and issues as identified by the Leadership Team.
- Continue to be appointed to serve on at least one committee, forum, or advisory board in an effort to stay informed on key policy positions and to act as a local member resource and communication link.

**Composition** – The new Board of Directors of approximately 1,000 Directors preserves the benefit of a large body of members who are informed, committed to, and passionate about NAR. The new state and local Director allocation formula will change to alleviate current tensions between local and state associations caused by the formula. In the current structure, as local membership increases, state allocations decrease. Under the new structure, state and local allocations will be determined using a simple mathematical formula where the two calculations are independent of each other. State associations will get their seats based on the size of their membership. Local associations with 2,000 or more members will get seats based on the size of their membership. Local associations will no longer take seats away from the state allocations and still the number of Directors will be capped at current levels. The new Board of Directors would add 100 seats for small associations appointed by the state association and reduce the number of Large Firm Directors from 75 to 50 while ensuring NAR's continued engagement with the Real Estate Service Advisory Group. Finally, the new Board of Directors formula ensures that the size will never grow beyond its current size, but also ensures that as the NAR membership declines by 10% or more, that decline will also be reflected in the size of the Board of Directors.

### NEW STATE AND LOCAL ASSOCIATION DIRECTOR ALLOCATION FORMULA

State and territorial associations allocations are capped at 261 Directors reflective of the percentage of state-allocated seats on the current Board. The number of Directors allocated to each state or territory is determined by taking the number of primary members in the state or territorial association as of July 31st of the year prior to service, dividing it by the number of primary members in the National Association as of the same date, and then multiplying that by 261. Fractions will be rounded using traditional rounding methods.

Local association allocations are capped at 425 Directors reflective of the percentage of local-allocated seats on the current Board. The number of Directors allocated to each local association is determined by taking the number of primary members in the local associations with 2,000 or more members as of July 31st of the year prior to service, dividing it by the number of primary members in the National Association belonging to a local association with 2,000 or more members as of the same date, and then multiplying that by 425. Fractions will be rounded using traditional rounding methods.

In addition, small and medium associations will have a voice in the new Board of Directors as each state will have a Director appointed from a small association (under 500 members) and a medium association (500 to 1,999 members) which would give representation to associations with fewer than 2,000 members.

**Qualifications** – Board members must satisfy enhanced qualifications and performance expectations (see page 25, Leadership Qualifications and Performance Expectations).

**Operations** – Special meetings of the Board of Directors may be called by the President or by one-third of the members of the Board of Directors representing at least five states or the District of Columbia, upon due notice in writing given to each Director which includes the agenda and any item that will be voted upon at the special meeting.

#### SAMPLE ALLOCATION FOR STATE ASSOCIATION X

$$100,000 \div 1,409,787 = 7.09\%$$

State X Membership  
total as of 7/31/2020

NAR Membership Total  
as of 7/31/2020

State X Membership  
is 7.09% of the total  
NAR membership

7.09% of the total seats allocated to state  
associations (261) is **18.5, or 19.**

Note: In the PAG's recommendation, traditional  
rounding of fractions is used.

Add one seat for State X Association President

**Total State Allocation: 20**

#### SAMPLE ALLOCATION FOR LOCAL ASSOCIATION Y

$$8,000 \div 990,164 = .81\%$$

Local Association Y  
Membership Total  
as of 7/31/2020

NAR Membership of Local  
Associations with 2,000+  
members as of 7/31/2020

Local Association Y  
Membership is .81% of  
NAR's total membership of  
associations of 2,000+ members

.81% of the total seats allocated to local  
associations (425) is **3.44, or 3.**

Note: In the PAG's recommendation, traditional  
rounding of fractions is used.

**Total Local Allocation: 3**

# EXECUTIVE COMMITTEE



### RECOMMENDATION #3

That Article V of the NAR Constitution be deleted and replaced with the following to reflect the authority, qualifications, and composition of the new Executive Committee:

