

NAR Organizational Alignment Core Standards FAQs

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These FAQs are provided to assist local and state REALTOR® association leaders and association executives in understanding the [Core Standards](#) and how to comply with its requirements. Periodically, the FAQs will be enhanced and updated to address arising issues and questions. Readers are encouraged to utilize the most recent version of the FAQs.

1. General Information

1.1. When must local and state associations comply with the Core Standards?

Local and state associations are required to submit their Core Standards certification by December 31 each year. State associations are provided thirty days (until January 31) to certify the local associations in their jurisdiction meet Core Standards.

1.2. What are the consequences for not meeting the Core Standards?

The consequence of not achieving compliance with the Core Standards is loss of charter status as a local or state association of REALTORS®.

1.3. If the state association does not confirm a local association's compliance with the Core Standards by January 30th is that determination subject to review by NAR? What is the process?

No. Local associations that are not certified by their state will first be subject to a hearing before a panel consisting of at least five members of NAR's Association Executive Committee. Should the panel recommend a charter be terminated, their final report will be submitted to NAR's Board of Directors for final action. More information is available [here](#).



1.4. Must the activities mandated by the Core Standards begin and be completed during the same compliance cycle? Will consumer outreach efforts, for example, initiated before December 31st satisfy the Core Standards for the next compliance cycle?

As long as the activity continued into the current compliance cycle, the fact that it was "initiated" before the start of the cycle doesn't make it ineligible.

1.5. Will the NAR Board of Directors vote on whether associations' charter will be revoked?

Yes. Local Association's who appeal a State Association's non-certification will first be reviewed by a hearing panel consisting of five members of the Association Executive Committee. If the panel concludes the local board's panel should be revoked, their recommendation is then forwarded to NAR's Board of Directors for final action. Boards who do not appeal their State association's non-certification will also be subject to final action by the Board of Directors.

1.6. If an association is not certified by the state association as compliant with the Core Standards, and if it doesn't elect to appeal the state association's determination, when would its charter as a Member Board be officially revoked?

If your association is not certified by the state association, and if you don't elect to appeal the state association's determination, your charter would be revoked by the NAR Board of Directors during the REALTORS® Legislative Meeting in May each year. Charter revocation becomes effective immediately after their final action.

1.7. If a charter is revoked, how long does it have to dissolve the corporation? And what happens to the corporation's assets?

Revocation of an association's charter doesn't automatically result in the corporation being dissolved. The future of the corporation will be determined pursuant to the provisions of the articles of incorporation and the association's bylaws. The decision may be to wind up the affairs of the corporation and dissolve or, alternatively, to continue to function as a real estate association, though not as a member of NAR.

If the corporation is dissolved, the assets would be paid out pursuant to the relevant bylaw provision. Generally the bylaws of associations of REALTORS®

that upon dissolution the assets will be paid to the state association or to another non-profit, tax exempt organization.

1.8. What has changed in the seventh cycle of Core Standards (January 1, 2021 – December 31, 2021)?

The Association Executive Committee and NAR's Board of Directors voted to include several requirements for Diversity, Equity and Inclusion, among others. The new requirements can be found [here](#).

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2. Compliance Issues

2.1 What must an association do to meet the Core Standards?

The [Core Standards](#) themselves spell out what's required of local and state associations to maintain their charters. In addition, an [online certification](#) form has been developed to facilitate tracking and reporting compliance. The system details the specific information required to demonstrate compliance.

2.2. Can an Association Executive delegate authority to another member of their staff to access the Certification form and complete the certification form?

Yes. [Follow this link](#) and enter the requested information. Please note that a M1 ID number is required for all secondary users.

2.3 Will former Presidents continue to have access to the Certification Form, and will new President-Elect's be given the same access?

Two things need to happen to effect the changes. The association's officer information needs to be updated in M1. Once that happens, the next time an authorized user enters—and saves—information in the Certification form, the updates will occur automatically.

2.4 What should an association executive do if they are unable to access the form for one of the several associations they manage?

The first thing to do is check M1 to be sure your M1 number is included in the AE field for all three associations. Then go to the Local Association Dashboard in the Certification form for one of the associations you are already accessing. You'll see "If you are the Association Executive for additional Associations add them here." Click on "here" and add the additional association.

2.5 What does an association do when their financial policies are too large to attach a consolidated document?

The issue in each case is the size of the file. Files cannot be larger than 10 megabytes. If your document is larger than that, you could reformat it as two (or more) documents, and attach them separately.

2.6 What is the role of the state association in determining whether local associations meet the Core Standards?

Each year local associations will use the online compliance certification system ("Certification form ") to submit the required Core Standards information to the state association for review and certification. In turn, NAR will review certification forms submitted by the State Association for their respective association's review. By January 30th each year, each state association, using the Certification form, provides NAR with the names of their local associations compliant with the Core Standards

2.7 What must the state association do to determine whether local associations' policies and procedures conform to local, state and federal laws?

State associations are not responsible for ensuring that local associations' policies and procedures do not violate applicable laws and regulations. The state association will need to verify that state and federal tax returns have been filed, and that any other required corporate filings have been made.

2.8 Can the state associations view the compliance certification forms of local associations who've started to complete - but haven't submitted - the online form in the Certification form?

State associations can view local associations' completed/submitted certification forms, and forms that associations have started to compile that aren't completed (or that haven't been submitted). Additionally, automated notices of submission and approval were added to the certification form.

2.9. When viewing the form as a state association executive, why don't some local associations appear in the Core Standards certification form?

They will appear in the Certification form once they begin using it. Local Associations do not appear in the Certification form until they begin to complete the certification form. State associations may want to contact

"missing" local associations and remind them about the annual December 31 deadline.

2.10. Can an association make additions to their certification form once it has been submitted?

Yes. You will need to contact the state association. They will need to log on, go to "View Core Standards forms", click on "Return to association", and include a comment in the "comment" field.

2.11. What "proof" will local associations need to provide their state association to demonstrate compliance?

Many of the compliance criteria simply request that examples be submitted using the compliance database. In cases where a state association needs additional information to make a knowledgeable determination, information may be requested of the local association.

