

## **POLICIES & PROCEDURES**

**THE HIGHLAND LAKES ASSOCIATION OF REALTORS®**

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## **MISSION STATEMENT**

"Highland Lakes Association of REALTORS® (HLAoR) is an organization of Real Estate Professionals committed to a higher level of ethical standards, created to enhance personal and professional growth of its members through information, education, and community involvement."

## **ARTICLE 1: ADMINISTRATION**

Administration of this Association shall consist of the elected Board of Directors, hereinafter referred to as the "Board of Directors".

### **SECTION 1: BOARD OF DIRECTORS**

The government of the Association shall be vested in the Board of Directors, who shall make all decisions pertaining to policies and procedures of the Association.

These decisions should be made with the well-being of the Association, as a whole, in mind.

The membership has a right to expect from every Board of Director member, good faith, reasonable care, and prudence in the consideration of every situation, decision or question that is presented to the Board of Directors in managing the Association affairs.

The Board of Directors is to approve the operating budget prepared under the direction of the Association Executive and the Budget/Finance Committee.

The Board of Directors shall approve and fund all committee activities. The Board of Directors shall have charge of the general conduct of the affairs of the Association and shall enact such rules for its government as deemed expedient providing that the same shall not be inconsistent with the Bylaws of the Association.

The Board of Directors shall have exclusive management of all finances of the Association. The Board of Directors may, at any time, cause an audit to be made of the books and accounts of the Highland Lakes Association of REALTORS® by a certified public accountant appointed by the Board of Directors.

It shall be the duty and responsibility of the Board of Directors to see that the membership is kept reasonably and properly informed on all matters of particular interest and concern to the membership in respect to the real estate business and the Association. It shall be the further duty and responsibility of the Board of Directors to secure, where time permits, the views of the membership upon any subject or subjects of particular concern to the membership, this procedure to be particularly applicable where the Board of Directors is called upon to pledge the support of the Association on matters affecting the real estate business and on matters of civic or national interest. The object of this provision being to see that the majority views of the membership are ascertained on matters of importance before the Board of Directors adopts positions on behalf of the Association in respect to such matter.

The Executive Committee or Executive Board, if established by the Board of Directors, may not act independently of the full Board of Directors, but may make recommendations or proposals for action to the Board of Directors for approval, except as expressly authorized by the Board.

## **SECTION 2: OFFICERS AND DIRECTORS – AUTHORITY AND COMPOSITION**

The governance of the Highland Lakes Association of REALTORS® is vested in its Board of Directors, consistent with the Association's Bylaws and the policies of the National Association of REALTORS® and Texas REALTORS®.

The Board of Directors is comprised of the Association's Officers, Directors, and the Texas REALTOR® Director, as provided for in the Bylaws and these Policies and Procedures.

Officers and Directors serve in a fiduciary capacity and shall act in good faith, with reasonable care, and in the best interests of the Association. Authority of the Association resides with the

Board of Directors acting collectively. No individual Officer or Director may act on behalf of the Association without authorization of the Board of Directors, except as expressly provided in the Bylaws, these Policies and Procedures, or by Board action.

### **SECTION 3: DUTIES AND RESPONSIBILITIES OF OFFICERS:**

The Officers of the Association serve in a fiduciary capacity and are responsible for carrying out the policies, strategic direction, and actions approved by the Board of Directors. The following outlines the general duties of each Officer. These duties are intended as guidance and do not limit the authority of the Board of Directors to assign additional responsibilities as necessary.

#### **President**

The President serves as the chief elected officer of the Association and provides leadership to the Board of Directors. The President presides at meetings of the Board of Directors and the general membership, represents the Association in official capacities as authorized by the Board, and works in coordination with the Association Executive to ensure the effective implementation of Board-approved policies, programs, and strategic objectives.

#### **President-Elect**

The President-Elect supports the President in the performance of their duties and prepares to assume the office of President. The President-Elect performs duties as assigned by the President or the Board of Directors and assumes the duties of the President in the event of the President's absence or inability to serve, unless otherwise directed by the Board.

#### **Secretary/Treasurer**

The Secretary/Treasurer is responsible for overseeing the integrity of the Association's records and financial reporting processes. In coordination with the Association Executive and appropriate financial professionals, the Secretary/Treasurer supports accurate recordkeeping, financial oversight, and reporting to the Board of Directors, and performs additional duties as assigned by the Board.

#### **Immediate Past President**

The Immediate Past President serves in an advisory capacity to the Board of Directors, providing continuity and institutional knowledge. The Immediate Past President may perform duties as assigned by the Board of Directors or the President.

#### **Texas REALTOR® Director**

The Texas REALTOR® Director serves as a liaison between the Association and Texas REALTORS®, representing the interests of the Association at the state level. The Texas REALTOR® Director communicates relevant state-level information to the Board of Directors and performs duties consistent with the role as prescribed by Texas REALTORS® and the Association.

### **SECTION 4: ASSOCIATION EXECUTIVE**

The Association Executive (AE) serves as the chief staff officer of the Association and is responsible for the day-to-day management and administration of the Association in accordance with the Bylaws, these Policies and Procedures, and directives of the Board of Directors.

The Association Executive is accountable to the Board of Directors and is responsible for implementing Board-approved policies, strategic objectives, and programs. The AE provides professional guidance to the Board, supports the work of committees, and serves as the primary liaison between the Board, staff, members, and external partners.

