

# Indiana Association of REALTORS®

## *Policy Manual*

**Mission Statement:** *The mission of the Indiana Association of REALTORS® is to advocate on behalf of the real estate industry, to promote ethical standards among its members, and to help firms and members become more successful.*

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## SECTION 1 - GENERAL ADMINISTRATION & ORGANIZATION

### **ADVERTISING**

Advertising space is available in many of the association's communications vehicles. Advertisements are accepted on a first-come, first-served basis no more than one calendar year in advance. Artwork must be provided in electronic format according to specifications and before closing dates established by the IAR communications department. Cancellations will not be accepted after the aforementioned closing dates. We cannot accept:

1. Advertisements that state or imply recruitment of individuals for employment or money-making opportunities;
2. Advertisements for continuing education unless the classes are sponsored by IAR or any of its subsidiaries; or
3. Advertisements deemed to be in direct competition with current association products and/or services. We do not:
  4. Guarantee and/or endorse the products and/or services contained within advertisements; or
  5. Guarantee that advertisements will generate revenue or other desired results for the advertiser. IAR also reserves the right to reject or cancel any advertisement at any time.

### **ALCOHOL**

IAR does not condone the excessive use of alcohol and is not responsible for actions, which may result there from.

### **AUTHORIZED SIGNATURE**

Checks, drafts and orders for payment of money are to be signed in the name of the Association by those designated by the CEO as signatories. Contracts and other binding agreements must be signed by the CEO or their designee.

### **AUTHORIZED USE OF ELECTRONIC SIGNATURE (Dec. 2013)**

If a member has provided an electronic signature to IAR for business purposes, said signature will only be used after the member has provided specific written approval to IAR authorizing its use. This communication will occur prior to IAR using the electronic signature. A copy of the intended communication will be provided to the member for the required authorization.

The electronic signature will be deleted within thirty (30) days of the member's position expiring with IAR which initially required an electronic signature to be on file.

### **CODE OF CONDUCT & SEXUAL HARRASSMENT (VOLUNTEER/STAFF)**

This IAR Code of Conduct and Anti-Harassment Policy (Policy) applies to all IAR-related meetings or events, whether held in public or private facilities, including meetings or events sponsored by organizations other than IAR and held in conjunction with IAR meetings or events, and any IAR member communications related to IAR business or with IAR staff.

#### **IAR Commitment:**

IAR is committed to providing a productive and welcoming environment that is free from discrimination and harassment. Members are expected to act with courtesy and mutual respect toward each other, IAR staff, service providers, speakers and event participants.

**Harassment:**

Harassment in any form is strictly prohibited. Harassment includes inappropriate conduct, comment, display, action, or gesture-based on another person's sex, color, race, religion, national origin, age, disability, sexual orientation, gender identity, and any other protected characteristic.

Examples of harassment include, but are not limited to: epithets, slurs or negative stereotyping; threatening, intimidating or hostile acts; denigrating jokes; and the display or circulation of written or graphic material that denigrates or shows hostility toward an individual or group based on a protected characteristic.

**Sexual Harassment:**

Sexual harassment is one form of harassment. Sexual harassment may involve individuals of the same or different gender. Like all harassment, sexual harassment is strictly prohibited.

Sexual harassment can be:

- Verbal: Sexual innuendoes, suggestive comments, jokes of a sexual nature, sexual propositions, or threats.
- Non-Verbal: Sexually suggestive objects or pictures, graphic commentaries, suggestive or insulting sounds, leering, whistling, or obscene gestures.
- Physical: Unwanted physical contact, including touching, pinching, coerced sexual intercourse, or assault.

**How to Report Incidents of Harassment or Inappropriate Behavior:**

Any member who believes they experienced or witnessed harassment or other inappropriate behavior in violation of this Policy should promptly report the incident to one of the following individuals: the IAR General Counsel, the IAR Senior Vice President, or the IAR President.

**Investigation and Discipline**

Upon receipt of a member's report of possible harassment or inappropriate behavior in violation of this Policy, IAR will promptly conduct an investigation at the direction of IAR's General Counsel. During the investigation, IAR will involve only those deemed necessary to the investigation, and disclosures will only be made on an as-needed basis. If it is determined that the investigation substantiates that a violation of this Policy has occurred, IAR's President, President-Elect, and Immediate Past President, in consultation with IAR's General Counsel, will determine any disciplinary action. If one or more of the foregoing officers are named in the complaint of harassment or inappropriate behavior, IAR's General Counsel will identify a substitute to be selected from the Executive Committee.

