

NOTE: This is a working draft document subject to ongoing review and enhancement. It is anticipated it will be an integral part of comprehensive monitoring/compliance system used by local, state and national associations.

Mandatory Core Standards for Association of REALTORS® Online Certification Process

NOTE: State Associations may, at their discretion, request additional documentation from local associations to confirm compliance with the Mandatory Core Standards for Associations of REALTORS®

1. Code of Ethics

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

Compliance Criteria

- How does your association deliver/provide Code of Ethics Training (please select all that apply)?
 - NAR Online Course
 - Local association provided classroom or online instruction
 - State association provided classroom or online instruction
 - Other: _____

- Does the association enforce the requirement of 2.5 hours of training on the REALTOR® Code of Ethics for new and existing members?
 - Yes No

- Does your association track member compliance with the new and continuing Code of Ethics training requirements via NRDS? (*answers or demonstration of compliance TBD*)

B. Core Standard: 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.

Compliance Criteria

- Does the association have a professional standards committee?
 Yes No
- Identify the association’s certified Professional Standards Administrator: _____

- Associations participate in a multi-board (or regional) professional standards agreement with other associations or with the state association. List the signatory associations to your association’s agreement. Attach copies of the current agreement and the process utilized. If the agreement is with the state association, attach a copy of the current agreement and the process utilized. _____

- Has the association adopted the optional NAR *Expedited Ethics Administration Procedures* (as provided in Section 20 of the NAR *Code of Ethics and Arbitration Manual*)?
 Yes No

If enforcement of the Code of Ethics has not been delegated to the state association, please provide the following information for the last calendar year:

- Number of ethics complaints filed with the association: _____
- Number of ethics hearings held: _____
- Articles alleged to have been violated. (*This would include a drop down list so the numbers of violations of each of the seventeen Articles could be aggregated by Article*)
- Articles determined to have been violated (following final disposition of complaints) (*This would include a drop down list so the numbers of violations of each of the seventeen Articles could be aggregated by Article*)
- Number of complaints resolved through alternative resolution processes (e.g. “ethics mediation”, ombudsperson, etc.): _____

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

Compliance Criteria

- Does the association provide mediation of contractual disputes as required by Article 17 of the Code of Ethics as a member service?

Yes No

- Identify the mediator/mediators utilized by the association: _____

- Does the association offer mediation of allegations of the Code of Ethics and other membership duties (“ethics mediation”)?

Yes No

If yes, identify the mediator/mediators utilized by the association: _____

- If a “citation system” for enforcement of membership duties is available in your state, has your association adopted it? If yes, attach a copy.

Yes No

- Does your association offer ombudsperson services to members and consumers?

Yes No

If yes, attach a copy of the procedures and identify the ombudsperson(s) utilized: _____

2. Advocacy

A. Core Standard: 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 deemed appropriate 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 are 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.

Compliance Criteria

- The association satisfies this requirement by (check all that apply):
 - Dues Billing Corporate Contribution
- Do you bill an amount that is sufficient to meet the state established fundraising goal by the fundraising deadline?
 - Yes No
- Do you bill a higher amount for broker/owners versus agents?
 - Yes No

NOTE: In whatever manner the RPAC goal is met (based upon the RPAC established \$__ per member) funds are 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 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.

The dues billing should include the proper state and federal RPAC disclaimer with language provided by the state association.

In addition to dues billing individual members, local boards are encouraged to also make a corporate contribution to RPAC from board dues.

B. Core Standard: 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.

Compliance Criteria

- Do you have a local RPAC Committee that raises and distributes RPAC funds to local candidates?

Yes No

- Does the local association use the NAR provided PAC management system?

Yes No

- Identify methods used by the association to share information on the value of participation in the PAC (check all that apply):

Association Website E-mail Other (please specify) _____

C. Core Standard: 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.

Compliance Criteria

- Do you use the REALTOR® Party hub (Convio/Blackbaud) or some other vendor?