The Association Executive is responsible for the effective management of the Association's operations, including administration, financial management, personnel supervision, and program execution, within the scope of authority delegated by the Board of Directors. The AE may take action on routine or time-sensitive matters between Board meetings, reporting such actions to the Board as appropriate.

The Association Executive shall perform such additional duties as may be assigned by the Board of Directors and shall ensure compliance with applicable laws, regulations, and policies of the National Association of REALTORS®, Texas REALTORS®, and the Association.

### **SECTION 5: IMPEACHMENT**

In the event that an Officer or Director is deemed to be incapable of fulfilling the duties for which elected, but will not resign from office voluntarily, the Officer or Director may be removed from office under the following procedure:

- (a) A petition requiring the removal of an Officer or Director and signed by not less than one-third of the voting membership or a majority of all Board of Directors members shall be filed with the President, or if the President is the subject of the petition, with the next-ranking officer, and shall specifically set forth the reasons the individual is deemed disqualified from further service.
- (b) Upon receipt of the petition, and not less than twenty (20) calendar days or more than forty-five (45) calendar days, a special meeting of the voting membership of the Association shall be held, and the sole business of the meeting shall be to consider the charge against the Officer or Director and to render a decision on such petition.
- (c) The special meeting shall be noticed to all voting members at least ten (10) days prior to the meeting, and shall be conducted by the President of the Association unless the President's continued service in office is being considered at the meeting. In such case, the next-ranking officer will conduct the meeting of the hearing by the Board of Directors. Provided a quorum is present, a three-fourths vote of the members present and voting shall be required for removal from office.

## **SECTION 6: COMMITTEES**

The President shall appoint a chairman for the following standing committees from among REALTOR® and affiliate members, subject to confirmation by the Board of Directors. Board registered assistants may also serve as committee members.

The President has the authority to combine committees for the duration of his or her term with the approval of the Board of Directors.

New committee chairs for the following year will meet in November of the previous year with the then current committee chairs to review procedures manuals and appropriate meeting procedures.

### **Task Forces**

The President shall appoint, subject to confirmation by the Board of Directors, task forces as deemed necessary. All task forces shall be of such size and shall have duties, functions, and powers as assigned by the President or the Board of Directors except as otherwise provided in

the Bylaws and Policies and Procedures. The President shall be an ex-officio member of all standing committees and task forces and shall be notified of their meetings. As ex-officio member, the President has all the rights, responsibilities, and duties of any other member of the committee, including the right to vote.

#### TREPAC

The TREPAC Committee is a non-partisan group of real estate professionals working to promote homeownership, protect real property rights, and increase political awareness. The committee shall encourage TREPAC investments from HLAoR members and affiliate members and raise funds through special events.

#### Membership

The Membership Committee is charged with the recruitment and involvement of REALTOR® and Affiliate members in the Association. The committee will promote the services, privileges, and benefits of being a REALTOR® and organize the Association meetings. This committee will also communicate for the membership on other committees' activities by serving as a support mechanism for media coverage, news articles, and social media platforms.

#### Professional Development

The Professional Development Committee is charged with providing education opportunities for members' personal development, growth and success in their profession. Creativity, excitement, meeting member needs, focusing on the future must be taken into account. This committee should plan, promote, and implement a number of educational programs, including professional designations, licensing renewal courses, and special seminars throughout the year. This committee is responsible for the orientation session required for membership.

#### Governmental Affairs

The Governmental Affairs Committee is responsible for identifying, analyzing, and recommending an Association position to the Board of Directors on local, state, and national issues that affect the real estate industry and private property owners. This committee shall communicate and act on those issues approved. In addition, committee members interview and recommend endorsements of political nominees at all levels of government. Political involvement is prompted through Calls for Action, support of political campaigns, political forums and grassroots lobbying.

### Budget/Finance

The Budget/Finance Committee is responsible for developing the Association's annual budget based on the Strategic and Annual Forecast and submitting it to the Board of Directors for final approval. The Committee monitors membership changes, oversees and maintains appropriate Association investments, researches new sources of revenue, and reviews budget performance throughout the year, recommending adjustments as necessary.

The Committee oversees the Association's financial oversight process, including coordinating a full financial audit every five (5) years, with independent financial reviews conducted in the interim years. Additional audits or reviews may be initiated following executive leadership changes or at any time deemed necessary by the Board of Directors.

The Committee is also responsible for reviewing, on an annual basis, the tax-appraised values of all properties owned by the Association.

### Technology

The Technology Committee is responsible for evaluating and validating changing technology in an effort to support innovating development in the real estate industry that benefits our membership. Monitor and maintain an interactive website, post access to Professional Standards and Arbitration filing processes, and create links to promote members programs, products, and services.

### Nominating

The Nominating Committee of at least (5) five REALTOR® members shall be appointed by the President with the approval of the Board of Directors at least 2 months prior to the annual meeting. The purpose of this committee is to make and review nominations and assist the Association Executive with the election procedures as set forth by the Bylaws of this Association. This committee shall be responsible for all nominations for REALTOR® of the Year, Rookie of the Year or any other special awards to be presented at the annual Awards Program in conjunction with the Installation Banquet to be held in December of each year.

Nominations for these awards must be made and selected at least one month prior to event to allow time for awards to be ordered and engraved.

### Property Tours

The Property Tours Committee will oversee the scheduling of property tours to allow members of the Association the opportunity to showcase their listings to other members.

#### Community Outreach

The Community Outreach Committee will serve to facilitate community outreach efforts on behalf of the HLAoR membership. The committee will select at a minimum four (4) community service projects annually. The projects selected by committee may change from year to year, and will be executed with the Board's approval.

