

**Proposed Amendments to the *Organizational Alignment/Core Standards Policy, Compliance Policies and Procedures* and the *Noncompliance Appeal Procedure* implementing the enhancements recommended by the Core Standards Work Group of the NAR Association Executives Committee - March 2016**

Transition to a calendar year compliance cycle

Recommendation #1:

That the annual compliance cycle be the calendar year. To facilitate this transition, the third cycle will begin July 1, 2016 and end December 31, 2017.

Revised Advocacy component

Recommendation #2:

That Section II (Advocacy) of the Core Standards be revised as follows (underscoring indicates additions, strikeouts indicate deletions):

*A. Unless prohibited by state law and in recognition of state law differences, each association shall include in their dues billing a voluntary contribution for the PAC or the ~~issues~~ Political Advocacy Fund (PAF) in an amount adequate to meet any NAR established RPAC fundraising goals. Dues billing for PAC or PAF contributions has been proven to be the most effective method for raising PAC or PAF dollars and in engaging our members in political advocacy\*. A local association will have met this Mandatory Core Standard, regardless of whether they collect the full amount of their NAR established goal, if they include the voluntary contribution on their dues bill.*

*Notwithstanding the above, a local association that chooses not to include a PAC or PAF contribution on their dues bills, may, in the alternative, meet this Mandatory Core Standard if they deliver to NAR the full amount of any NAR established RPAC goal contributed by whatever legal means determined to be in the best interest of the local association (i.e. ., a corporate contribution in the full amount of the NAR established goal). In whatever manner the NAR established RPAC goal is met, funds shall be sent to RPAC or the PAF individually or collectively by/through the State Association (i.e., one check concept). The intent of this standard is to provide the best opportunity for every association to meet its goal. \*Unless prohibited by state law, it is recommended that to reach the highest participation levels possible, each local association include the contribution to either the PAC or the PAF "above the line" with appropriate disclaimers about the voluntary nature of the member contribution.*

B. Each association shall provide or distribute information and communications from NAR and the applicable state association, regarding the value of investing in and the benefits received from the individual's participation in the PAC.

C. Each association shall demonstrate participation in NAR Calls for Action delivered through the REALTOR® Action Center (e.g., promotion through websites, newsletters, office visits, etc.). It is the state and local association's obligation to provide adequate proof of participation. NAR shall monitor state association participation primarily through the REALTOR® Action Center Response Reports. If there are signs of insufficient participation, NAR shall investigate and encourage compliance. The state associations shall monitor local association participation primarily through the REALTOR® Action Center Response Reports. If there are signs of insufficient participation, the state association shall investigate and encourage compliance.

D. Each local association shall demonstrate participation (if applicable) in State Calls for Action (e.g., promotion through websites, newsletters, office visits, etc.). It is the local association's obligation to provide adequate proof of participation.

E. In addition to the requirements established in subsections A-D, Each association shall demonstrate advocacy engagement must support the REALTOR Party's "Vote-Act-Invest" goals, and must annually conduct at least two initiatives or activities furthering or supporting each of those three goals respectively. Examples of initiatives and activities satisfying this requirement are available on NAR's online Compliance Tool and in the Core Standards Frequently Asked Questions ("FAQs") and in the REALTOR Party Resource Guide which can be found at [www.realtoractioncenter.com/resourceguide](http://www.realtoractioncenter.com/resourceguide). For program ideas go to MY REALTOR® Party Resource Guide at [www.realtoractioncenter.com/realtor-party/documents/MPR-link-is-external-Resource-Guide.pdf](http://www.realtoractioncenter.com/realtor-party/documents/MPR-link-is-external-Resource-Guide.pdf).