It's important to keep in mind throughout the process that trust—at all levels of the REALTOR® organization—is essential to successful implementation of this effort. The representations made via the compliance database will be attested to by each local association's elected president and president-elect (or equivalent officers) as well as by the association's chief staff.

2.12 What options/alternatives are available to local associations that have difficulty in meeting the Core Standards?

Given the goals of the Organizational Alignment/Core Standards program, some associations may find the needs of their members will be best served by merging with another association. Local identity, something understandably important to associations of any size, can be retained in large measure through community-specific chapters or councils of local associations. The [Association Merger Procedures](#) are available at nar.realtor. Additional information on mergers and establishing chapters can be found at <https://www.nar.realtor/ae/manage-your-association/chapter-formation>.

[Shared services](#) is another option/alternative for associations that anticipate difficulty meeting the Core Standards. State associations might consider conducting a shared services workshop for local associations that might benefit from using shared services. Information on nar.realtor includes workshop materials and facilitator resources available at <https://www.nar.realtor/ae/manage-your-association/shared-services>.



2.13 Is there an ongoing professional development requirement for associations chief paid staff?

Yes, each year the association's chief paid staff officer must complete at least six (6) hours of REALTOR® association professional development. Training meeting the requirement is available annually at the NAR Association Executives Institute. Similar programs are available in many states. Receipt of the RCE designation is also deemed to satisfy the requirement – but only for the year in which it is received by the chief paid staff member.

2.14 Does the Core Standards professional requirement for "chief paid staff" apply to small board with no paid or salaried staff persons?

Yes. The professional requirement was extended to apply to association with no paid staff. In those associations the individual primarily responsible for performing the functions that would be carried out by paid staff in other associations must complete at least six (6) hours of REALTOR® association professional development during each compliance cycle.

2.15 Are there professional development opportunities available through NAR?

Yes.

2.16 How will consistent application and enforcement of the Core Standards be assured from one state to another? How will the state associations be "policed"?

The simple answer is that it's anticipated that each state association will make consistent, objective, good faith efforts to evaluate the information provided by their local associations in determining compliance.

2.17 Can state associations require local associations to submit their compliance information prior to December 31st each year?

Yes. State associations can set their own deadlines for their local associations to submit information demonstrating compliance with the Core Standards.

2.18 If a local Association Executive leaves their position mid-cycle, can a state or other local association assist with their certification form?

Yes. Keep in mind that in addition to the AE, each association's president and president-elect can access the Certification form, and can enter information

for their association. There's no reason why the state association or, for that matter, another local association couldn't provide assistance.

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3. Mergers

Important Note: The merger grant program ended December 31, 2017.

3.1 Is there a directory of NAR-approved merger facilitators?

The [directory of NAR-approved merger facilitators](#) is available at nar.realtor.

3.2 Can a local association retain its local identity/autonomy by becoming a chapter or council of a local association?

Yes. A degree of local identity and presence can be maintained by establishing community-specific chapters or councils of local associations. Please also see Question 2.6 for further information on the relationship between local associations of REALTORS® and their chapters.

3.3 Is there a difference between a chapter and a council?

For purposes of local associations of REALTORS®, the terms are synonymous.

3.4 Are chapters and/or councils chartered by NAR?

No. Only local and state associations of REALTORS® are chartered by NAR.

3.5 If an association becomes a chapter of another local association can it retain their current name (e.g. "ABC Association of REALTORS®")?

Technically, no. But essentially the same result can be achieved. When two (or more) associations of REALTORS® merge, there is only one resulting association. Let's say the ABC association and the DEF association merge, and the resulting merged association calls itself the XYZ Association of REALTORS®. If the members of the association formerly known as the ABC Association of REALTORS® wanted to form a chapter, it could be known as the ABC Chapter of the XYZ Association of REALTORS®.

3.6. Does NAR set merger facilitators' fees?

No. That is a matter of agreement between the associations considering merging - and the facilitator.

3.7 Is the dissolving association in a merger covered under the NAR-provided professional liability insurance, if they are sued related to their leadership roles in the operation of the previous association.

The former association is covered for claims related to activities prior to and up to the date of the merger.

3.8 If an association conducts an activity and then merges with another, can an activity conducted by one of the previously un-merged associations count for Core Standards for the new association?

Yes. Conducting the activity is what's important.

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4. Strategic Plans

Important Note: The strategic planning grant program ended June 30, 2015.

4.1 Do the Core Standards require associations to have a strategic plan, and what is required to be in it?

Yes, every local and state association must have a strategic (or business) plan and must annually certify that its board of directors has reviewed and discussed the plan. Associations must also annually certify that their strategic (or business) plan includes an advocacy component, a consumer outreach component, diversity, equity and inclusion (DEI) and a fair housing component, and actionable implementation strategies.

4.2 Is there a directory of NAR-approved strategic planning facilitators?

The [directory of NAR-approved strategic planning facilitators](#) is available at nar.realtor. (Revised 8.7.14)

4.3 Does NAR set strategic planning facilitators' fees?

No. That is a matter of agreement between the association and the facilitator.

4.4 Some of the information in a strategic plan can be considered confidential, do the Core Standards require us to make our strategic plans available to the state association or other competitors?

The short answer is no. Strategic and/or business plans will not be made available to the state association or to any other association in your state.

4.5 Do associations need to resubmit our strategic plan every year going forward to comply with the Core Standards?

No, associations are no longer required to include the date of approval of their strategic plan by NAR. The Core Standards require associations to annually certify that its Board of Directors has reviewed the plan and that it includes advocacy and consumer outreach components.

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5. Advocacy

5.1 Do the Core Standards require use of promotional materials provided by the state association or by NAR, or can we continue to use our own?

Local associations can comply by using any RPAC promotional materials they choose to educate the membership on the value of investing in RPAC. It is recommended that local material be reviewed by legal counsel to ensure it meets the state and federal PAC regulations. Most state associations and NAR make excellent promotional material for use by local associations.

5.2 Are there RPAC materials available explaining the importance and value of investing in RPAC?

Yes, NAR RPAC tools such as brochures, informational videos, legal and tax resources and RPAC messaging are available to share with your membership. <https://realtorparty.realtor/rpac>.