#### Bylaws

The Bylaws committee conducts a yearly review of the Association Bylaws, the Association Policies and Procedures to ascertain conformance with the NAR guidelines and directives from the HLAoR Board of Directors. This committee shall draft and present recommended changes to the Board of Directors for approval.

### **SECTION 7: HARASSMENT**

Any member of the Association may be reprimanded, placed on probation, suspended or expelled for harassment of an Association or MLS employee or Association officer or director after an investigation in accordance with the procedures of the Association. As used in this Section, harassment means any verbal or physical conduct including threatening or obscene language, unwelcome sexual advances, stalking, actions including strikes, shoves, kicks, or other similar physical contact, or threats to do the same, or any other conduct with the purpose or effect of unreasonably interfering with an individual's work performance by creating a hostile, intimidating or offensive work environment.

The decision of the appropriate disciplinary action to be taken shall be made by the investigatory team comprised of the President, and President-elect and/or Vice President and one member of the Board of Directors selected by the highest ranking officer not named in the complaint, upon consultation with legal counsel for the Association. Disciplinary action may include any sanction authorized in the NATIONAL ASSOCIATION OF REALTORS® Code of Ethics and Arbitration Manual. If the complaint names the President, President-elect or Vice President, they may

not participate in the proceedings and shall be replaced by the immediate past President or, alternatively, by another member of the Board of Directors selected by the highest ranking officer not named in the complaint. (Amended 8/18)

NOTE: Suggested procedures for processing complaints of harassment are available online at <http://www.REALTOR.org>, or from the NAR Member Policy Department.

## **Article 2: NOMINATION AND ELECTION GUIDELINES**

### **SECTION 1: BOARD COMPOSITION**

The Board of Directors shall consist of the Officers, Directors, and the Texas REALTOR® Director, as provided for in the Association's Bylaws and these Policies and Procedures.

### **SECTION 2: OFFICERS**

The Officers of the Association shall include President, President-Elect, Secretary/Treasurer, and Immediate Past President.

Officers shall be elected in accordance with the procedures set forth in this Article and shall serve terms as provided in the Bylaws.

### **SECTION 3: DIRECTORS**

Six (6) local REALTOR® members shall be elected to serve as Directors of the Association. Directors shall serve staggered terms as provided in the Bylaws.

One (1) Texas REALTOR® Director shall be nominated by the Association and authorized by Texas REALTORS®, and shall serve in accordance with state association requirements.

### **SECTION 4: TERM LIMITS**

No Director shall serve more than two (2) consecutive three (3) year terms.

No more than three (3) REALTOR® members from the same real estate office may simultaneously serve on the Board of Directors.

### **SECTION 5: NOMINATIONS & ELECTIONS**

At least two months before the annual election, a Nominating Committee of five

(5) REALTOR® members shall be appointed by the President with the approval of the Board of Directors.

The Nominating Committee shall select one (1) candidate for each open position on the Board of Directors.

The report of the Nominating Committee shall be mailed or where permitted by state law, electronically transmitted to each member eligible to vote at least three (3) weeks preceding the election.

- The Nominating Committee shall accept all nominees who meet Association-approved criteria for each position to be filled on the ballot for Officers and Directors.
- Every third (3rd) year the Nominating Committee shall select two (2) nominees for TAR Director.

Additional nominees for the offices to be filled who meet Association requirements may be placed in nomination by petition signed by at least 10% of the REALTOR® members eligible to vote. The petition shall be filed with the Association Executive at least two (2) weeks before the election. The Association Executive shall include all eligible nominees on the ballot and send notice to all members eligible to vote two (2) weeks before the election.

## **SECTION 6: GUIDELINES FOR NOMINEES**

President: Shall have served a minimum of one (1) year on the Highland Lakes Association of REALTORS® Board of Directors, and be a member in good standing for a minimum of three (3) years.

President Elect: Shall have served a minimum of one (1) year on the Highland Lakes Association of REALTORS® Board of Directors, and be a member in good standing for a minimum of two (2) years.

Secretary/Treasurer: Shall have served a minimum of one (1) year on the Highland Lakes Association of REALTORS® Board of Directors, and be a member in good standing for a minimum of two (2) years. Additionally, it is preferred that the applicant have determined experience working within the financial sector or have other previous applicable experience or prior experience by serving on the Budget/Finance Committee.

Directors: Shall have demonstrated their level of service of at least one (1) year within the past five (5) year period through committee leadership and/or involvement and be a member in good standing for a minimum of one (1) year.

## **SECTION 7: VACANCIES**

Vacancies during a term among the Officers and the Board of Directors shall be filled by a simple majority vote of the Board of Directors. The appointee shall serve the balance of the unexpired term.

## **Article 3: VOTING RIGHTS**

### **SECTION 1: BOARD OF DIRECTORS**

The President shall vote only in the event of a tie on matters brought before the Board of Directors. Each Director, including the Texas REALTOR® Director and any Ex-Officio Director, shall have one (1) vote on matters brought before the Board of Directors. The Association Executive shall not have voting rights.

### **SECTION 2: GENERAL MEMBERSHIP**

Each REALTOR® member in good standing and eligible to vote shall have one (1) vote on matters submitted to the membership for election or approval.

## **ARTICLE 4: MEETINGS**

### **SECTION 1: BOARD OF DIRECTORS**

The Board of Directors shall designate a regular time and place of meetings. Absence from more than three (3) regular meetings without notice or valid reason, as determined by the Board of Directors, may be considered grounds for resignation. It is recommended that the new Board of Directors members for the following year will meet in November of the previous year with the then current Board of Directors to review procedures manual and appropriate meeting procedures; however, new directors will not have a vote until after installation.