#### Article V – Executive Committee

**SECTION 1.** There shall be an Executive Committee composed of the following individuals:

- (A) The President, President-Elect, First Vice President, Treasurer, Immediate Past President, the Past President twice-removed, Vice President of Advocacy, Vice President of Association Affairs, and REALTOR® Party Director.
- (B) Four Past Presidents appointed by the Leadership Team to serve two-year staggered terms such that two Past Presidents are appointed annually.
- (C) Fourteen members to serve a two-year staggered term, based on the individual having demonstrated a competency needed for the role, as such competencies are identified by the Leadership Team with input from the Leadership Identification and Development Committee, Strategic Planning Committee, and Credentials and Campaign Rules Committee, and to be appointed by the Leadership Team that will be in office when these terms begin. Each Executive Committee member serving pursuant to this provision will serve a two-year staggered term such that seven members are appointed annually. Appointments pursuant to this section must not have previously served as National Association President.
- (D) Each Regional Vice President to serve a two-year term beginning concurrently with their term as Regional Vice President.
- (E) One AE Representative and one MLS Executive Representative appointed by the Leadership Team for a one-year term.
- (F) One representative from each of the National Association's Institutes, Societies, and Councils to serve a two-year staggered term appointed by the Leadership Team that will be in office when these terms begin upon recommendation of each respective Institute, Society, and Council.
- (G) A principal, partner or corporate officer or management team member from five of the largest firms, partnerships or corporations in the real estate business who hold REALTOR® membership in a Member Board of the National Association and is appointed by the Leadership Team that will be in office when these terms begin upon recommendation of the Real Estate Services Advisory Group.
- (H) The CEO of the National Association, a non-voting member.

## EXECUTIVE COMMITTEE

**SECTION 2.** The Executive Committee shall conduct the affairs of the National Association in accordance with the policies and instruction of the Board of Directors and shall specifically be charged with approving and monitoring the strategic plan of the National Association, approving committee structure changes, and approving committee recommendations and policy positions except: (a) those that require approval by the Board of Directors, such as approving amendments to the Bylaws and to the Code of Ethics, approving the National Association budget, dues and assessments, (b) those that the Leadership Team or Executive Committee may refer to the Board for vetting and approval, and (c) those that have been referred to the Board of Directors by a petition signed by at least twenty percent of the Directors.

**SECTION 3.** The Executive Committee will meet at least four times per year and more at the request of the President, the Board of Directors or any eleven of its members. At least fifteen days' notice of Executive Committee meeting date and agenda must be provided to Directors prior to such meeting. The President shall act as Chair of the Executive Committee. Half of the voting members present at a meeting shall constitute a quorum.





The new Executive Committee will be a smaller, more nimble body than the Board of Directors that will meet at least four times per year. The Executive Committee's focus, member qualifications, and composition, which is a combination of competency-based and constituency-based positions, are the foundation for more in-depth discussion and robust debate around issues, trends, committee recommendations and overseeing the operations of NAR. The new Executive Committee is positioned to approve committee recommendations and policy, except for those which specifically require approval of the Board (amendments to the new Bylaws and to the Code of Ethics, the NAR budget, dues and assessments), and committee recommendations that the Leadership Team or Executive Committee may refer to the Board for vetting and approval.

**Authority** – In a complementary role to the Board, the new Executive Committee is focused on NAR plans, strategy, and programs, with the authority to:

- Approve the NAR Strategic Plan, and monitor plan progress and success of achieving NAR goals and priorities.
- Review and make recommendations to the Board of Directors on the annual budget, dues and assessments and changes to the Bylaws and Code of Ethics, which fall under the Board's authority.
- Approve committee recommendations and policy except those the Leadership Team or Executive Committee may refer to the Board of Directors to allow for full vetting and consensus by the broadest representation of the membership and those that require approval by the Board of Directors (amendments to the new Bylaws and to the Code of Ethics, NAR budget, dues and assessments).
- Approve changes to the NAR committee structure to ensure it adequately serves the needs of NAR and will support implementation of our Strategic Plan.

**Composition** – The 69-member Executive Committee will represent a critical mix of constituency- and competency-based perspectives required to fulfill its roles and responsibilities, along with a number of position-based seats. The Executive Committee will include the following:

- NAR President, President-Elect, First Vice President, Treasurer, Immediate Past President, the Past President twice-removed, Vice President of Advocacy, Vice President of Association Affairs, and REALTOR® Party Director.
- Four Past Presidents appointed by the Leadership Team to serve two-year staggered terms.

## EXECUTIVE COMMITTEE

- An AE representative appointed by the Leadership Team for a one-year term.
- 14 competency-based positions appointed by the Leadership Team to serve a two-year term, with no limit on consecutive terms; 14 competency-based seats are appointed annually.
- 26 constituency-based seats filled by Regional Vice Presidents who serve a two-year term, one year as Regional Vice President and one year as Immediate Past Regional Vice President.
- 5 Large Firm Directors appointed by the Leadership Team upon recommendation by the Real Estate Services Advisory Group.
- 8 Institute, Society, and Council Representatives appointed by the Leadership Team upon recommendation by the respective ISC.
- The NAR CEO as an ex-officio non-voting member.
- Beginning in 2025, Emeritus seats on the Executive Committee, currently held by two members, will be eliminated.
- Committee Liaisons are not currently Executive Committee members, but attend the meetings to support discussions, and they will continue to do so in the new Executive Committee.
- Pursuant to NAR's Committee Selection Policies, service on any NAR committee is limited to two consecutive two-or three-year terms or five consecutive one-year terms, whichever is longer, without a break in service of one year.

