



NEW NAR CORE STANDARDS



ILLINOIS
ASSOCIATION OF
REALTORS®

IAR Business Meetings
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NAR Core Standards

About the standards

- Adopted May 17, 2014
- The new mandatory core standards are intended to improve the professionalism of associations and to increase the level of service to members.



NAR Core Standards

Six Core Areas

1. CODE OF ETHICS
2. ADVOCACY
3. CONSUMER OUTREACH
4. ORGANIZATIONAL UNIFICATION
5. TECHNOLOGY
6. FINANCIAL SOLVENCY



NAR Core Standards

Processes and Timelines

- Compliance with standards by June 30, 2015
- Each June 30th of subsequent years
- Penalty-subject to revocation of charter
- NAR after-the-fact funding is available
 - ✓ Strategic Planning
 - ✓ Merger





NAR Core Standards

Processes and Timelines

- Consequence of not complying is loss of charter BUT
- No association will lose its charter before first given a opportunity at a “show cause” hearing before three (3) members of the NAR Association Executives Committee. Committee panel’s recommendation goes to the NAR Board of Directors.



NAR Core Standards

Compliance Issues

- Compliance applies to all local/state associations
- NAR will develop a online template for local and state associations to post compliance
- IAR will assist local associations in documenting compliance prior to website availability
- IAR review required to validate local associations' online compliance system completion
- Any local association not reported by IAR as having complied will be subject to charter revocation.



NAR Core Standards

Compliance Issues

Local associations failing or having difficulty meeting core standards may consider:

- Merger
- Shared Services with another local or the state association
- Dissolve and become a chapter or council of another local or state association
- **NOTE: ALL OF THESE OPTIONS STILL REQUIRE MEETING THE CORE STANDARDS**





NAR Core Standards

NAR Funding

NAR will fund specifically in two areas:

- Mergers
- Strategic Planning



NAR Core Standards

Merger Funding

- To be eligible for merger funding, the merger must occur. Funding is after the fact
- Grants of \$15,000-\$25,000 will be available to the merged association
- Exact funding will be determined by number of members of the merged association
- Merger grants may be used to cover any costs incurred in bringing about a successful merger



NAR Core Standards

Merger Funding (Cont.)

- Eligible merger funds will only be available for a limited time
- Merger facilitators will be available, but costs are upfront and funds are available only if the merger occurs, payable to the remaining entity





NAR Core Standards

Strategic Planning Funding

- Every local and state association must have a strategic plan addressing all core standards
- Every local association with 500 or less members must use a NAR-certified strategic planning facilitator
- Funding is available after the Strategic Plan has been completed and approved by NAR
- Grants of \$2,500-\$5,000 will be available to develop or to enhance an existing strategic plan





NAR Core Standards

Strategic Planning Funding (Cont.)

- Grants are based on number of members at \$10 per member with a minimum grant of \$2,500
- Grants are available until June 30, 2016



NAR Core Standards

Code of Ethics

Provide new and continuing member Code of Ethics training

- ✓ 2 hours and 30 minutes in duration
- ✓ Once every 4 years
- ✓ Failure to complete the ethics training is a violation of membership duty
- ✓ Failure results in suspension of membership for January and February following end of any four-year cycle





NAR Core Standards

Code of Ethics (Cont.)

- If still suspended on March 1, the member is automatically terminated
- All local associations must enforce the Code but may develop multi, regional mechanisms or the state association may take some or all
- Ombudsmen and Citation systems are acceptable enforcement supplements
- Ethics mediation is an acceptable enforcement supplement





NAR Core Standards

Advocacy

- RPAC is one area to promote advocacy
- Include RPAC on dues statement or pay the full goal amount
- Strongly recommended to have RPAC amount “above” the line
- Promote and facilitate “Calls for Action”
- Provide and distribute information regarding the value of investing in RPAC
- Each association shall demonstrate advocacy engagement (IAR GAD program is a great resource for information)



NAR Core Standards

Consumer Outreach

- Consumer Outreach: Advocacy, Education & Market Data
- Engage in not fewer than 4 meaningful engagements annually
 - ✓ Being the “Voice of Real Estate:” Market statistics/ trends
 - ✓ Promoting the value proposition of using a REALTOR® & engaging in community activities which enhance REALTOR® image
 - ✓ Advocacy by engaging in legislative/political issues that impact real estate
 - ✓ Community investment: Assisting Habitat or fundraising for charitable/community organizations





NAR Core Standards

Consumer Outreach (Cont.)

- Must execute some combination of at least 3 of the 4 during the year; cannot engage in the same activity 4 times



NAR Core Standards

Organizational Unification

- Must maintain & have access to legal counsel
- Shall adopt and maintain corporate documents, policies, procedures to conform with local, state and federal laws
- Have and adopt annually a business or strategic plan
- Chief of staff to complete at least 6 hours of professional development annually
- Each state shall provide at least 6 hours of professional development opportunities for local association executives annually



NAR Core Standards

Organizational Unification (Cont.)

- Promote to members the importance of participating in any NAR-conducted effort to help member understanding of the overall value proposition provided by all 3 levels of the REALTOR® organization
- NAR will conduct annual surveys to determine member awareness of all three levels
- Identify licensees in Limited Function Referral Organizations (LFRO or Holding Company) and invite their participation in “soft money (PAF) and Calls for Action
- Every state association will provide a list of non-member licensees





NAR Core Standards

Technology

- Every association must have an interactive website (defined as the ability to move between websites and create active links)
- Every association must utilize an email and/or Internet-based means for member communication
- Associations interactive websites must make professional standards and arbitration filing processes available and provide links to other websites of other levels of the REALTOR® organization for promotion of member programs, products, and services



NAR Core Standards

Financial Solvency

Adopt policies to ensure fiscal integrity of fiscal operations:

- ✓ Fraud awareness and prevention
- ✓ Budgeting
- ✓ Dues collection
- ✓ Officer, member, staff travel
- ✓ Investing
- ✓ Reserve levels
- ✓ Conflict of Interest
- ✓ Whistleblower





NAR Core Standards

Financial Solvency (Cont.)

- \$50,000 or more in gross revenue requires an annual CPA audit or review
- \$50,000 or less in gross revenue requires a annual compilation prepared by a CPA.
- Associations may choose between an audit/review
- Any association action concerning bankruptcy must obtain NAR's consent to file bankruptcy.
- Any association that declares bankruptcy will be subject to an automatic charter review
- Any association which files for bankruptcy without first notifying NAR will lose their charter





NAR Core Standards



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