## **SECTION 2: GENERAL MEMBERSHIP**

Dates for the General Membership meetings are determined by the Membership Committee and/or as set forth by the Bylaws of this Association unless it is deemed necessary to call a special meeting by the Board of Directors. Attending members must RSVP in advance, when required by the Association.

Meetings of the members may be held at other times as the President or the Board of Directors may determine, or upon the written request of at least 10% of the members eligible to vote.

## **SECTION 3: QUORUM**

A quorum for the transaction of business of the General Membership shall consist of 10% of the members eligible to vote. A quorum for the election of officers and directors shall consist of 20% of members eligible to vote.

## **SECTION 4: GUESTS**

Board of Directors Meetings- Any member of the Association shall be permitted to attend regularly scheduled Board of Directors meetings as an observer only. Only with previous notification to the Association Executive and placement on the

agenda can a guest member address the Board of Directors. Any visiting member will not be eligible to vote and may be asked to be excused for discussions held in Executive Session. Other guests may be asked to attend for committee reports or general information that may aid the Board of Directors in decision making.

## **SECTION 5: BOARD OF DIRECTORS MEETING/DISCUSSION MINUTES**

Board of Directors Meeting/Distribution: The Association Executive or appointed staff shall keep correct minutes of all Board of Directors meetings of the Association and distribute such minutes to the General Membership upon request.

## **ARTICLE 5: FINANCIAL**

This Article implements the financial authority vested in the Board of Directors by the Bylaws.

## **SECTION 1: CONTRACTS**

Contracts shall be executed by the President or Association Executive, or such other individuals as may be authorized by the Board of Directors. Personal liability may apply for all others who sign or enter into an agreement without being reviewed by the President.

## **SECTION 2: CHECK WRITING / CREDIT CARD AUTHORIZATION**

Any two (2) signatures or electronic approvals will be required from the following authorized individuals: President, Vice President, Treasurer, and Ex-officio. The Association Executive is not eligible to sign or electronically approve checks. The Association Executive, within authority delegated by the Board of Directors, may authorize unbudgeted expenditure.

The Association Executive will be responsible for ensuring all signature cards for active financial accounts are updated no later than thirty (30) business days after the installation of the newly elected officers. A letter stating a change in the association's officers, along with a copy of the minutes which include the election certification will be submitted to each financial institution as documentation that a change in signers has occurred.

## **SECTION 3: RETURNED CHECK POLICY**

A \$35 returned check fee will be assessed for all checks returned for non- sufficient funds.

## **SECTION 4: FEES AND DUES COLLECTION**

The following procedures implement and administer the dues and financial obligation requirements set forth in the Association's Bylaws and do not supersede them.

MLS Fees are billed to the MLS subscribers and participants on a bi-annual basis. MLS fees are billed in the first week of March and September and are due on or before the last day of the billing month. All unpaid invoices as of the seventh (7th) day of the month following the due date are assessed a \$100 reinstatement fee. MLS and key services are temporarily suspended on all unpaid accounts on this date (7th) as well. The total amount of invoice and assessed reinstatement fee must be paid in full for MLS and key access to be reinstated. Reminder email notices are sent as a courtesy to our MLS Subscribers and Participants. All remaining unpaid accounts after thirty (30) days from the date in which the late fee was assessed, will be terminated. All joining fees will apply should MLS subscriber / participant be re-established after this date.

Annual Association Dues are billed annually to all Primary and Secondary Association members during the first week of November and are due by December 1st preceding the start of the

calendar year. A late fee of \$50 is assessed to unpaid invoices on December 5th. If payment is not received by January 5th, MLS and key access is disconnected and an additional \$100 reactivation fee is assessed. All remaining unpaid memberships will be terminated on February 1 of current year. All joining fees will apply, should membership be re-established after this date. Every effort is made to notify members by email of unpaid accounts. The Association is not responsible for incorrect email addresses or email accounts that are not monitored. Members are required to keep their contact information up-to-date with the Association. When there is a change in membership where a fee is involved, all past due invoices must be paid in full before administrative changes will be made.

## **SECTION 5: EXPENSE REIMBURSEMENT FOR TRAVEL**

The Association Executive will take in all reimbursement requests by Board of Directors members, committee leaders, or other volunteers who acquire expenses while doing official Association business. All expenses for meetings, conventions, and conferences being participated in by said individuals will be approved in advance by the Board of Directors. Receipts for reimbursement must be submitted no more than thirty (30) days after costs are incurred. If extenuating circumstances arise and unexpected expenses are requested, these expenses will be reviewed by the four approved check signers/approvers. Any unreasonable expense will be sent to the Board of Directors for approval. All expenses shall fall in line with the budget.

## **SECTION 6: BOARD OF DIRECTORS TRAVEL POLICY**

NATIONAL ASSOCIATION OF REALTORS® EVENTS (that involve paid travel):

NAR LEGISLATIVE MEETINGS:

Eligible attendees are as follows:

- President or President Elect
- GA Chair

NAR LEADERSHIP SUMMIT:

Eligible attendees are as follows:

- Incoming President (Current President Elect)

**NAR CONFERENCE (Fall):**

Eligible attendees are as follows:

- President Elect
- Secretary/Treasurer
- 1 additional Director (selected by application process\*)

\* For the NAR event listed above, eligible candidates must submit an application, which will be reviewed and selected by the Executive Committee.