**Qualifications** –Executive Committee members must satisfy enhanced qualifications and performance expectations, in addition to satisfying the same qualifications as the Directors (see page 25, Leadership Qualifications and Performance Expectations).

**Operations** –With options for both in-person and virtual meetings, the Executive Committee will meet at least four times per year and can meet more often if needed to address timely issues. Half of the voting members present at a meeting would constitute a quorum. Furthermore, the Executive Committee will provide notice to the Board of Directors in advance of each meeting, thus giving the Directors opportunity to provide feedback or invoke the process for moving issues from the Executive Committee purview to the Board of Directors.

### RECOMMENDATION #4

That Executive Committee members be reimbursed by NAR for their travel expenses related to attending Executive Committee meetings consistent with NAR's member travel policy.

### RATIONALE

To align the fiduciary responsibilities of the Executive Committee members with NAR, as opposed to any other representative association, NAR will reimburse Executive Committee members for their travel expense for attending Executive Committee meetings based on NAR's volunteer travel policies.



# REGIONAL VICE PRESIDENTS



### RECOMMENDATION #5

That Article VII, Section 3(A) of NAR's Constitution be deleted and replaced with the following to reflect the expanded authority, qualifications, and performance expectations of the Regional Vice President position:

"The role of a Regional Vice President is to focus on the issues and specific duties that support NAR initiatives and effective decision making at the national level, as directed by NAR."

### RATIONALE

The Regional Vice President position was created in 1935 to be "the voice for the NAR President within their respective regions." At the time, NAR had to delegate to the local and state associations the duty to communicate, engage and serve the localized needs of the members. Today, NAR has shown great success in direct communications with members by the President, Leadership Team and CEO. The PAG recommends that the purpose of RVPs be changed to better reflect the needs of NAR and the Association's 1.5 million members today. In addition, as an NAR-elected leadership position, NAR must ensure clarity and consistency in focus and performance of the Regional Vice President as an integral part of the governance system.

**Authority** – The Regional Vice President position would be focused on the following:

- Lead and coordinate activities to ensure all significant NAR initiatives or proposals that require Board of Directors approval are thoroughly discussed and vetted by the Region's NAR Directors and state leadership.
- Share the needs and perspectives of REALTOR® members of the Region, while demonstrating fiduciary responsibility to NAR and the best interests of the entire membership.
- Lead and facilitate Regional Caucus meetings according to an agenda set by NAR to ensure an understanding of the issues and to gather the perspectives of the NAR Directors.
- Support NAR strategic planning efforts by identifying trends and emerging issues in the Region as part of the environmental scanning process.
- Promote and act as a resource in the Region for NAR activities, programs, and services.
- In support of states' efforts, serve as a resource for new Directors from the Region, and encourage their full participation during Board meetings, Regional Caucuses and in other meetings and forums during the REALTORS® Conference and REALTORS® Legislative Meetings.
- Support the NAR Leadership Team and the Leadership Identification and Development Committee in identifying future NAR leaders.

## REGIONAL VICE PRESIDENTS

**Qualifications** – Regional Vice Presidents must satisfy enhanced qualifications and performance expectations (see page 25, Leadership Qualifications and Performance Expectations).

### RECOMMENDATION #6

That the Campaign Credentials & Rules Committee devise an electronic election process which allows NAR Directors from each Region to elect (from all qualified candidates in their Region) one candidate from that Region to put forward to the NAR Board of Directors' election for the position of RVP. The process must:

- (a) require candidates to obtain an endorsement from their home state association;
- (b) permit state associations to endorse more than one qualified member;
- (c) permit but not require each Region to have their own process for interviewing or recommending RVP candidates to the NAR Directors from their Region and
- (d) prohibit state associations and regions from establishing criteria for RVP eligibility that is different than the criteria set forth by NAR.

### RATIONALE

Because the redesigned RVP position will be central to NAR's decision-making process, NAR should establish a consistent process for the Regions to follow in selecting RVPs to ensure that the best leaders are chosen at the right time to advance NAR's mission, goals and priorities. NAR should define a fair, open and transparent process by which Regions would identify, consider and move candidates forward for vetting by the CCRC and election by the NAR Board of Directors.