Yes No

- If another vendor, who? If none, please demonstrate how you distribute and measure Calls for Action. _____

- Have you achieved the national response rate (15%) for Calls for Action?
 Yes No
- Describe how you have promoted the Broker Involvement Program (ie: sign up at association meetings, broker visits by association leadership, etc.)? _____

D. Core Standard: 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.

Compliance Criteria

- Do you use the REALTOR® Party hub (Convio/Blackbaud) or some other vendor?
 Yes No
- If another vendor, who? If none, please demonstrate how you distribute and measure Calls for Action. _____

- Have you achieved the national response rate (15%) for Calls for Action?
 Yes No
- Describe how you have promoted the Broker Involvement Program (ie: sign up at association meetings, broker visits by association leadership, etc.)? _____

NOTE: NAR will monitor state participation in federal Calls for Action through the Action Center.

E. Core Standard: Each association shall demonstrate advocacy engagement. For program ideas click on the link below to access the My REALTOR® Party Resource Guide <http://www.realtoractioncenter.com/realtor-party/documents/MRP-Resource-Guide.pdf>.

Compliance Criteria

- **Advocacy Issue Objectives** – How does the association identify the issues, goals and objectives for engagement? _____

Explanation

- Association shall engage policy issues that impact REALTORS® at the national, state and local levels to foster an advocacy objective which aims to change the policies or positions of institutions, governments or agencies, etc.
 - Engagement should be perceived to be a priority by the membership and germane to the real estate industry.
 - Engagement should ensure the meaningful involvement of the association’s leaders and members in defining the issues for engagement. The Association should have a governance process to review and endorse the issues for engagement.
 - Being engaged requires interacting with the State REALTOR® Association and NAR to learn the top policy priorities and the policy positions associated with advocacy engagement activities.
 - It is the responsibility of all three levels of the organization to coordinate and communicate the top issues between them.
- **Data and Research Utilization** – How does the association utilize and apply data and research to help influence an advocacy issue favorably? _____

Explanation

- Association should use evidence-informed data (e.g surveys, polling, focus groups, research findings) and national statistics to inform and buttress advocacy engagement activities.
- Association should analyze, synthesize and translate research and other evidence so that it is relevant for target audiences.
- Association should collect local stories, statistics, anecdotes from personal sources affected by an issue to have evidence prepared for an advocacy engagement campaign

Additional information: Resources to perform these functions are available either through the state or national associations and the REALTOR® Party programs.

- **Audience Targets** –how does the association identify the key decision-makers (e.g. legislators, government officials, media, business groups) to influence regarding its advocacy engagement objectives? _____
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Explanation

- Association should identify key decision-makers within the board jurisdiction and create an ongoing system to meet and regularly communicate with them.
 - Association should in cooperation with the state and national association assist in building relationships with elected officials at the state and federal levels of government.
 - Association should use effective methods of member communication with elected officials at all levels of government. Such information should accurately reflect the issues and concerns of the local area the association services.
- **Messaging** – how does the association determine the most important advocacy message and the proper methods for presenting that argument to influence decision makers and other key audiences? _____
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Explanation

- Association should consider various advocacy methods (such as media campaigns, online campaigns, etc.) to determine the most effective ways to achieve the advocacy engagement objectives
- Association should develop and maintain media support through personal contacts, press releases, press conferences, etc.
- Association should identify blogs, columnists, organizations, Twitter feeds that cover advocacy issues of interest to the Association and check them regularly to stay engaged.
- Association should know its opposition to an advocacy engagement issue, their argument and how the association will rebut them.
- Association should develop and utilize policy impact statements, white papers, analytical works, issue briefs, etc. in conveying information related to advocacy engagement objectives.
- Association should be prepared to develop personalized and customized letters of support when called upon related to an advocacy engagement campaign.
- Association should identify town hall meetings hosted by Members of Congress or state legislators for their constituents and attend providing

well-researched, well-rehearsed talking points related to advocacy engagement issues.