Note: If any of the above are unable to attend, additional members of the HLAoR Board of Directors may become eligible, selected through the same application process\*.

For the NAR events listed above:

- HLAoR pays hotel, registration, airfare, parking at airport and mileage.
- Attendees may be reimbursed for up to \$150 per day for food with receipts required.
- Attendees must give a written report to the Board of Directors at the first Board meeting after returning in order to receive reimbursement / per diem.

**TEXAS REALTOR® EVENTS (that involve paid travel):**

**Texas REALTOR® Winter Meeting**

Eligible attendees are as follows:

- President
- President Elect
- Texas REALTOR® Director
- 1 additional Director (selected by application process\*)

## Texas REALTOR® Shaping Texas Conference

Eligible attendees are as follows:

- President Elect
- Secretary/Treasurer
- Texas REALTOR® Director
- 1 additional Director (selected by application process\*)

## Texas REALTOR® Party and Leadership Summit

Eligible attendees are as follows:

- President Elect
- Secretary/Treasurer
- Governmental Affairs Committee Chairperson
- TREPAC Committee Chairperson

\* For the TR events listed above, eligible candidates must submit an application, which will be reviewed and selected by the Executive Committee.

Note: If any of the above are unable to attend, additional members of the HLAoR Board of Directors may become eligible, selected through the same application process\*.

For the TR events listed above:

- HLAoR pays hotel, registration, parking and mileage.
- Attendees may be reimbursed for up to \$100 per day for food with receipts required.
- Attendees must give a written report to the Board of Directors at the first Board meeting after returning in order to receive reimbursement / per diem.

## **SECTION 7: PETTY CASH / REAL ESTATE STORE TILL**

There shall be no more than \$200 cash available for making change for the Real Estate Store sales, incidentals and the day to day operation of the Association within the designated office of the Association. Such funds shall be accounted for by means of receipts and petty cash requests.

## **SECTION 8: EXPENDITURES**

The Association Executive shall administer the day to day finances of the Board. Capital expenditures in excess of \$500.00 may not be made unless authorized by the majority of the Board of Directors. The Association's capitalization threshold is \$1,500. Only authorized members of the Executive Committee and staff are allowed to make expenditures for the Board. In order to be reimbursed for those expenditures, store receipts must be submitted for reimbursement within thirty (30) days.

## **SECTION 9: CHARITABLE DONATIONS / EXPENDITURES**

The Association shall have authority to collect, raise and otherwise acquire funds to be used for humanitarian purposes as deemed appropriate by the Board of Directors for memorials, gifts, and other such charitable donations for or on the behalf of REALTOR® members. These funds may be raised by means of committee or collected from the public and shall be accounted for in an appropriate manner as approved by the Budget/Finance Committee and the Association Executive.

## **SECTION 10: INVESTMENT POLICY STATEMENT**

### **PURPOSE:**

This Investment Policy Statement (IPS) serves as written guidance to the Association Executive, HLAoR staff, the Budget/Finance Committee and the Highland Lakes Association of REALTORS® Board of Directors (HLAoR), as well as to our investment advisor/money manager/financial institution providing investment management services to our organization.

### **OVERALL INVESTMENT OBJECTIVE**

The primary investment objective is to maximize the investment return on assets in support of HLAoR by allocating existing funds across a diversified portfolio of securities, such as but not exclusive to: cash/cash equivalents, government/government agency securities, corporate stocks, preferred stocks and bonds, mutual funds.

### **TYPES OF FUNDS**

HLAoR currently maintains three types of funds categorized as Operating Fund, Short-term Reserve Fund and Long-term Reserve Fund.

#### A. OPERATING FUND

The purpose of the Operating Fund is to provide sufficient cash to meet the day-to-day financial obligations of the HLAoR in a timely manner. The investment objectives of the Operating Fund are preservation of capital, liquidity, and to optimize the investment return within the constraints of meeting day-to-day financial obligations. These funds are to be maintained in insured accounts (such as Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA)). Allowable investments for these funds are interest bearing checking/savings accounts and certificates of deposit.

#### B. SHORT-TERM RESERVE FUND

The Short-term Reserve Fund consists of 6 months of operational expenses that can be invested in low risk, low volatility vehicles to preserve the principal while seeking the maximum short-term return on principal. The purpose of the Short-term Reserve Fund is to meet unanticipated expenses occurring because of operating budget shortfalls or activities and to improve the return on these funds held in reserve. The investment objectives of the Short-term Reserve Fund are preservation of capital, liquidity, and to optimize the investment return. Allowable investments for these funds are interest bearing checking/savings accounts, certificates of deposit or other low-risk interest bearing investments with maturities of one year or less.

It is the goal of the HLAoR to operate at a break-even when the above reserve requirements are being maintained. It is not the goal of the HLAoR to aggressively seek to meet those reserve requirements by raising member dues or increasing other revenue sources to meet these objectives. Reserve objectives listed above are for guidelines to maintain the fiscal responsibility of the HLAoR and to ensure its long-term health. When necessary, the HLAoR will budget for profit or loss accordingly to best serve its membership.

#### C. LONG-TERM RESERVE FUND

The purpose of the Long-term Reserve Fund is to provide secure long-term funding for the mission of the HLAoR. The assets of the Long-term Reserve Fund shall be managed in such a way as to facilitate the organization's goals and objectives as outlined by the Board of Directors. Expenditure of the principal is board designated

The investment objectives of the Long-term Reserve Fund are:

1. Long-term growth of capital – To emphasize the Long-term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.
2. Preservation of purchasing power – To achieve returns in excess of the rate of inflation plus spending over the investment time horizon in order to preserve purchasing power. Risk control is an important element in the investment of HLAoR assets.

