

Organizational Alignment Recommendations

As approved by the Board of Director on May 17, 2014

Item #1: A motion carried that the existing Organizational Standards (as shown immediately below) be rescinded:

1. Governing Documents

Association's Bylaws, MLS Bylaws and/or Rules and Regulations (if applicable) and professional standards procedures are consistent with NAR policy; elections and membership/business meetings are conducted in accordance with the Bylaws; and membership is available on reasonable and nondiscriminatory terms (i.e., on terms and conditions no more rigorous than NAR's Membership Qualification Criteria).

2. Legal Status

Association maintains, has access to, or will have legal counsel available, and maintains policies and procedures that conform with local, state and federal laws, including the filing of necessary reports and documents (e.g. corporate documents, state and federal tax returns, etc.).

3. Dues Collection

Association enforces the dues formula to assure that every licensee affiliated with a firm comprised of REALTOR® principals is either a member or that the "designated" REALTOR® pays dues based on the number of non-member licensees affiliated with the firm.

4. Administrative Support

Association maintains, has access to, or will have staff support available. (This may be accomplished through a variety of methods, including paid staff on site, multi-board management, staff support furnished through the state association, etc.)

5. Communications Process

Association provides some form of regular communication to its members. (Examples include a monthly newsletter, computer-based information service, periodic notices on educational offerings and other key services, etc.)

6. Orientation

Association maintains an orientation process to inform new members of the privileges and obligations of membership.

7. Enforcement of the Code of Ethics

Association maintains a viable professional standards process to enforce the Code of Ethics and provide arbitration as a member service. Boards and associations must have a fully functioning professional standards committee with administrative capability to conduct the program, or must administer professional standards enforcement through a multi-board (or regional) professional standards agreement with other associations or the state association. Enforcement of the Code of Ethics includes administration and enforcement of the REALTOR® Code of Ethics training requirement. (amended 5/11)

Item #2: A motion carried that *Mandatory Core Standards for Associations of REALTORS®* be adopted reading as follows:

Every local and state association of REALTORS® shall annually demonstrate compliance with the following core standards. As used in this policy “state association” and “state association of REALTORS®” includes the territorial associations of REALTORS®.

Local associations will be responsible for communicating and describing the programs, products and services of national and state associations such that all members will understand value propositions at all three levels.

I. Code of Ethics

A. Every association will provide new and continuing member Code of Ethics training as required by Article IV of the NAR Bylaws.

B. Every association will maintain a viable professional standards process to enforce the Code of Ethics and provide arbitration and mediation as member services. Associations must have a fully functioning professional standards committee with administrative capability to conduct the program, or must administer professional standards enforcement through a multi-board (or regional) professional standards agreement with other associations or with the state association.

C. Every association will provide mediation services to members as required by Article IV of the NAR Bylaws. Associations may also offer ombudsman services to members and their clients and customers and, if available in the state, may implement a “citation” enforcement policy.

II. Advocacy

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 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. Each association shall demonstrate advocacy engagement. For program ideas go to My REALTOR® Party Resource Guide at www.realtoractioncenter.com/resourceguide.

III. Consumer Outreach

A. Every Association will demonstrate engagement in not less than four meaningful consumer engagement activities annually, 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 - promoting the value proposition of using a REALTOR® and/or engaging in community activities which enhance the image of the REALTOR®;
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 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 (4).

IV. Unification Efforts and Support of the REALTOR® Organization

- A. Every association will maintain, have access to or will have legal counsel available.
- B. Associations shall adopt and maintain corporate documents, policies and procedures that conform to local, state and federal laws. Associations will timely file legally required reports and documents (e.g., corporate renewal documents, state and federal tax returns, etc.).
- C. Every association shall have and annually adopt a business or strategic plan including an advocacy component. If, for example, an association develops a three year strategic plan, that plan must be adopted and the adoption reported annually.
- D. Local and state association chief staff must complete at least six hours of REALTOR® association professional development on an annual basis. (i.e., state, regional or national).
- E. Each state individually or in cooperation with another state association must annually provide at least six hours of professional development opportunities for local association executives.
- F. Associations will promote to their members the importance of participating in any NAR-conducted effort to assess member understanding of the overall value provided by associations at all three levels of the REALTOR® organization.
- G. Licensees in limited function referral organizations (LFRO) shall be identified by the local and/or state associations for the purpose of inviting their participation in political advocacy (e.g., PAF and Calls for Action).