IAR reserves the right to take any necessary and appropriate action against a member who engages in any form of harassment or inappropriate behavior in violation of this Policy. Such actions may include, but are not limited to, prohibition from attendance at future IAR meetings or events, removal from a committee appointment, expulsion from membership or any other action deemed appropriate by IAR.

**CONFLICT OF INTEREST**

Business transactions in which a volunteer officer or employed staff person has an interest may occur from time to time. While these business transactions shall not be prohibited, they should be subject to close scrutiny to ensure that the best interests of IAR are being served.

Members of Leadership Team, Board of Director, Executive Committee, RPAC Trustees, Finance Committee and employed staff shall have the continual duty to report any personal ownership interest or other relationship

that might affect (or potentially be perceived to affect) their ability to exercise impartial, ethical and business judgments as it relates to IAR.

The examples below highlight some relationships which must be avoided:

1. To knowingly engage in an activity or take a position which conflicts with or has the potential of conflicting with the best interests of the association or its education subsidiary.
2. To use confidential information gained in the course of the relationship with the association for his or her own benefit or for the benefit of others with whom the volunteer officer or employed staff is associated.
3. To benefit financially as a result of his or her role with the association or its education subsidiary to the detriment of the association.

All members of the Leadership Team, Board of Director, Executive Committee, RPAC Trustees, Finance Committee s and employed staff will be required to sign a Conflict of Interest Disclosure Statement on a yearly basis. In addition, should a potential conflict of interest develop after the disclosure statement is signed, the volunteer or staff member should report the details of the conflict of interest to the President of the association.

### **DOCUMENT DISCLOSURE**

The Indiana Association of REALTORS® complies with Internal Revenue Service regulations concerning document disclosure requirements for public inspection.

### **DOCUMENT RETENTION AND DESTRUCTION**

IAR's staff, volunteers, members of the Board of Directors and Executive Committee, and outsiders (i.e., independent contractors via agreements with them) shall adhere to the following requirements : (a) paper or electronic documents indicated under the terms for retention below will be transferred and maintained by IAR's Human Resources, Legal, Finance or Administrative staffs/departments or their equivalents; (b) all other paper documents may be destroyed after three years; (c) all other electronic documents may be deleted from all individual computers, data bases, networks, and back-up storage after one year; and (d) no paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private litigation.

#### **Terms for retention:**

1. Retain permanently:
  - a. *Governance records* – Charter and amendments, Bylaws, other organizational documents, governing board and board committee minutes.
  - b. *Tax records* – Filed state and federal tax returns/reports and supporting records, tax exemption determination letter and related correspondence, files related to tax audits.
  - c. *Intellectual property records* – Copyright and trademark registrations and samples of protected works.
  - d. *Financial records* – Audited financial statements, attorney contingent liability letters.
2. Retain for ten years:
  - a. *Pension and benefit records* -- Pension (ERISA) plan participant/beneficiary records, actuarial reports, related correspondence with government agencies, and supporting records.
  - b. *Government relations records* – State and federal lobbying and political contribution reports and supporting records.
3. Retain for three years:
  - a. *Employee/employment records* – Employee names, addresses, social security numbers, dates of

- b. birth, INS Form I-9, resume/application materials, job descriptions, dates of hire and termination/separation, evaluations, compensation information, promotions, transfers, disciplinary matters, time/payroll records, leave/comp time/FMLA, engagement and discharge correspondence, documentation of basis for independent contractor status (retain for all current employees and independent contractors and for three years after departure of each individual). *Lease, insurance, and contract/license records* – Software license agreements, vendor, hotel, and service agreements, independent contractor agreements, employment agreements, consultant agreements, and all other agreements (retain during the term of the agreement and for three years after the termination, expiration, non-renewal of each agreement). *Accounting* - past budgets and bank statements.
4. Exceptions: Exceptions to these rules and terms for retention may be granted only by IAR’s Chief Executive Officer or the IAR Executive Committee.

## **CORE STANDARDS**

Local Association submission of their Core Standards compliance form shall be by Nov 1 of each year.

## **FORMS & FORMS COMMITTEE**

IAR will develop, maintain, and provide standardized forms for residential and commercial/industrial use by Indiana REALTORS® in an electronic format. No changes, additions and/or deletions may be made to the preprinted language contained in these forms. Boards and/or members may add their board/company name and logo.