### Revised Consumer Outreach component

#### Recommendation #3:

That Section III (Consumer Outreach) of the Core Standards be revised as follows (underscoring indicates additions, strikeouts indicate deletions):

A. Every Aassociation will demonstrate engagement in ~~not less than~~ at least four meaningful consumer engagement activities annually, including at least two activities demonstrating how the association is the "Voice for Real Estate in its market, and at least two activities demonstrating the association's involvement and/or investment in the community. reflected by:

1. *Being the “Voice for Real Estate” -- promoting market statistics and/or real estate trends and issues (e.g., release through press releases, interviews, etc. of MLS statistics, local market statistics, NAR research reports, local/state analysis of NAR statistics, etc.)*
2. *Community involvement and investment -- promoting the value proposition of using a REALTOR® and/or engaging in community activities which enhance the image of the REALTOR®; such as organizing human resources (e.g. participating in a Habitat for Humanity build) or conducting fundraising activities to benefit local community or charitable organizations.*
3. ~~Advocacy efforts—engaging the public in legislative/political issues that impact real estate and related issues; and~~
4. ~~Community investment—Organizing human resources (i.e., assisting in a Habitat for Humanity build, etc.) or fundraising for the benefit of charitable/community organizations.~~

*To meet this four-activity per year requirement, each association must execute from some combination of at least 3 of the 4 listed engagement activities a minimum of two “Being the ‘Voice for Real Estate’ ” activities and two “Community involvement and investment”) activities during the year. It will not be enough, for example, for an association to engage in the same activity 4 times each year nor will financial support of a charitable organization alone be considered to have met this Mandatory Core Standard. Additionally, any one activity can only be quantified in one category. Example: Assume Association A releases quarterly market statistics to the media satisfying (1) above. Association A must also engage in some combination of the other listed activities as follows: a community involvement activity (2) and an advocacy effort (3); or a community involvement activity (2) and a community investment activity (4); or an advocacy effort (3) and a community investment activity.*

#### Revised professional development requirement for “chief staff”

##### Recommendation #4:

That Section IV. D (Unification Efforts and Support of the REALTOR Organization) of the Core Standards be amended as follows (underscoring indicates additions):

*D. Local and state association chief staff must complete at least six hours of REALTOR® association professional development on an annual basis. In associations without paid/salaried staff, this requirement is applicable to the individual primarily*

responsible for performing the functions ordinarily carried out by paid staff in other associations.

New annual member education requirement

Recommendation #5:

That Section IV (Unification Efforts and Support of the REALTOR Organization) of the Core Standards be amended by the addition of the following new requirement (underscoring indicates additions):

Associations must annually offer, promote or provide at least one professional development opportunity for their members.

New annual REALTOR Safety activities requirement

Recommendation #6:

That Section IV (Unification Efforts and Support of the REALTOR Organization) of the Core Standards be amended by the addition of the following new requirement (underscoring indicates additions):

Associations must annually certify that they have conducted an activity promoting REALTOR safety.

New Professional Development requirement for local and state association REALTOR leaders

Recommendation #7:

That Section IV (Unification Efforts and Support of the REALTOR Organization) of the Core Standards be amended by the addition of the following new requirement (underscoring indicates additions):

Associations will annually provide resources for or access to leadership development education and/or training for their elected REALTOR® leaders, and will document the training, tools, programs, and resources they offer or provide access to.

New annual performance review for chief staff requirement

Recommendation #8:

That Section IV (Unification Efforts and Support of the REALTOR Organization) of the Core Standards be amended by the addition of the following new requirement (underscoring indicates additions):

Associations with paid staff must adopt policies and procedures for conducting annual performance reviews of their chief paid staff, and must annually certify that a performance review for their chief paid staff has been conducted.