#### INVESTMENT GUIDELINES FOR LONG-TERM RESERVE FUND

Over the investment time horizon established, it is the goal of the Long-term Reserve Fund assets to realize a total return in excess of the rate of inflation, as measured by the Consumer Price Index. The goal of the investment manager shall be to meet or exceed the market index selected and agreed upon by the Budget/Finance Committee that most closely corresponds to the general principles stated above.

#### Diversification

Investment management of the assets of the Long-term Reserve Fund shall be in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Maximum
Equities	30%	70%
Fixed Income	30%	70%
Cash Equivalents	0%	20%

#### PROCEDURES

The following procedures will be followed to ensure the Investment Policy is consistent with the mission of the HLAoR and accurately reflects current financial conditions:

- A. The Budget/Finance Committee will review this Investment Policy annually.

B. The Budget/Finance Committee will recommend any changes in the Investment Policy to the Board of Directors.

C. In the 4th quarter of the current fiscal year, the Association Executive or his/her designee will provide the Budget/Finance Committee with the estimated budget for the upcoming fiscal year. The Budget/Finance Committee approves or modifies the budget for the upcoming fiscal year. Additionally, the Budget/Finance Committee identifies and recommends the dollar amounts to be held in the three funds for the upcoming fiscal year in compliance with the current Investment Policy and forwards the recommendations to the HLAoR Board of Directors for final approval.

D. Periodic review of the Operating Fund, Short-term Reserve Fund and Long-term Reserve Fund will be conducted monthly by the Budget/Finance Committee. Prior to the beginning of each fiscal year, a performance review of current investments will be accomplished by the Budget/Finance Committee in conjunction with the Association Executive. The Association Executive and/or HLAoR's Executive Secretary/Treasurer will provide the findings of this performance review to the Board of Directors.

E. The investment allocation will be monitored in a joint effort between the Budget/Finance Committee and the investment manager. Neither the upper nor the lower limit of the asset allocations is intended to require portfolio activity for the sole purpose of complying with the guidelines. However, deviation from these investment guidelines requires approval from the Budget/Finance Committee. While it is recommended that the target allocation be maintained so that the Long-term Reserve fund will be able to achieve determined goals, nothing in this Investment Policy prohibits the HLAoR Board of Directors from accessing funds inside those timelines to support operations/goals of the HLAoR.

#### Delegation of Authority

The Budget/Finance Committee is a fiduciary and is responsible for directing and monitoring the investment management of the various fund assets on behalf of HLAoR in accordance with the Investment Policy. As such, the Budget/Finance Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to Investment Management Consultant, Investment Manager, Custodian, and additional specialists.

It is anticipated that the services of a registered investment manager may be sought to manage portions of the Operating fund, Short-term Reserve and Long-term Reserve Fund. The following procedure shall be followed to engage a new or replace a current investment manager:

- A. The Budget/Finance Committee will recommend the hiring or replacing of an investment manager to the Board of Directors.
- B. The Budget/Finance Committee will nominate prospective candidates and send a Request for Proposal to each candidate.
- C. The Budget/Finance Committee will review proposals and interview candidates to determine appropriate investment manager(s).
- D. The Budget/Finance Committee will make the hiring recommendation to the Board of Directors, who shall have the final approval.

#### PROHIBITED INVESTMENTS

The following investments and investment activities are prohibited:

- A. Private placements.
- B. Letter stock - Privately placed common stock, so-called because the SEC requires a letter from the purchase stating that the stock is not intended for resale.
- C. Derivatives – However, to the extent that mutual funds are used by TBR the mutual funds may buy or sell derivatives for the purposes of managing portfolio risk. Additionally, if individual equities are owned by the HLAoR, covered call option writing is allowed. All other options are prohibited.
- D. Individual commodities or commodity contracts - However, if purchased in a managed portfolio such as a mutual fund, commodities will be allowed.
- E. Short sales and margin transactions.

F. Speculative investments, such as those based on a technical analysis of market price action rather than on fundamental analysis of an asset or security, and/or any similar actions, are strictly prohibited due to the Investment Manager's fiduciary responsibility to HLAoR."

G. Any investment which represents a conflict of interest based on a member of the HLAoR Budget Committee, Board of Directors, or Association Executive.

## **SECTION 11: BANKING**

The Budget/Finance Committee will recommend and with approval of the Board of Directors shall decide in which bank or trust company the funds of the Association shall be deposited and execute the authorization as mentioned under "Check Writing Authorization". It is recommended that the banking institution shall be an Affiliate member of the Association. All financial institutions used shall be either FDIC or National Credit Union Administration insured.

## **SECTION 12: REFUNDS**

No refunds will be made to members for any MLS fees or membership dues that have already been submitted and processed to HLAoR for payment. In the event a member pays the annual membership dues prior to January 1 and subsequently terminate membership prior to January 1 and notifies the Association prior to January 1, the membership dues will be refunded. Fees paid for CE courses may be refunded if registration is cancelled 24 hours prior to course(s).

# **Article 6: BUSINESS POLICIES & PRACTICES**

## **SECTION 1: OFFICE HOURS**

Monday through Friday 8:00 a.m. - 5:00 p.m.

## **SECTION 2: USE OF BOARD OFFICE & EQUIPMENT**

Facilities of the Highland Lakes Association of REALTORS® Board of REALTORS® may be used for the general purposes of day to day activity to enhance the benefits of the general membership. Members must coordinate with the Association Executive for any special requests and will be subject to approval based on the Association's calendar of events.