5.3 Are there grants available from NAR for informing our membership about the value of investing in RPAC?

No, NAR RPAC Fundraising Grants are only to be used for fundraising activities and cannot be used solely for educational or recognition events.

5.4 Is receiving an advocacy-related grant an activity demonstrating compliance with the Core Standards?

Simply applying for and receiving an advocacy-related grant from NAR is not sufficient to meet the Core Standards. Rather, the initiative or activity for which the funds were intended for must be conducted.

5.5 Do advocacy programs conducted by an association satisfy the Core Standards requirements, or must we use REALTOR® Party programs?

The Core Standards require associations to demonstrate advocacy engagement. If the program or activity is advocacy-based, it will meet the requirement subject to the state association review and confirmation.

5.6 Are associations required to include RPAC in my dues billing statement?

There are two options. You can:

Include RPAC in your association dues billing statement.

Write a check in the full amount of the NAR established RPAC goal from your local association's account to the NAR PAF (Political Advocacy Fund). That check should be sent to your state association and not to NAR directly. Check with your state association to ensure legal compliance.

5.7 What are the consequences of including only our local PAC on our members' dues billing statements?

Failure to include RPAC contributions on members' dues billings will result in the association having to write a check for the full amount of the NAR-established RPAC goal payable to the NAR PAF (Political Advocacy Fund).

5.8. What if a local association regularly meets its fundraising goal annually without doing dues billing? Must they still dues bill for RPAC or the PAF to comply with the Core Standards requirement?

Surpassing your fundraising goal, even if by a significant amount, does not relieve your association of its obligation to comply with the Core Standard requirement to include RPAC or the PAF in your dues billing statement or to send a check in the amount of the NAR-established RPAC fundraising goal.

5.9 Do associations have to bill all members the same RPAC or PAF amount on their dues billing statements, or can they bill different types of members for different amounts (for example, \$35 for agents and \$75 for brokers)?

Associations may bill any amount for RPAC or the PAF on the dues billing statement as long as it is at least "in an amount adequate to meet any NAR established fundraising goals."

5.10 Do State Associations with at-large REALTOR® members need to request a voluntary RPAC or PAF contribution in the dues billing statements sent to such members?

Yes, a State Association that bills at-large members directly should include RPAC or PAF in their dues billing and the state will transmit the NAR portion accordingly.

5.11 If a Local Association elects to write a corporate check as opposed to implementing dues billing, is there a limit on the amount for which the corporate check can be written?

There is no legal limit on how much can be sent to NAR's Political Advocacy Fund (PAF). There may be a limit if the association elects to also make a contribution using association treasury funds to the State PAC where corporate contributions are permitted but limited in amount, and in some states associations may be prohibited from making contributions to the state PAC.

Please check with your state association for more information about the available options.

5.12 If an association writes a corporate check that represents a contribution from each member, does that put them at 100% participation?

A corporate check from an association does not equate to 100% participation by its members. In order for a contribution to be counted towards RPAC participation, the national RPAC Trustees voted it must be a voluntary contribution made by the member.

5.13 What does it mean to include RPAC "above the line" or "below the line" in a dues billing statement?

Including RPAC "above the line" means the suggested RPAC investment amount is included in the total amount due, even though the RPAC investment is voluntary and non-payment does not affect the member's membership status. The statement should also indicate that the member may deduct the amount of the contribution from the "Total" due if he or she elects not to contribute. "Below the line" means the suggested RPAC investment amount is NOT included in total amount due to satisfy the member's dues requirements. Sometimes, a second "total" line may be added so the member can see the amount with and without the voluntary RPAC investment.

Be sure you include the required RPAC disclaimer on your dues billing. Below are two templates for you to use as a starting point. The first template should be used if the state is splitting monies received via dues billing with NAR as it must meet the requirements of the Federal Election Commission (FEC). It is important to note that some modifications may be necessary if your state's RPAC policies or practices are different. Also be sure to check with your state association to obtain and include any additional disclaimer language that may be required by state law. The second template should be used if all monies received via dues billing will be provided to the state PAC and not split with National RPAC.

Disclaimer Templates

If the proceeds of the fundraising activity will be split with National RPAC and the solicitation contains a suggested contribution amount (such as in the case of dues billing):

Contributions are not deductible for federal income tax purposes. Contributions to RPAC are voluntary and are used for political purposes. The amounts indicated are merely guidelines and you may contribute more or less than the suggested amounts. The National Association of REALTORS® and its state and local associations will not favor or disadvantage any member because of the amount contributed or a decision not to contribute. You may refuse to contribute without reprisal. ___% of each contribution is used by your state PAC to support state and local political candidates; ___% is sent to National RPAC to support federal candidates and is charged against your limits under 52 U.S.C. 30116. [Add the state contribution solicitation notice, if any]

If the proceeds of the fundraising activity will be not split with National RPAC, and the state will retain 100% of the contributions:

Contributions are not deductible for federal income tax purposes. [Add the state contribution solicitation notice, if any]

Sample RPAC dues billing statements below:

ABOVE THE LINE EXAMPLE

ABC Association of REALTORS®	
Local	\$XX
State	\$XX
National	\$XX
Public Awareness Campaign	\$XX
RPAC Investment (voluntary)	\$XX
(Deduct from total if not contributing)	
Total	\$XX

BELOW THE LINE EXAMPLE #1

ABC Association of REALTORS®	
Local	\$XX
State	\$XX
National	\$XX
Public Awareness Campaign	\$XX
Total	\$XX
RPAC Investment (voluntary)	\$XX

BELOW THE LINE EXAMPLE #2

ABC Association of REALTORS®	
Local	\$XX
State	\$XX
National	\$XX
Public Awareness Campaign	\$XX
Subtotal	\$XX
RPAC Investment (voluntary)	\$XX

Total	\$XX
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5.14 Can contributions invested via dues billing that are mandatory assessments, where state law permits such assessments, count towards RPAC Participation?

To count towards RPAC Participation via NAR's recognition program, investments must be voluntary, and the minimum amount is \$15.