The process envisioned is summarized as follows:

- Candidates for position of RVP file application with NAR.
- CCRC vets all candidates to determine if they are "qualified".
  - Home state association endorsement is a required qualification.
- NAR will host Regional elections electronically for NAR Directors to vote on all "qualified" RVP candidates from their respective Regions.
- Prior to Regional election, each Region may, but is not required to:
  - Ask the NAR Directors from their Region to interview all candidates
  - Endorse a candidate
- Candidates winning their Regional election will be presented to full NAR BOD for election as RVP.



# LEADERSHIP QUALIFICATIONS & PERFORMANCE EXPECTATIONS



### RECOMMENDATION #7

That NAR Directors be required to satisfy the following qualifications and performance expectations:

- Complete a written application that includes the following:
  - Statement by the applicant describing their involvement in real estate, why they are seeking a position on the NAR Board of Directors and what they believe they can contribute in their role.
  - Commitment to support the mission, priorities, and core values of NAR.
  - Acknowledgment that the candidate will fulfill all duties and responsibilities of the role including but not limited to preparing for, attending, and participating in meetings and abiding by NAR policies and procedures.
- Have served in some capacity within NAR governance, a state or local association, or NAR Institute, Society, or Council.
- Be a REALTOR® member in good standing, actively engaged in the business of real estate.
- Serve on at least one committee, forum, or advisory group in an effort to stay informed on key policy positions to act as a local member resource.
- Forfeit their Director position if they miss two consecutive Board meetings unless the Board of Directors, upon receipt of a written explanation for such absence satisfactory to it, shall waive this provision.
- Complete an annual orientation and NAR fiduciary refresher module.
- Agree annually to an NAR Volunteer Service Agreement that includes Director duties, responsibilities, and performance expectations.
- Review all materials prior to each meeting and fully participate in each meeting from beginning to end.
- In the event of a violation of fiduciary obligation to NAR or a violation of the NAR conflict of interest or harassment policies, a Director must resign or will be removed from the Board.
- Demonstrate leadership and communication skills as well as proficient use of technology and social media.

### RECOMMENDATION #8

That Committee Liaisons and Executive Committee members be required to satisfy the same qualifications and performance expectations as those for the Board of Directors in addition to the following:

- Have served within NAR's governance structure within the past five years.
- Have earned and maintained active status for C2EX or another designation offered by NAR or an NAR Institute, Society, or Council and have completed At Home with Diversity, Fairhaven, and Implicit Bias training.

### RECOMMENDATION #9

That Committee Chairs and Vice Chairs be required to satisfy the same qualifications and performance expectations as the Board of Directors in addition to the following:

- Have served within NAR's governance structure.
- Complete all committee leadership training, including the REALTOR® L.E.A.D. course (or any future course that replaces it).
- Demonstrate leadership and communication skills, use of technology and social media, and proficiency in running productive meetings.
- Work with the Committee Liaison and Staff Executive to establish measurable and quantifiable goals, advance the committee's work, create synergies where appropriate, and ensure a smooth transition to the following term.
- Know how the committee purpose supports the NAR strategic plan.
- Be well prepared to lead engaging committee meetings and create an environment that encourages meaningful discussion of the issues.
- Follow NAR policies and procedures and know the NAR annual budget process and funds available to the committee.
- Support NAR leadership in identifying future committee leaders.

### RECOMMENDATION #10

That Regional Vice Presidents be required to satisfy the same requirements as the Executive Committee members in addition to the following qualifications and performance expectations:

- Complete an application for NAR elected office and submit to financial, legal and social media audits and any other audits as may be required.
- Have other REALTOR®, civic, or government experience, indicating leadership ability.
- Have served in NAR governance on a national committee and *in at least one* of the following positions:
  - State association president
  - National president of an NAR Institute, Society or Council
  - Currently serving as an NAR Director
  - Have served as an NAR Director for a minimum of two years within the past six years
  - NAR appointed Vice President
  - Committee Liaison
  - Committee or advisory board chair or vice chair (does not include forum leadership)

## LEADERSHIP QUALIFICATIONS & PERFORMANCE EXPECTATIONS

- Attend all RVP, Executive Committee and Board of Directors meetings.
- Attend incoming RVP orientation.
- Attend RVP media and spokesperson training.
- Attend RVP legislative briefing during REALTOR® Party Training Conference.
- Be well versed and conversant in NAR policies, programs, and initiatives, as well as the goals and priorities of the NAR Strategic Plan.
- Be well prepared to lead engaging, productive meetings and create an environment for meaningful discussion.
- Meet virtually, a minimum of four times a year, with NAR Directors and state leaders in the Region.
- Participate in at least one virtual or in-person Board of Directors meeting a year of each state in the Region
- Attend NAR-approved meeting management and facilitation training, including engaging diverse participants, strategic issue deliberation, consensus building, and managing different personalities and points of view.
- Take direction, oversight and coaching from NAR First Vice President to ensure that duties are being carried out and successful.
- Assist NAR in conducting an annual survey of NAR Directors in their Region to assess satisfaction and efficacy of Regional Caucus meetings and opportunities for members to engage and share perspectives.
- Shadow current RVPs to be better prepared for assuming the duties.