The building shall not be for the use of individuals or groups other than members and affiliate members of the Association or those individuals or groups that benefit the membership.

All special requests not covered by these guidelines shall be referred to the Executive Committee which shall act on the request in a timely and efficient manner under the jurisdiction of the Directors of the Association. Activities must be real estate related functions and cleanup of the facility is the responsibility of the Designated Realtor®. Refreshments, utensils, paper products, etc in the kitchen are not to be used for special requests. If staff overtime is required to stay and secure the building and/or monitor audio visual equipment usage there will be an additional charge to cover staff hourly wage.

Smoking in the building is prohibited.

Building usage shall be restricted to the classroom area/kitchen/restrooms only.

### **SECTION 3: FISCAL POLICY**

The fiscal year of the Association shall be January 1 to December 31. The elective year will begin and end with the date of installation.

### **SECTION 4: MEDIA CORRESPONDENCE**

Media correspondence shall be directed to the President or someone of his or her choosing in regards to representations of the Association.

### **SECTION 5: MEMBERSHIP ROSTER**

Membership roster will be available to the public on the HLAoR website and through other avenues. Such membership roster shall include member's first name, last name, company name, company website address, and office phone number. Email, physical and mailing addresses of members will only be available to HLAoR members, be it REALTOR® or Affiliate members. At no point should any email, physical or mailing addresses or membership information be SOLD to third parties.

### **SECTION 6: SOLICITATIONS**

Solicitations may be presented to the Board of Directors or the President and handled as deemed appropriate for the request.

## **SECTION 7. POLITICAL ENDORSEMENTS**

Political endorsements shall be presented to the Board of Directors by the Governmental Affairs Committee and must be approved by the Board of Directors in Executive Session, before release to the public and/or membership.

Endorsements by the Texas Association of REALTORS® shall be reviewed by the Governmental Affairs committee and approved by the Board of Directors, prior to submitting to local membership.

## **SECTION 8: COMMUNICATION**

Written correspondence with HLAoR shall be directed to 4601 E. Innovation Loop, Marble Falls, Texas, 78654. Other forms of communication that may be used; email to staff members directly; office phone number: 830-693-5787 and fax:

830-693-3845. Contact can also be made thru the HLAoR official website at [www.highlandlakesrealtors.com](http://www.highlandlakesrealtors.com). It is recommended that when using various forms of communication, that all members are courteous and follow appropriate etiquette for electronic mailings and faxes.

## **SECTION 9: DEATH OF A MEMBER**

Any death notification of a member or a former member will be announced to the membership only if permission is given by a family member of the deceased.

## **SECTION 10: NEW BOARD MEMBER ORIENTATION**

Each applicant for Board Membership must successfully complete the HLAoR New Member Orientation program within 30 days of application or the membership application will be terminated. Upon failure to complete the mandatory orientation with the appropriate time period, membership and MLS privilege will be discontinued. Once the New Member Orientation program has been successfully completed, Membership and MLS service will be restored.

Applicants

for MLS only participation must successfully complete the Paragon training program.

## **SECTION 11: MEMBER GUESTS**

There is a limit of one (1) guest per HLAoR member who wishes to attend a membership function at no charge. Each additional guest may be charged to attend.

## **SECTION 12: ZERO TOLERANCE**

Staff is to accept a Zero Tolerance policy with regard to what they believe to be threatening and/or belligerent conduct whether in person, via phone calls, or email from any individuals engaged in Association business. Documentation is to be made of any incident and made available to the Executive Committee for any further action.

## **SECTION 13: AFFILIATE MEMBERS**

Only active HLAOR Affiliate members are allowed to sponsor educational classes and to contribute to general membership meetings.

## **SECTION 14: PERSONNEL POLICY**

Personnel policies are maintained in a document titled HLAoR Associate Handbook. AE will review handbook annually and make recommended changes for review by the Bylaws committee.

## **SECTION 15: SOCIAL MEDIA POLICY FOR LEADERSHIP**

Social media includes, but is not limited to websites, blogs, social networking sites and discussion groups. Social media is a powerful and effective communication and engagement tool and the Association encourages Association leaders and Staff to utilize social media to help raise awareness of the Association's work and issues of interest to Texas REALTORS® and consumers.

The Social Media Guidelines for Association Leaders ("Guidelines") are intended to enable Association leaders to maintain their ability to express themselves personally on social media, while also ensuring that the reputation and work of

the Association is protected. In furtherance of these objectives, Association leaders should follow these Guidelines:

1. All Association leaders are encouraged to use social media to promote the Association's mission, policy positions, advocacy efforts, and other association news.
2. It is always acceptable to repost or share any Association published communications and established policy positions.
3. Always be professional, respectful, and ethical when engaging in social media and avoid making statements or posting photographs that could reasonably harm the Association.

4. In the capacity of an Association leader, avoid making statements contrary to NAR's public positions on federal issues, TAR's public positions on state issues, and the Association's public positions on local issues, including but not limited to contrary statements about appointees, elected officials or candidates, and legislative or regulatory matters.
5. When reasonably necessary or useful, include a disclaimer that views expressed by the Association leader are personal to the individual and do not represent the official views of the Association.
6. Do not disclose any confidential information.
7. Do not call for a boycott of a product, service, or company.
8. Avoid any connection to the Association when making personal statements of endorsement or opposition to particular products, services, or companies.
9. Avoid and/or remove statements or content that create undue opposition or controversy.
10. Avoid making statements or posting photographs that are inappropriate including, but not limited to discriminatory remarks, demeaning or defamatory comments, offensive material, and comments that might constitute harassment.