Strategic plans/New annual review requirement and new “implementation strategies” requirement

Recommendation #9:

That Section IV. C (Unification Efforts and Support of the REALTOR Organization) of the Core Standards be amended as follows (underscoring indicates additions, strikeouts indicate deletions):

*C. Every association shall ~~have and~~ annually certify that its board of directors has reviewed and discussed the association’s ~~adopt~~ a business or strategic plan, that the plan including includes an advocacy component and a consumer outreach component, and that those components have actionable implementation strategies. If, for example, an association develops a three year strategic plan, that plan must be adopted and the adoption reported annually.*

Revised Financial Solvency/Accountant review reports

Recommendation #10:

That Section VI. B (Financial Solvency) be revised as follows (underscoring indicates additions, strikeouts indicate additions):

*B. All associations, state or local, with revenue of \$50,000 or more must annually submit a report from a CPA which includes either an audit opinion or an accountant’s review report ~~on an annual basis~~. For those associations with annual revenues of less than \$50,000 (including MLS-generated revenues and revenue from other business subsidiaries) annually, a compilation report prepared by a CPA will be acceptable. These thresholds apply to all associations whether tax exempt or for profit. It will be left to the discretion of each association as to the frequency of an audit versus a review, recognizing that the costs of each type of engagement vary greatly.*

## Noncompliance/Appeal procedure

Recommendation #11:

That the Organizational Alignment/Core Standards noncompliance appeal hearing procedure be amended as follows (underscoring indicates additions, strikeouts indicate deletions):

### **Background**

*As stated in the Organizational Alignment Core Standards, if a state association does not confirm that a local association is compliant with the Mandatory Core Standards, that local association's charter as a member board of the NATIONAL ASSOCIATION OF REALTORS® will be revoked. However, no association will lose its charter without first being given an opportunity to appear before a hearing panel of the NAR Association Executives Committee to show cause why the association's charter status as a member board should not be terminated. In such cases the panel's recommendation will be reported to the NAR Board of Directors for final action. If a local association does not challenge the state's conclusion that the local association did not meet the Core Standards, the fact that the association's charter is being revoked will be included in the NAR Board of Directors consent agenda.*

### **Process**

*State associations, using the online compliance certification system, will provide NAR with the names of the local associations that met the Core Standards requirements. (Note: Effective upon commencement of the third compliance cycle on July 1, 2016, the deadline for local associations to submit compliance information to state associations is ~~June 30~~ December 31 each year., and ~~states~~ State associations have until ~~July~~ January 30 to certify their local associations' compliance status to NAR.) Any association shown as not being compliant will be subject to charter revocation. NAR will notify those associations and inform them that the charter revocation process has begun. If the local association has reason to believe its charter should not be revoked and chooses to appeal the state association's conclusion, it has ~~30 days from the date of the notice~~ until February 28 to file a written challenge to the state association's determination with NAR.*

*The NAR Association Executives Committee chair and vice chair shall recommend ~~three~~ at least five AEC members or other REALTOR association executives to serve on the hearing panel for the NAR president's approval. Two back-up panelists will also be*

*recommended to ensure that panelists are not from the same state or region as the local association that is submitting the challenge.*

*Local associations challenging the state association's determination must show proof of compliance that clearly refutes the state association's conclusion. The challenge must be signed by the local association president, president-elect, and chief staff executive. NAR will send a copy of the challenge to the hearing panel and to the state association president, president-elect, and chief staff executive. All information pertinent to the challenge is confidential and will not be shared with anyone other than the respective local and state association staff and volunteer leaders, the hearing panel, and NAR staff who have a need to know.*

*Hearing panels will meet in Chicago (or where staff and the AEC chair determine, if circumstances dictate a different location) to consider all challenges. The chief staff executive, president, and/or president-elect of the local association filing the challenge will have the opportunity to participate in the hearing, conducted either in person or through an online meeting service. If the local association staff and volunteer leaders choose to appear at the hearing, they do so at their own expense.*

*If the hearing panel determines that the local association is substantially compliant with the Core Standards and should be given additional time to meet the Core Standards, the panel may grant an extension until ~~October 31~~ April 30, by which time compliance must be demonstrated. If the hearing panel determines that compliance has been satisfactorily demonstrated, that conclusion shall be reported to the state association. If the hearing panel determines that the local association did not meet the Core Standards, the decision will be reported directly to the NAR Board of Directors in ~~November~~ May on the Directors' consent agenda. Charter revocation will be effective immediately following approval by the Board of Directors.*