- **Grassroots, Member Involvement & Mobilization** – the association involves and mobilizes members to act to support the advocacy engagement goals. _____
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Explanation

- Association should build relationships with relevant target audiences in an effort to move forward on advocacy engagement objectives.
- Association should build coalitions, recruit new activists and work within existing appropriate coalitions with a shared vision, clearly defined purpose, strategy and tactics, and strong consensus on key issues.
- Association should utilize various tools and methods (Calls for Action through e-mail, social media, personal visits, etc.) to engage members on issues and to inspire them to take appropriate, agreed upon action to influence policy makers.
- Association should have specified REALTOR® contacts with elected and appointed public officials whose position may impact real estate related issues, and ensure that REALTOR® maintains regular contact with that official; and the association should have a process whereby those contacts communicate the specified Association position/message at the Association directed time.
- Association should identify REALTOR® members who have knowledge in specialty areas (commercial, appraisal, new construction, development, etc.) of real estate and use them as necessary when communicating with elected or appointed public officials.

3. Consumer Outreach

A. Core Standard: Every Association will demonstrate engagement in not less than four meaningful consumer engagement activities annually, reflected by:

(i) 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.);

(ii) Community involvement - promoting the value proposition of using a REALTOR® and/or engaging in community activities which enhance the image of the REALTOR®;

(iii) Advocacy efforts - engaging the public in legislative/political issues that impact real estate and related issues; and

(iv) Community investment – Organizing human resources (i.e., assisting in a Habitat for Humanity build, etc.) or fundraising for the benefit of charitable/community organizations.

Compliance Criteria

- 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 (a) above. Association A must also engage in some combination of the other listed activities as follows: a community involvement activity (b) and an advocacy effort (c); or a community involvement activity (b) and a community investment activity (d); or an advocacy effort (c) and a community investment activity (d).

Explanation

Consumer Engagement Activities – Clarification of Qualifying Activities and Compliance Standards

(i) Being the “Voice for Real Estate” – promoting market statistics and/or real estate trends and issues.

Qualifying activities are those that position REALTORS® and the REALTOR® association as the first, best source for local market information and interpretation. Examples include:

- Highlight local, state or national real estate data in a news release or direct outreach to local reporters.
- Arrange interviews with association leadership to provide context to local real estate data.
- Identify local angles of data from NAR research reports and reach out to local reporters.*
- Use social media (Twitter, LinkedIn and Facebook) to share local real estate data insights, and retweet NAR Research insights.
- Conduct desk side briefings with local editors to share insights from the local MLS, commercial information exchange, and association-generated real estate data.

* Your association must be reaching out to reporters in a way that you can document for compliance, as outlined below.

Examples of compliance for this activity:

- Copies of news releases, e-mails to reporters, or conversations on social media with reporters to encourage favorable media coverage.
- Evidence of news coverage related to the association's outreach – clips or screen captures.
- Links to the association's social media outlets that include real estate market-related posts.
- Summary of desk side briefing materials.

(ii) Community involvement – promoting the value proposition of using a REALTOR® and/or engaging in community activities which enhance the image of the REALTOR®.

Qualifying activities are those that involve media outreach, advertising, direct-to-consumer outreach, or direct-to-business outreach, either through the association or with materials that help REALTORS® reach out to consumers, to position REALTORS®. Examples include:

- Run a TV, radio or print ad from NAR's Consumer Advertising Campaign in a local media outlet.
- Reach out to reporters to suggest stories that demonstrate members' value to home buyers and sellers.*
- Reach out to reporters to suggest stories that demonstrate members' value to small business owners, retailers and other commercial businesses.*
- Sponsor or participate in job or small business fairs.
- Sponsor homeownership fairs.
- Sponsor a tour of vacant commercial property
- Sponsor a seminar on how to invest in commercial property.
- Promote a local open-house weekend.
- Provide materials that help members reach out to consumers directly.
- Provide materials that help members reach out to businesses directly.

*Your association must be reaching out to reporters in a way that you can document for compliance, as outlined below.

Examples of compliance for this activity:

- Copies of any advertising as it ran in any given media outlet.
- Evidence of news coverage related to the association's outreach – clips or screen captures.
- Copies of news releases, e-mails to reporters, or conversations on social media with reporters to encourage favorable media coverage.

- Copies of the promotional materials for specific events or materials that the association has created for and provided to its members.

(iii) Advocacy efforts – engaging the public in legislative/political issues that impact real estate and related issues.