5.15 What if an association doesn't reach its NAR-established RPAC goal through the member dues billing?

Associations will be in compliance if they included the NAR-established RPAC goal in its dues billing, regardless of the amount collected.

5.16. We place Calls for Action on our MLS sign-in page. Does that demonstrate adequate proof of participation?

Yes. You need to demonstrate CFA promotion to your membership. To see your state and local association Call for Action response rate, go to [https://realtorparty.com/member-consumer/calls-for-action/call-for-action...
\(link is external\)](https://realtorparty.com/member-consumer/calls-for-action/call-for-action...).

5.17 The "Advocacy" section of the Certification form asks associations to demonstrate significant participation in State Calls for Action, and allows supporting documents to be attached. If a state association didn't issue a Call for Action, how does a local board answer?

It should be noted the compliance criteria (#13) the requirement includes an "If applicable" qualifier. If there were no state issued Calls for Action, then no action is required. The state association, which reviews local association compliance certifications, should realize this requirement wouldn't apply during the compliance cycle being reported. If a local association wants to provide information, it could be attached in the field where supporting documentation would otherwise be appended.

5.18. Would attaching a roster of REALTOR® members who have been active participants in the Broker Involvement Program for several years to the Certification form demonstrate "advocacy engagement"?

If your association has actively recruited members during the current compliance cycle, those recruitment efforts would demonstrate engagement - for the current cycle. Examples of engagement include, but aren't limited to, conducting outreach programs/efforts to recruit new participants, encouraging brokers to sign up at membership meetings, sending recruitment emails to members, or hosting functions specifically focused on Broker Involvement Program recruitment.

5.19 In the Certification form under Advocacy, both the “Vote” and the “Act” goals show Independent Expenditures and Issues Mobilization campaigns will meet the Core Standards. What are they and how are they different?

Put simply, an independent expenditure is a political campaign communication that expressly advocates for the election of a clearly identified candidate. The communication is not made in cooperation with, in consultation with, or in concert with or at the request or suggestion of a candidate, the candidate's authorized committee, or the candidate's political party.

On the other hand, an issues mobilization campaign is a political campaign communication that expressly advocates for the passage or defeat of a clearly identified legislative issue, regulatory action, or ballot initiative.

5.20 What is a legislative or advocacy outreach operation in Core Standards?

A legislative or advocacy outreach operation is any activity in which the association educates or engages REALTORS® on legislative priorities important to the association. For purposes of the Core Standards, qualifying activities could include specifically asking your REALTOR® members to take action to educate lawmakers on your association's positions regarding legislation or real estate issues.

5.21 Our association used an Issues Mobilization grant from NAR to conduct two separate (but related) activities. Can both of the activities be used to demonstrate compliance with the Advocacy requirement of the Core Standards?

This depends on whether there were really two separate (albeit related) activities. For example, an association could use part of the grant to conduct public polling to gauge public support for repeal of a sign ordinance. Assuming the poll showed significant public support for the association's

position, the association could use the balance of the grant to mail postcards to voters encouraging them to contact their elected officials to urge repeal. In a case like this, both activities would demonstrate compliance with the Core Standards (i.e. count as two compliance activities).

5.22 If an association contributes Issues Mobilization monies to support a campaign being conducted by a neighboring association, would this be a Core Standards “Invest” qualifying activity?

Simply writing a check or otherwise making funds available to another association that is conducting an Issues Mobilization Activity would not be considered a qualifying “Invest” activity.

5.23. Can an activity count more than once?

Activities can only count towards one core standard at a time, with one exception: Promoting or conducting either a Diversity, Equity and Inclusion or Fair Housing activity that falls within the Unification Efforts category may also count toward compliance in the Advocacy or Consumer Outreach categories, but not both. Meaning, an activity cannot count toward compliance in all three categories, but rather a combination of the Unification Efforts category and the Advocacy OR Consumer Outreach categories.

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6. Professional Standards/Code of Ethics

6.1 What do the Core Standards require with respect to new and continuing member training?

The Core Standards require associations to provide new and continuing member Code of Ethics training as required by [Professional Standards Policy Statements #47 and #48](#). Those Policy Statements discuss the various ways associations can satisfy the duty to provide Code of Ethics training.

6.2. What options are available for local associations in enforcing the Code of Ethics and conducting dispute resolution?

Local associations have wide latitude in how they meet their enforcement obligations. Enforcement can be conducted by the association itself, associations can develop multi-association or regional enforcement mechanisms, and state associations can take on some or all enforcement duties.



Associations may also operate their own professional standards committee while simultaneously participating in a multi-association or regional cooperative enforcement agreement.

6.3 Must every state and territorial association have a standing Professional Standards Committee to meet Core Standards?

Not necessarily. While enforcement of the Code of Ethics is commonly accomplished through associations' Professional Standards Committees and Boards of Directors, the Organizational Alignment recommendations approved by the NAR Board of Directors recognized that most associations are already required to enter into cooperative enforcement agreements (please refer to Professional Standards Policy Statement #40 in the NAR Code of Ethics and Arbitration Manual).

While cooperative enforcement agreements generally delegate some or all of a local association's Code enforcement responsibility to a multi-board or regional process – or to the state association, there is no prohibition on state associations entering into an agreement under which some or all of the state association's Code enforcement responsibilities are delegated to another association, or are administered pursuant to a regional or multi-board enforcement process.

6.4 Is every association required to offer ombudsman services?

Beginning in 2016, every state and local association is required to offer, either directly or as part of a cooperative enforcement agreement (consistent with Professional Standards Policy Statement #40, Cooperative Enforcement Agreements, ombudsman services to members, members' clients, and consumers.

Comprehensive tools and resources to help local and state associations implement and administer ombudsman programs are readily available at nar.realtor: [Local & State Ombudsman Services](#). FAQs are at [Ombudsman Process FAQ](#).

6.5 Is a “citation system” an acceptable enforcement supplement?

Yes. Information about the model citation system can be found at <http://www.nar.realtor/policy/nar-model-citation-policy-and-schedule-of-fines>.

6.6 Is “ethics mediation” an acceptable enforcement supplement?

Yes. Detailed procedures are available on nar.realtor. Visit [Ethics Mediation](#) or search nar.realtor for "ethics mediation."