  

11. Respect third-party intellectual property, and always use NAR's trademarks in accordance with NAR's Membership Marks Manual.

REALTOR® means member of the National Association of REALTORS® and must not be used generically as a synonym for the occupation of "real estate agent" or "broker".

Association leaders who do not adhere to these Guidelines or who otherwise act inappropriately when engaging in social media, may be contacted by the Association's Executive Director to resolve the situation, which may include withdrawing, correcting, or revising the communication at issue. Addition, a violation of the applicable social media policy might be cause for removing a volunteer leader from his/her position. Please be aware that social media presence is a significant factor for the Association's Nominating Committee in determining one's fitness for an Association leadership position. Social media presence may also be a factor when applying for local and state government positions.

The Social Media Guidelines for Association Staff ("Guidelines") are intended to enable Association Staff to maintain their ability to express themselves personally on social media, while also ensuring that the reputation and work of the Association is protected. In furtherance of these objectives, Association Staff should follow these Guidelines:

1. All Association staff is encouraged to use social media to promote the Association's mission, policy positions, advocacy efforts, and other association news.
2. Always be professional, respectful, and ethical when engaging in social media and avoid making statements or posting photographs that could reasonably harm the Association.
3. In the capacity of an Association leader, avoid making statements contrary to NAR's public positions on federal issues, TR's public positions on state issues, and the Association's public positions on local issues, including but not limited to contrary statements about appointees, elected officials or candidates, and legislative or regulatory matters.
4. Do not disclose any confidential information.
5. Avoid any connection to the Association when making personal statements of endorsement or opposition to particular products, services, companies or political issues.

The Association may require a staff member to remove, correct or revise internet postings in violation of the policy. Additionally, a violation of the applicable social media policy might be cause for taking disciplinary action against the employee, depending on federal, state and local law.

## **ARTICLE 7: AWARDS & RECOGNITION**

### **SECTION 1: AWARDS**

The Board of Directors of the Association shall have the authorization to purchase and award members of the Association and / or community with plaques, certificates, gifts and other such appropriate items, including, but not limited to, committee chairpersons, Realtor of the Year, Rookie of the Year, Affiliate of the year, employees and other deserving persons.

Nominations for the annual awards will be solicited from the membership one month prior to the awards ceremony. Nominations must be submitted with appropriate documentation provided to the members by the Association. The expenses of these purchases shall be appropriately accounted for and deemed approved by the Board of Directors.

### **SECTION 2: SCHOLARSHIPS**

Ten (10) scholarships may be awarded annually with five (5) being awarded to immediate family member applicants of HLAoR Realtor members in good standing and five (5) being awarded to students who have graduated from an accredited high school in Burnet or Llano County. All

eligible applicants must have, also, completed at least one semester (12 hours) of college, trade or technical school and have a cumulative 2.75 or higher GPA.

## **ARTICLE 8: BYLAWS AMENDMENTS SECTION 1: ENFORCEMENT**

(1). The Bylaws may be amended by the majority vote of the members present and qualified to vote at any meeting at which a quorum is present, provided the substance of such proposed amendment or amendments shall be plainly stated in the call for the meeting, except that the Board of Directors may, at any regular or special meeting of the Board of Directors at which a quorum is present, approve amendments to the Bylaws which are mandated by NAR policy.

(2). Notice of all meetings at which amendments are to be considered shall be mailed, emailed or faxed to every member eligible to vote at least one

(I) week prior to the meeting.

(3). Amendments to these Bylaws affecting the admission or qualification of REALTOR® and Institute Affiliate Members, the use of the terms REALTOR® and REAL TORS®, or any alteration in the territorial jurisdiction of the Board shall become effective upon their approval as authorized by the Board of Directors of the NATIONAL ASSOCIATION OF REALTORS®.

(4). It shall be the duty of the Board of Directors to enforce the provisions of the Bylaws, Policies and Procedures and the National Association of REALTORS® Code of Ethics, all without fear or favor and respecting all members of the Association. All Grievance Committee and Professional Standards issues will be directed to the Texas Association of REALTORS®. The Board of Directors shall have the complete and full power in accordance with the provisions of the Bylaws and Policies and Procedures to expel, suspend, fine or otherwise discipline members of the Association who contravene any of the provisions of the Bylaws or Policies and Procedures, subject to the right of appeal as herein provided.

Amendments to this document may be advised by the Association Executive or Officers/Directors with final approval coming from the Highland Lakes Association of REALTORS® Board of Directors

## **ARTICLE 9: NAR MANDATED CORE STANDARDS**

The Highland Lakes Association of REALTORS® will abide by the following requirements:

Organizational Alignment Recommendations as approved by the NAR Board of Directors May 17, 2014.

#### Enforcement of the Code of Ethics

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 their 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/realtor-party/documents/MRP- ResourceGuide.pdf](http://www.realtoractioncenter.com/realtor-party/documents/MRP- ResourceGuide.pdf).

### 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 three (3) of the four (4) listed engagement activities during the year. It will not be enough, for example, for an association to engage in the same activity four (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 and a community investment activity; or an advocacy effort and a community investment activity.

#### 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 bases. (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. Association will promote to their members the importance of participating in any NAR-conducted effort to assess member understanding of the overall value provided by association 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.

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®.

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 associations' 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 of 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.