Qualifying activities must be related to an actual political issue as part of these efforts. These include:

- Apply for an Issues Mobilization grant.
- Submit an op-ed or letter to the editor of the local newspaper addressing the issue at hand.
- Conduct a town hall meeting to address the relevant local issues.
- Mobilize members to ask their clients and customers to contact their local representative about the issue.

Examples of compliance for this activity:

- Issues Mobilization grant application or project summary.
- Copy of the op-ed or letter to the editor.
- Promotional materials for the town hall meeting or other community events.
- Materials/communications that help REALTORS® reach consumers directly on relevant public policy issues.

(iv) Community investment – Organizing human resources or fundraising for the benefit of charitable/community organizations.

Qualifying activities are specific to donations of volunteers (both staff and members) and conducting fundraising activities. These include:

- Participate in a Habitat for Humanity build.
- Apply for an NAR Housing Opportunities grant.
- Apply for a REALTOR® Party Community Outreach grant for a Better Block or Placemaking project.
- Organize REALTOR® participation in a community fundraising drive or event, such as a local walkathon, donation drive, or volunteering for a homeless shelter.
- Organize a fundraiser activity such as a golf tournament, with proceeds benefitting a community organization.

Examples of compliance for this activity:

- Member communications, photos or news coverage of participation in community events.
- Housing Opportunities grant application or project summary.
- Community Outreach grant application or project summary.

4. Unification Efforts and Support for the REALTOR® Organization

A. Core Standard: Every association will maintain, have access to or will have legal counsel available.

Compliance Criteria

- Name and Contact Information for Association Legal Counsel: _____

B. Core Standard: 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.).

Compliance Criteria

- Date of last filing of state and federal tax returns or other required forms: _____

- Date of last annual meeting of the Board of Directors: _____

- Attach certificate of corporate standing from Secretary of State.

C. Core Standard: 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.

Compliance Criteria

- Date of adoption of current strategic plan (attach copy of Board of Director's minutes demonstrating adoption): _____

- Attach a copy of the current strategic plan.

D. Core Standard: 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).

Compliance Criteria

- Program(s) completed, date, hours, location and method of delivery: _____

E. Core Standard: 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.

Compliance Criteria

- Program(s) completed, date, hours, location and method of delivery: _____

F. Core Standard: 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.

Compliance Criteria

- Attach a copy of at least two (2) member communications

G. Core Standard: 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).

Compliance Criteria

- Actions taken to invite licensees in limited function referral organizations to participate in political advocacy.

H. Core Standard: 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.

Compliance Criteria

- Semi-annual lists provided to local associations?
 Yes No

5. Technology

A. Core Standard: 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.

Compliance Criteria

- Required URLs/access:
 - Main website: _____
 - Professional standards and arbitration filing processes: _____
 - Links to other associations: _____
 - Any logins/passwords needed to access the above URLs: _____
-

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

Compliance Criteria

- Provide one of the following:
 - Attach a copy of member communication e-mail
 - If not utilizing e-mail, URL to Internet-based communication: _____
-

6. Financial Solvency

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

Compliance Criteria

- Provide a copy of each of the following financial policies the association has adopted.
 - Fraud awareness and prevention, including:
 - identification of responsibility for fraud prevention

- key tools used to help prevent fraud
- broad organizational level controls
- key process level controls
- Board/Governing body approved policies, including:
 - Budget policies including budget adjustment handling
 - Dues collection
 - Financial information disclosure
 - Officer and membership travel
 - Investments
 - Reserve levels and uses of reserves
 - Creation and maintenance of corporate resolutions
- Other financial operating policies, including:
 - Association payment policies
 - Compliance reporting
 - Compensation
 - Association revenue policies
 - Financial reporting and accounting policies
 - Asset capitalization policies
- Form 990 suggested governance policies
 - Conflict of interest (member/officer and staff)
 - Whistleblower
 - Organizational document retention

B. Core Standard: 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.

Compliance Criteria

- Include date of last financial audit/review and the name of the individual or firm conducting the review: _____

NOTE: Any association considering bankruptcy must first obtain NAR’s consent to file for bankruptcy. Any association that declares bankruptcy will be subject to automatic charter review.

(5.8.14)