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7. Consumer Outreach

7.1. Where can I find examples of association consumer outreach initiatives?

Examples of how your association can be the "Voice for Real Estate" and qualifying "Community Involvement and Investment" activities can be found in Section III of the online Certification form . Additionally, an "Other" entry has been added to both of the Consumer Outreach subcategories so associations can explain how they've been the "Voice for Real Estate" in their community, and can report other activities/initiatives demonstrating their "Community Involvement and Investment". Both permit examples to be attached. [Click here to view Consumer Outreach Best Practices](#)

7.2. Do community involvement and investment activities conducted by an association's wholly owned subsidiary satisfy the Core Standards?

Yes.

7.3. Are NAR grants available that can be used to meet the "Consumer Outreach" and the Advocacy Core Standards?

Diversity, Housing Opportunity, Placemaking and Smart Growth grants are available to fund Community Involvement and Investment, and Advocacy activities. <http://www.realtoractioncenter.com/for-associations/community-outreach/>(link is external)

7.4 Do only activities listed as examples under the compliance form count for Core Standards?

No. The suggested activities shown in the Certification form are intended as examples of activities that would that will satisfy the Core Standards, not as an exclusive list of compliant activities.

7.5. Does making a financial donation to a local charity from our general funds satisfy the "Community Involvement and Investment" requirement under the "Consumer Outreach" Core Standard?

No. This section of the Core Standards contemplates associations conducting actual activities such as those offered as examples in the certification form. Simply writing a check, without there being any actual member involvement in an association-conducted activity, while commendable, would not meet the requirement.

7.6. If an association conducts two different fundraisers for two different charities at two different times of the year, can they use both to demonstrate compliance with the "Community Involvement and Investment" requirement under "Consumer Outreach"?

Yes, but keep in mind that the association will also need to conduct at least two demonstrating how it's been the "Voice for Real Estate".

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8. Unification Efforts and Supports of the REALTOR® Organization

8.1. What does having access to legal counsel require?

At a minimum, every association will have access to a specific attorney or law firm that can provide legal guidance with respect to laws and regulations governing the operation of real estate associations and other matters that might create liability to the association. This could be met by having an attorney on the association's staff, or through an arrangement with local legal counsel. If the state association offers legal services to its associations, that would meet the requirement as well.

8.2 What training for local and state association chief staff, or the individual primarily responsible for performing the functions ordinarily carried out by paid staff, satisfies the Core Standards requirements?

What's important here is that the program addresses management/administration of real estate associations. Where a question arises about the relevancy of programming offered in satisfaction of this requirement, the state association could require documentation or explanation of how the course related to real estate association management. Given the broad experience and skillsets required of association executives, it's anticipated this requirement will be construed liberally.

8.3 Does attendance at the NAR events like the annual Leadership Summit, professional standards administrator training, or other programs count toward satisfaction of the Core Standards training requirement?

Programming at events like the Association Executives Institute, the NAR Leadership Summit, the Professional Standards Administrator Seminar, the Advanced Professional Standards Education Seminar, that portion of the NAR Attorney Seminar open to AEs, and other similar programs conducted by NAR or by state associations that can be fairly characterized as “REALTOR® association professional development” will count toward satisfaction of the requirement.

8.4 What other professional development programs and courses are available from NAR?

Following are some of the course offerings available from NAR, together with suggested credit hours:

- Staff and Volunteer Leadership Development Programs
- [Association Executives Institute \(AEI\)](#) (6 hours)
- [REALTOR® Association Management \(RAM\) Self-Study Course](#) (6 hours for the year of course completion)
- [Advanced REALTOR® Association Management \(ARAM\) Self-Study Course](#) (6 hours for the year of course completion)
- [Advanced Administrative Concepts Self-Study Course for Professional Standards](#)
- [REALTORS® Excelling in Association Leadership \(REAL\) Self-Study Course](#)(link is external) (3 hours for the year of course completion)
- [NAR Leadership Summit](#) (3 hours)
- [REALTORS® L.E.A.D. Vision Course](#)
- [REALTOR® association Certified Executive \(RCE\) Designation](#) (6 hours for the year the designation is awarded)
- [NAR New AE Orientation](#) (6 hours)

Business Specialties Courses

Designations

- [ABR \(Accredited Buyer's Representative\)](#) (6 hours)
- [NAR Green Day 1: The Resource-Efficient Home: Retrofits, Remodels, Renovations & New Home Construction](#) (6 hours)
- [NAR Green Day 2: Representing Buyers and Sellers of Resource-Efficient Homes](#) (6 hours)
- [SRES \(Seniors Real Estate Specialist\)](#) (6 hours)

Certifications

- [e-PRO Day 1](#) (6 hours) (Note: An AE-specific course is offered at AEI but staff can also take the regular version)
- [e-PRO Day 2](#) (6 hours)
- [MRP \(Military Relocation Professional\)](#) (6 hours)
- [PSA \(Pricing Strategy Advisor\)](#) (6 hours)
- [RSPS \(Resort and Second Home Property Specialist\)](#) (6 hours)
- [SFR \(Short Sales & Foreclosure Resource\)](#) (6 hours)

Other Courses

- [Code of Ethics Training](#) (2.5 hours)
- [Commitment to Excellence Endorsement\(link is external\)](#) (6 hours)
- [Generation Buy](#) (6 hours)
- [New Home Construction and Buyer's Representation](#) (6 hours)
- [Real Estate Marketing Reboot](#) (6 hours)
- [REO: Responsibilities, Education and Opportunities for Real Estate Professionals](#) (6 hours)
- [Successful Buyer Representation in Relocation](#) (6 hours)
- [Enhance Your Brand and Protect Your Clients with Data Privacy & Security](#) (3 hours)