H. To ensure proper dues reporting and collection, every state association will provide to each local association a comparative list of non-member licensees to the state membership records, at least semi-annually.

V. Technology

A. Every association must have an interactive website (defined as the ability to move between websites and create active links), post access to professional standards and arbitration filing processes on the website and create a link to the websites of the other levels of the association for promotion of member programs, products and services.

B. Every association must utilize an email and/or internet based means for member communication.

VI. Financial Solvency

A. Every association must adopt policies to ensure the fiscal integrity of their financial operations.

B. All associations, state or local, with revenue of \$50,000 or more must 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 revenues less than \$50,000 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.

C. Any association considering bankruptcy must first obtain NAR's consent to file for bankruptcy. To the extent permitted by law, any association that declares bankruptcy will be subject to automatic charter review.

Item #3: A motion carried that the following *Mandatory Core Standards for Associations of REALTORS®* compliance policies and procedures be adopted:

Every local and state association of REALTORS® shall annually demonstrate compliance with the following core standards. It is critical that the members have an understanding of the value they receive as a member of the REALTOR® organization at the local, state and national levels. Therefore, it is essential that every association understand that they will be held accountable for achieving and maintaining the high standard of professionalism that the members deserve from their professional association. As used in this policy "state association" and "state association of REALTORS®" includes the territorial associations of REALTORS®.

Compliance with the *Mandatory Core Standards for Associations of REALTORS®*

These *Mandatory Core Standards for Associations of REALTORS®* will apply to every local and state association regardless of the membership they serve, including associations that serve business specialty members (e.g. commercial, appraisal, property management, etc.) in addition to, or exclusive of,

residential practitioners. Enforcement of the *Mandatory Core Standards for Associations of REALTORS®* will be a collaborative effort between local associations, state associations and the national association.

As a condition of continued membership in the National Association of REALTORS® every local and state association of REALTORS® shall, on an ongoing basis, comply with all mandatory policies adopted by the NAR Board of Directors from time to time including, but not limited to policies governing education on and enforcement of the Code of Ethics, membership, dues collection, NRDS reporting, and MLS.

Additionally, every local and state association shall annually certify compliance with the *Mandatory Core Standards for Associations of REALTORS®* using the certification form or other applicable process provided by NAR (or, where applicable, by the state association). Certification of compliance (including all required supporting documentation) must be signed by the association's chief staff officer, by the current elected president (or chairman of the board where the chief staff officer holds the title of "president"), and by the president-elect (or individual next in line to be the association's REALTOR® president or chairman of the board).

The signers of any attestation, certification or representation made on behalf of a local or state association with respect to the association's compliance with these *Mandatory Core Standards for Associations of REALTORS®* shall be jointly and individually responsible for the accuracy and truthfulness of the representations made, and any misrepresentation or intentional inaccuracy can result in revocation of the association's charter. Failure to maintain compliance with the *Mandatory Core Standards for Associations of REALTORS®* or any other mandatory NAR policy on an ongoing basis can also result in disciplinary proceedings being initiated under the *NAR Association Policy Violation Resolution Procedure*.

Every state association shall review the representations made by their constituent local associations and annually confirm to NAR that each local association's certification is accurate and complete to the best of the state association's knowledge and belief. State associations and NAR may request additional written documentation or other evidence of compliance from a local or state association if there is a question of compliance.

If a state association does not confirm that a local association is compliant with the *Mandatory Core Standards for Associations of REALTORS®*, that local association's charter as a Member Board of the National Association of REALTORS® shall be revoked. NAR need not receive a recommendation by a state association prior to revocation of a local association charter. However, under no circumstances will an association be dropped from membership in the National Association without first having an opportunity to appear before a panel of at least three (3) members of the NAR Association Executives Committee to show cause why the association's membership should not be terminated. The recommendation of the Association Executives Committee panel will be reported to the NAR Board of Directors for final action.

Item #4. A motion carried that the charter of all associations that have not complied with the Mandatory Core Standards by June 30, 2015, will be automatically subject to revocation.

Item #5. A motion carried that NAR will facilitate revisions to the Code of Ethics and Arbitration Manual aimed at simplifying and expediting the hearing process, which may include adoption of the electronic filing and processing mechanism, limitation of continuances, shortened response times, and removal of redundancies in the manual.