

NAR DIRECTOR'S REPORT MAY 2014

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NAR DIRECTOR**



At this year's NAR Mid-Year Meeting we saw a change in focus from "legislative meetings" with NAR and our representatives in DC, to a name and content change. This meeting will now be known as the REALTOR® PARTY CONVENTION AND TRADE SHOW. The initial general meeting which occurs on Tuesday afternoon, concentrated entirely on the political landscape, the importance of the REALTOR® PAC and our continuing contributions, and what NAR members needed to do when they went to the Hill.

Later in the week NAR held two general informational meetings to discuss two reports coming from Presidential Advisory Groups (PAGs). These items would come to the Board of Directors for a vote Saturday.

NAR Director David Somers will discuss AAR's meetings on the hill with our representatives and I will discuss other issues of importance.

The most important issue to Alaska REALTORS® was the Organizational Alignment PAG Report; a process designed to improve the professionalism of our REALTOR® associations across the country and the level of service provided to members. The NAR Board of Directors passed this set of mandatory standards that touch on every aspect of association operations without dissent.

NAR considers this an issue of professionalism. NAR wants to ensure unity within—and the long-term viability of—our REALTOR® associations. They want all three levels of the organization to thrive together as a true and strong association, rather than acting as group of independent but associated organizations.

Specifically, each local and state association will be required to meet standards in six areas: 1) Code of Ethics education and enforcement, 2) advocacy, 3) consumer outreach, 4) organizational unification, 5) technology, and 6) financial solvency.

Among other things, each board and state association must:

- Provide Code of Ethics training
- Participate in Calls for Action
- Make an effort to collect fair-share contributions to the REALTORS® Political Action Committee, or write a check to cover the fair share
- Promote the value proposition of using a REALTOR®
- Maintain a strategic or business plan
- Maintain a website with links to other levels of the association
- Meet minimum financial performance

NAR has agreed to provide up to \$20 million to help associations meet these new responsibilities. NAR has allocated \$5 million to help associations create or update their strategic plan; \$3 million helps states implement the standards; and \$12 million to facilitate association (board) mergers or dissolutions.

During the informational meetings, the PAG members pledged their time and expertise to help us through this process. Starting right now, our state and each local board must determine its level of compliance. Next, we must work through any reorganization to comply with these new standards. Boards, which find themselves unable or unwilling to meet these new requirements, have the opportunity to have these services delivered to their members through the state or possibly a board in closer proximity (obviously this is difficult, but not impossible in Alaska). In this instance the board could become a “council of” or a “charter” organization of the state or another board. In either instance each member will receive all core services in each of the areas above.

Each local association should read the specifics and start to work towards compliance or, look to a path in which each REALTOR® receives the services a member of NAR deserves. Chelsea Westerberg, our State Executive Officer, will be there to work with each and every board and its members to insure we find the best way to be compliant with these new standards.

I believe when all is said and done, our members will receive an excellent Code of Ethics education, a better system for Code of Ethics enforcement, successful advocacy, a high-level of consumer outreach, and we will have up to date technology. Another benefit is that we will be financially solvent.

For the compliance reporting process go here: <http://goo.gl/06Z0e4>

For the full report go here: <http://goo.gl/vfbgsn>

MLS policy:

With the increased use of automated valuation methods (AVMs) for valuing property, the Board amended MLS Policy Statement 7.79, Reproduction of MLS Information, to clarify that AVMs are to be included among the valuations participants can develop for clients and customers, and that MLSs must make information available to participants in a manner that makes development of fully-automated AVMs possible. Participants are subject to payment of the costs of adding or enhancing the systems needed to meet this requirement.

Professional standards:

The Board made several changes to the NAR Code of Ethics and Arbitration Manual.

- Clarification that the chairs of hearing panels may convene pre-meetings to resolve administration questions.
- Authorization of the CALIFORNIA ASSOCIATION OF REALTORS®, in a pilot program, to publish names and photographs of Code of Ethics violators on a broader basis than permitted under existing NAR policy.
- Clarification that “probation” is not a form a discipline but can be coupled with an authorized form of discipline, which is held in abeyance during the probationary period.
- Expansion of the disciplinary measures available to associations to require disciplined members to cease or refrain from continuing conduct found to violate the Code, and/or to take affirmative steps to ensure compliance with the Code.

Tax policy:

With Congress considering legislation to modify the Foreign Investment in Real Property Tax Act (FIRPTA), encouraging foreign investment, the Board adopted a policy that supports the legislation but stipulates that Congress should not do away with laws subjecting foreign and U.S. real estate investors to similar tax rules.

Issue mobilization and legal assistance:

The Board approved \$1.2 million in issue mobilization funds to three associations: \$777,000 to the North Dakota Association of REALTORS® for its effort to constitutionally prohibit transfer taxes; \$233,000 and additional funds carried over from last year to the North Carolina Association of REALTORS® for a tax reform effort; and \$176,000 to the Minnesota Association of REALTORS® for its tax reform effort.

The Board also provided \$435,000 in legal assistance funds for six cases. The cases include issues over transportation utility fees, patent infringement, developer permits, MLS copyright infringement, and recognition of licensees as independent contractors.

Leadership election process:

The Board approved an overhaul of the association’s process leading to the election of candidates for NAR leadership. The changes are intended to shorten and increase the transparency of the process. Under the changes, the Nominating Committee is changed to the Credentials and Campaign Rules Committee. The committee will no longer nominate candidates but will review candidates against objective criteria and qualify them based on the criteria.

The criteria include 1) no personal bankruptcy within the last seven years, 2) no personal foreclosures within the last seven years, 3) a credit score above the baseline required for a mortgage backed by the FHA, and 4) no current delinquent federal, state, and local tax filings or payments.

Candidates not qualified by the committee will be able to appeal. For those cleared to run, the election timeline is shortened to a ten-month timeframe, to begin August 1 and run through the election the following May.

Aspects of the process requiring a constitutional change will go before the NAR Delegate Body at our meeting in November. If they pass, the changes take effect Jan. 1, 2015.

FHA 80-year anniversary:

Board members passed a resolution recognizing the 80-year anniversary of the Federal Housing Administration. The FHA was created in 1934 in the depths of the Great Depression. During the recent economic crisis and recession, the agency was critical in shoring up the housing market.