- [Expanding Housing Opportunities](#) (3 hours)
- [Real Estate Safety Matters: Safe Business = Smart Business](#) (3 hours)
- [RRP: Real Time Data, Market Knowledge, Informed Customers](#) (3 hours)
- [At Home With Diversity](#) (6 hours)
- [NAR Attorney Seminar](#) (morning session at the annual convention) (3 hours)
- [NAR's Professional Standards Administrator Training at AE Institute](#) (6 hours)
- [NAR Professional Standards Education Seminar](#) (6 hours)
- [NAR Mediation/Mediator Training Seminar](#) (6 hours)
- [REALTOR® Party Immersion Day Training](#) (at AEI) (6 hours)
- [REALTOR® Party Hub Training](#) (at AEI) (4 hours)
- [Candidate and Issues Campaign Training\(link is external\)](#) (6 hours)

Graduate Certificate Program in Real Estate Association Management

- [REAM560 - Real Estate Association Management I - Leadership and Governance\(link is external\)](#) (6 hours)
- [REAM565 - Real Estate Association Management II - Association Financial Management\(link is external\)](#) (6 hours)
- [REAM570 - Program Development and Accountability in Real Estate Associations\(link is external\)](#) (6 hours)
- [REAM580 - Issues and Trends in Real Estate\(link is external\)](#) (6 hours)
- [RE520 - Real Estate Law\(link is external\)](#) (6 hours)
- [RE540 - Real Estate Finance and Investments\(link is external\)](#) (6 hours)

Global and Commercial Courses

Certified International Property Specialist Designation Courses

- [Global Real Estate: Local Markets](#) (6 hours)
- [Global Real Estate: Transaction Tools \(U.S. students\)](#) (6 hours)
- [The Business of U.S. Real Estate \(Non-U.S. students\)](#) (6 hours)

- [Europe & International Real Estate](#) (6 hours)
- [Asia/Pacific & International Real Estate](#) (6 hours)
- [The Americas & International Real Estate](#) (6 hours)
- [Global Programs for Associations](#) (4 hours)

Commercial

- [Discovering Commercial Real Estate](#) (3 hours)

8.5 How does a state association satisfy the Core Standards requirement to provide local associations with lists of nonmember licensees, if that information is not available to them?

The Core Standards require," if available from the state license commission, 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 annually.

State associations can't be required to share information that's not available to them, which is the case in several states. In those cases, it's anticipated those state associations would still make reasonable efforts to obtain that information for their local associations.

8.6 Can "shared services" be used to satisfy certain Core Standards (e.g. press releases) if the partner organization isn't another association of REALTORS® (for instance our local Chamber of Commerce)?

Yes, as long as the content itself meets the Core Standards requirement, the "partner" organization doesn't matter.

8.7 Do associations need to submit their governing documents (association bylaws, MLS bylaws and MLS rules and regulations) for review to comply with Core Standards?

No. NAR no longer reviews association or MLS governing documents for compliance with mandatory policy. Rather, associations and MLSs must complete certification forms whenever there are changes made to the mandatory provisions. For more information on the governing document certification process, please click [here](#).

For Core Standards, Associations are asked to input the date they submitted their certification forms to NAR.

8.8. Do the Core Standards require associations to have a strategic plan?

Yes, every local and state association must have a strategic (or business) plan, and must annually certify that its board of directors has reviewed and discussed the plan. Associations must also annually certify that their strategic (or business) plan includes an advocacy component, a consumer outreach component, a DEI component, fair housing component, and actionable implementation strategies.

8.9 Core Standard IV.I. requires associations to offer, promote or provide at least one professional development opportunity for the general membership during each compliance cycle. What is required of associations conducting professional development training?

Professional development includes training and other methods to help members develop or enhance real estate-related skills. The Core Standard doesn't require associations to actually conduct – or even sponsor classroom training. The requirement can be met by something as simple as pointing members via email or the association website to reasonably available classroom and online programs, tools and resources available from NAR, from the state association, from NAR's Institutes, Societies and Councils and their state and local chapters, or from other sources and providers.

8.10 What resources are available to meet the Core Standards "REALTOR® Safety" requirement?

This Core Standard requires associations to annually certify they've conducted - or promoted - a REALTOR® safety activity. Comprehensive REALTOR® Safety information and resources are available at <http://www.nar.realtor/topics/realtor-safety> and at <http://www.nar.realtor/field-guides/field-guide-to-realtor-safety>. The certification form asks associations to explain or describe the REALTOR® safety activity they've conducted or, alternatively - promoted during the current compliance cycle.

8.11 The Core Standards require local and state associations to annually provide resources for or access to leadership development education and/or training for elected REALTOR® leaders, and to document the training, tools programs they offer or provide access to. Does this mean

that all of officers and directors must complete annual leadership training to meet the Core Standards?

This Core Standard requires associations to provide resources and/or access to training for REALTOR® leaders. At a minimum this includes the president and president-elect, though many associations will make leadership development opportunities more widely available. Please note nothing in the Standard requires REALTOR® leaders to take advantage of opportunities made available by the association (though hopefully many will). And, association won't lose their charters because the president didn't choose to enhance her or his leadership skills.

8.12. What kind of leadership development “resources” must our association provide for our REALTOR leaders?

“Resources”, as used in the Core Standard, means educational resources, not financial resources. It’s expected associations will identify leadership development opportunities their elected leaders can pursue, not that associations would pay, for example, for a degree in organizational development. If an association provided its leaders with information about programs like the NAR Leadership Summit, the state association’s leadership training, or similar leadership development/education opportunities that are reasonably accessible to those leaders, that would meet the Core Standard. There will likely be many other classroom and on-line leadership development/training opportunities associations can make their leaders aware of to meet this requirement.

8.13 Are there resources available from NAR for our association to use in conducting the required annual performance for our chief staff?

A CEO review toolkit, including sample forms contributed by local and state associations is available at <http://www.nar.realtor/ae/manage-your-association/human-resources-toolkit...>

8.14 Our association has no paid staff. Are we required to conduct an annual performance appraisal for the member who's primarily responsible for performing the functions ordinarily carried out by paid staff in larger associations?

No. The annual performance appraisal requirement applies only to associations with paid staff.

8.15 Our association contracts with a neighboring association for management services. Must we conduct a performance appraisal for that association's chief staff member?

No. The responsibility for conducting the performance appraisal is with the association that employs the chief staff member.

8.16 Our association and two others jointly contract with the same association executive for association management services. In other words, we "share" the same association executive. Must each association annually conduct a performance review for that AE?