### RATIONALE

The Association must make every effort to ensure positions are filled with members who will bring the right set of skills and experience to satisfy position requirements, support sound decision-making and provide a more satisfying volunteer experience. Further, the Leadership Team has already adopted a commitment to solicit a diverse pool of qualified candidates to serve on committees. A diverse pool of qualified candidates reflects or represents the general membership and industry we serve across differences including – but not limited to – gender, race, ethnicity, sexual orientation, age, geography, professional experience, areas of expertise, and political affiliation. Acknowledging that clear expectations and accountability are key to successful governance, these PAG recommendations help achieve these ideals. In addition to these required qualifications and performance expectations, NAR volunteer leaders will be encouraged, though not required as a condition of volunteering, to contribute to RPAC.

#### *How will these qualifications and expectations remain relevant?*

In 2020, the Leadership Team approved the PAG's recommendation to create a new Leadership Identification and Development Committee with the charge of reviewing and recommending to the Board of Directors qualifications, performance expectations, and accountability mechanisms for NAR leadership positions. The committee will support the identification, cultivation/development and appointment of qualified volunteers and leaders for NAR as directed by the Board of Directors and Leadership Team. So, this committee will be ready to adapt the qualifications and expectations of NAR leaders to match the evolving needs of the National Association.



# LOOKING FORWARD





## LOOKING FORWARD

# RECOMMENDATIONS FOR FURTHER STUDY

Two of the PAG's recommendations have been slated by the Leadership Team for further review and action.

### *Reimagining the Regions*

The current regional structure groups contiguous states, allowing Regional Vice Presidents to travel to and communicate with members as the “voice of the NAR President.” When the Regions were created in 1935 options for travel and communication were limited to rail, horse and buggy, newspapers, and telegraph. Today's world is different, and the COVID-19 pandemic has shown us exactly how capable NAR is of communicating, engaging, and leading our members without consideration of geographic boundaries.

If the need for compact groupings of states that boarder each other is not required to serve the interests of NAR and its members as it once was, are there other, better ways to organize states into groups? Could states who share common business needs and member interests be more beneficially aligned? Are there other ways to form state groups beyond geographical boundaries?

The PAG presented this concept of reimagining the Regions to the NAR Leadership Team and they are referring this concept to the CCRC for consideration. No action is being taken at this time, but stay tuned for more information as the CCRC considers this next year.

### *Communities of Interest (COIs)*

NAR currently utilizes the HUB to communicate with and encourage discussions among members who are involved in NAR governance, such as committee leadership and members, Directors, association staff, and others.

The PAG recognized that there was also a need for other members who don't attend REALTOR® association meetings to connect on things that interest them, such as how to be successful in selling vacation properties, fair housing issues, small office operations, or their own financial wellness as a commissioned salesperson. The PAG explored the concept of Communities of Interest (COIs) – a fluid, customized, year-round engagement structure that can deepen member involvement and provide immediate member value by targeting needs and interests on issues that matter to them the most.

The PAG also recognized that NAR's system of governance would benefit greatly if NAR had a better way to tap the breadth of experience and expertise its members represent. Imagine that the voices of local members could be heard directly as key issues are identified or important decisions are made that impact our 1.5 million members.

The PAG presented the concept of Communities of Interest to the NAR Leadership Team and they are going to review this concept and consider where this virtual engagement center would be housed, how it would operate and what kind of staffing and leadership would be required. No action is being taken at this time, but we anticipate hearing more about Communities of Interest next year.

# CONCLUSION

And here we are. This report is the culmination of the work of 50 members, dozens of NAR staff who guided us along the way, not to mention the hundreds of members, Directors, association executives, state and local leadership and key stakeholders who provided their honest opinions about NAR governance - over three years.

The Governance PAG is proud to offer the best of our combined thinking on this important project. We believe that our recommendations are the foundation for a new governance system for NAR that is based on our **Eight Qualities of Ideal Governance**.



These recommendations aim to position the National Association of REALTORS® to Govern Forward and meet the members' needs of today, and well into the future.

For more information and supplemental materials, refer to [govpag.realtor](https://govpag.realtor).