No, that isn't required under the Core Standards, though each association could conduct separate performance reviews if they choose. What's important is that the association executive receive an annual performance review. Consideration might be given to having a knowledgeable member (possibly the president or president-elect) of each association jointly conduct the performance appraisal.

8.17 If our association executive has a provision in her employment contract requiring the association to provide an annual performance review, is that term in the contract sufficient to demonstrate the association has a policy addressing the annual review requirement of the Core Standards?

If your AE's contract requires the association to provide an annual performance review, that contractual term is sufficient to meet the Core Standards. Although, that raises the question of what happens when the contract expires, or the AE leaves or retires, and the new AE doesn't have a contract, or the new contract is silent on the issue of annual performance reviews. A better approach might be to include a provision in the association's financial (or other) policies clearly establishing that the association's chief staff will receive an annual review.

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9. Technology

9.1. What is required for a website to be considered "interactive?"

"Interactive website" is defined as one that permits users to move between websites and that can include active links.

9.2. Is there specific content/information that must be available on local and state association's interactive websites?

Associations' websites must give members and consumers access to professional standards and arbitration filing processes, and must link to the websites of the other levels of the REALTOR® organization for promotion of member programs, products and services.

Association websites must link to the Code of Ethics and professional standards resources available from NAR, and from the state association if available. A link to the NAR resources can be found in Section I of the online Certification form. NAR's Member Experience staff has created a [comprehensive compendium of information](#) that includes the Code of Ethics, explanatory whitepapers (e.g. Before You File an Ethics Complaint, the Sanctioning Guidelines, and others), standard forms for filing and processing ethics complaints and arbitration requests, the Statements of Professional Standards Policy adopted by the NAR Board of Directors, as well as resources for professional standards administrators.

9.3. Will NAR provide funding to develop local and state association interactive websites?

The Organizational Alignment/Core Standards implementation effort does not include funding for development of local or state association websites.

9.4. Are there technology information resources available from NAR?

The [REALTOR® Association Core Services Technology Guide](#) is available on www.nar.realtor.

9.5 How can our association prove it uses email to communicate with our members?

The assertion of the association President, President-elect and Association Executive that the association uses email to communicate with members should be satisfactory "proof."

9.6. Our MLS has a website accessible by our members and by consumers. It includes some information about our association as well. Does that satisfy the Core Standards requirement?

There is no prohibition on an association and its MLS sharing a website. But to satisfy the Core Standards it should be clear to consumers - and to members as well – that there is a distinction between the association and the MLS.

When they land on the association's website, it should be apparent they have arrived at a destination that's the source of information about the association, its programs and the resources available to members and to consumers.

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10. Financial Solvency

10.1. What must local and state associations do to demonstrate fiscal integrity and financial solvency?

Each association must adopt financial policies to ensure the fiscal integrity of their financial operations. These [financial policies](#) might cover topics and subjects such as:

- fraud awareness and prevention
- budgeting
- dues collection
- financial information disclosure
- officer, member and staff travel
- investing
- reserve levels
- payment policies
- compliance reporting
- compensation
- revenue recognition
- asset capitalization
- financial reporting
- conflicts of interest
- whistleblower
- document retention

10.1.1.a. How does an association know which policies it must adopt to meet the standard?

As each state and local association engages with their auditors to address the Core Standards requirement for an audit, review or compilation, any accompanying review of internal controls will help associations identify gaps in their existing financial policies. Ideally, financial policies are established based on the business activities of the association. Many will be integral parts of the association's internal control structure. For example, an association where staff does not travel to state or national meetings or on other business may not need a staff travel policy. Associations' business activities and structure will drive the decision as to which policies are needed.

While the IRS suggests in Form 990 that every organization have conflict of interest, whistleblower and document retention policies, these are simply suggested best practices, and not NAR requirements.

Auditors are likely to encourage adoption of fraud prevention, budgeting, revenue recognition, investments, and payment policies as the cornerstones of good internal control practices.

Put simply, NAR does not mandate which policies associations must adopt because other factors including the recommendations and advice of auditors, tax professionals, legal counsel and others will help associations identify and adopt the financial policies necessary for their business practices.

Important reminder: [Templates for these suggested policies are readily available online at www.nar.realtor.](http://www.nar.realtor)

10.1.1.b. Are we required to share our state and/or federal tax returns with the state association or with NAR?

No. Documentation confirming that the required returns have been filed such as a letter from the association's CPA, accountant, tax preparer or the treasurer will satisfy the requirement.

10.1.1.c. Our accountant told us we don't have to file tax returns because we are an "exempt" organization. Is that accurate?

If the association obtained tax-exempt status from the IRS it will also have been assigned an Employer Identification Number ("EIN"), and must file annual federal tax returns.

Further, if an association has been classified as "nonprofit" in the state, it must comply with the state's laws regarding nonprofit corporations.

Also, keep in mind that unincorporated businesses are considered sole proprietorships or partnerships, and the "owners" must report their share of the business's income and losses on their personal returns. Another reason to ensure your association is properly incorporated.

10.1.2.a. What is a Financial Information Disclosure policy?

A Financial Information Disclosure policy ideally will be developed by the association's Finance Committee and adopted by the association's Board of Directors. The policy spells out who will have authorized access to the association's financial information, particularly information deemed to be confidential.

For example, full financial statement packages, including balance sheets, income statements and budget reporting might be appropriately available to the association's elected officers, members of the Executive Committee and members of the Board of Directors since those individuals may have a legitimate need for a clear and accurate picture of the association's financial position. Specific, detailed information about revenues, expenses, investment holdings, cash positions, and other matters of financial operations might be necessary for members of the Finance Committee to fulfill their fiduciary responsibilities. Other members involved in association governance, but not involved in overall financial management decisions, might be given access to information that is directly related to their roles and responsibilities. Such information might include to PAC information, fundraising data, member recruitment/retention information, dues collection information, and similar focused information might be appropriate to share with such members. Members not involved in association leadership or governance might - as a matter of association policy - be afforded a high level of operating summary focusing on the oft-asked question of "where do my dues dollars go?"

The issue of who is entitled to the association's financial information - and what information they are eligible to receive should be determined in advance in the context of a clear, written Financial Information Disclosure policy. Such a policy, providing clarity and consistency in sharing financial information serves the best interests of associations and their members.

10.1.2.b. Our association commonly files for one or more extensions for filing our state and/or federal tax returns. What do we do if we haven't filed the current year's returns when it's time to demonstrate compliance with the Core Standards?

Documentation confirming filing of the most recent returns will satisfy the requirement.

10.1.2.c. What is a Compliance Reporting policy?

This simply refers to the fact that the association has a process in place to ensure that federal, state and other regulatory reports are prepared and filed on a timely basis.

10.2. What financial reports are necessary to satisfy the Core Standards? Must the report be attached to the compliance certification?

Each association must obtain an auditor's report on an audit, review or compilation. The report itself does not have to be attached to compliance certification form. The following information is required:

- Date of last financial audit/review/compilation
- Name of the individual or firm conducting the review
- Year end to which the report relates
- If an audit, what type of opinion was received

10.2.1 How do we know if we are eligible to meet the Core Standards by obtaining a "CPA's Compilation Report?"

Only associations with gross revenues of less than \$50,000 (including MLS-generated revenues and revenues from other business subsidiaries) can satisfy the Core Standards using a "CPA's Compilation Report" (defined in Question 10.5 below). Please note, though, that state and national dues and assessments are not considered to be revenue for purposes of this measurement.

10.2.2 Are the revenues generated by our MLS included in the \$50,000 cut-off for using a "CPA's Compilation Report" to satisfy the Core Standards?

Yes.

If the MLS is operated as a committee of the association of REALTORS® (and not a separate corporation), then the MLS's revenues and expenses are part and parcel of the association's overall finances, and would be included in the association's financial review duties under the Core Standards.

If the MLS is separately incorporated, any revenues received by the association as well as revenues received from other business subsidiaries

would be counted as part of the association's revenues for purposes of the Core Standards.

10.2.2.a. Are RPAC contributions included in the \$50,000 cut-off for using a "CPA's Compilation Report" to satisfy the Core Standards?

No.

10.2.3 Our CPA wants to know if footnotes are required for a "CPA's Compilation Report" to satisfy the Core Standards.

No, the Core Standards do not require footnotes.

10.2.4.a. Can associations still submit engagement letters signed by their CPA indicating their financial review would be conducted after “tax season”?

No. Beginning in 2018, the Core Standards compliance cycle was transitioned to the calendar year. This will enable association to have the required financial reviews conducted after “tax season”.

10.2.5. Do the Core Standards require associations to follow the Generally Accepted Accounting Principles (GAAP)?

If your financial reports are not prepared according to the GAAP, the preparer should clearly disclose the basis used to the client.

10.3. What is a “CPA’s audit opinion?”

Audited financial statements provide the user with the auditor's opinion that the financial statements are presented fairly, in all material respects, in conformity with the applicable financial reporting framework. In an audit, the auditor is required by auditing standards generally accepted in the United States of America (GAAS) to obtain an understanding of the entity's internal control and assess fraud risk. The auditor also is required to corroborate the amounts and disclosures included in the financial statements by obtaining audit evidence through inquiry, physical inspection, observation, third-party confirmations, examination, analytical procedures and other procedures.

The auditor issues a report that states the audit was conducted in accordance with GAAS, the financial statements are the responsibility of management, provides an opinion that the financial statements present fairly in all material respects the financial position of the company and the results of operations are in conformity with the applicable financial reporting framework (or issues

a qualified opinion stating the financial statements are not in conformity with the applicable financial reporting framework; the auditor may also issue a disclaimer of opinion or an adverse opinion if appropriate).

10.4. What is an “Accountant’s review report?”

Reviewed financial statements provide the user with comfort that, based on the accountant's review, the accountant is not aware of any material modifications that should be made to the financial statements for the statements to be in conformity with the applicable financial reporting framework.

A review engagement involves the CPA performing procedures (primarily analytical procedures and inquiries) that will provide a reasonable basis for obtaining limited assurance that there are no material modifications that should be made to the financial statements for them to be in conformity with the applicable financial reporting framework.

In a review, the CPA designs and performs analytical procedures, inquiries and other procedures, as appropriate, based on the accountant's understanding of the industry, knowledge of the client, and awareness of the risk that he or she may unknowingly fail to modify the accountant's review report on financial statements that are materially misstated. A review does not contemplate obtaining an understanding of the entity's internal control; assessing fraud risk; testing accounting records; or other procedures ordinarily performed in an audit.

The CPA issues a report stating the review was performed in accordance with Statements on Standards for Accounting and Review Services; that management is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements; that a review includes primarily applying analytical procedures to management's financial data and making inquiries of management; that a review is substantially less in scope than an audit and that the CPA is not aware of any material modifications that should be made to the financial statements for them to be in conformity with the applicable financial reporting framework.

10.5. What is a “CPA’s compilation report?”

In a compilation engagement, the accountant assists management in presenting financial information in the form of financial statements without

undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

In a compilation, the CPA must comply with the Statements on Standards for Accounting and Review Services (SSARSs), which require the accountant to have an understanding of the industry in which the client operates, obtain knowledge about the client, and read the financial statements and consider whether such financial statements appear appropriate in form and free from obvious material errors.

A compilation does not contemplate performing inquiry, analytical procedures, or other procedures ordinarily performed in a review; or obtaining an understanding of the entity's internal control; assessing fraud risk; or testing of accounting records; or other procedures ordinarily performed in an audit.

The CPA issues a report stating the compilation was performed in accordance with Statements on Standards for Accounting and Review Services; and that the accountant has not audited or reviewed the financial statements and accordingly does not express an opinion or provide any assurance about whether the financial statements are in accordance with the applicable financial reporting framework.

10.6. Will NAR provide financial assistance to associations that have not utilized such reporting in the past?

No. Fiscal integrity and financial reporting are corporate responsibilities of every association, regardless of size.

10.7. If our association is considering filing bankruptcy, who do we contact at NAR?

Please contact NAR's legal affairs team.

10.8. What is the consequence of filing for bankruptcy without informing NAR first?

Loss of charter status.

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