IAR provides legal forms as a benefit of dues to its members through a chosen contracted vendor. IAR will not allow any other vendor, company, or member to upload its copyrighted forms to their intranet without the benefit of an executed license agreement with IAR, including an annual licensing fee. This policy ensures that IAR forms will not be changed or modified in any manner. When IAR revises existing forms or prepares new forms, these updated forms will be sent to those licensed vendors directly so that they may maintain the correct versions of IAR forms in their programs. This policy’s intent is to reduce legal liability for IAR and maintain control over the content of IAR forms.

The Forms Advisory Committee will provide advice and counsel to the IAR Legal Department in the forms development process. The committee shall be comprised of twelve (12) REALTOR® members, appointed by the IAR President. The IAR General Counsel may enlist outside counsel as needed. The new appointments shall serve three (3) year staggered terms and shall be limited to two (2) consecutive terms. After not serving for a period of one (1) year, an individual is eligible to re-apply to the committee.

Interim vacancies of unexpired terms shall be filled by the IAR President for the remainder of the term. Partial terms of less than one year will not be counted toward the two consecutive term limits.

## **FLOWERS AND GIFTS/NOTICES**

Staff shall have the authority to respond appropriately in the event of the death, illness or other notable events of an IAR member (general, Board, Leadership), staff member or other individuals who have supported the Association. Notice of the death of a former IAR President will be sent to all local Boards/Associations, the current IAR Board and all other Past Presidents.

## **JOINT VENTURES**

This Joint Venture Policy requires that IAR evaluate its participation in joint venture arrangements under Federal tax law and take steps to safeguard IAR's exempt status with respect to such arrangements.

**1. Joint ventures or similar arrangements with taxable entities.** For purposes of this policy, a joint venture or similar arrangement (or a "venture or arrangement") means any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity without regard to: (1) whether IAR controls the venture or arrangement; (2) the legal structure of the venture or arrangement; or (3) whether the venture or arrangement is taxed as a partnership or as an association or corporation for federal income tax purposes. A venture or arrangement is disregarded if it meets both of the following conditions:

- (a) 95% or more of the venture's or arrangement's income for its tax year ending within IAR's tax year is excluded from unrelated business income taxation [including but not limited to: (i) dividends, interest, and annuities; (ii) royalties; (iii) rent from real property and incidental related personal property except to the extent of debt-financing; and (iv) gains or losses from the sale of property]; and
- (b) the primary purpose of IAR's contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.

**2. Safeguards to ensure exempt status protection.** IAR will negotiate in its transactions and arrangements with other members of the venture or arrangement such terms and safeguards adequate to

ensure that IAR's exempt status is protected; and (b) take steps to safeguard IAR's exempt status with respect to the venture or arrangement. Some examples of safeguards include:

- (i) control over the venture or arrangement sufficient to ensure that it furthers the exempt purpose of IAR;
- (ii) requirements that the venture or arrangement gives priority to exempt purposes over maximizing profits for the other participants;
- (iii) that the venture or arrangement not engage in activities that would jeopardize IAR's exemption; and
- (iv) that all contracts entered into with IAR be on terms that are arm's length or more favorable to IAR.

## **MEETING SITE SELECTION**

Site selections for IAR Meetings shall be arranged by the IAR staff in consultation with the Leadership Team.

## **MEMBER BENEFITS**

Staff will contact vendors, work through details of agreements and sign contracts within the following parameters: Any product or service being considered must be consistent with IAR's mission and purpose, shall not be in competition with IAR members and must have value to the majority of the membership. Products and services must not conflict with exclusively endorsed programs/products already in existence, subject to review upon renewal. All agreements will be subject to review by IAR legal counsel and the Executive Committee.

## **MEMBERSHIP LIST**

The association will not rent, sell or exchange a membership list with members, vendors or affiliates. The Association may send emails to members and highlight vendors in the member benefits program.

## **PROFESSIONAL STANDARDS COMMITTEE – SHARED SERVICES (Amended July 12, 2018)**

The obligation of the Indiana Association of REALTORS<sup>®</sup>, Inc. (IAR) concerning the Code of Ethics of the National Association of REALTORS<sup>®</sup> is established in Article XI of the IAR Bylaws. The *Code of Ethics and Arbitration Manual* (COEAM) contains certain recommended optional provisions to allow the COEAM to be adapted to local/state policy. The following provisions have been adopted and are included in the IAR Policy Manual.

IAR will reimburse any Grievance Committee member, hearing panel member, or appellate/review panel member at the applicable rate for mileage traveled to attend a committee meeting or hearing, and will cover the costs of any meals necessary and incidental to the proceeding, unless the meeting is conducted during the course of a regularly scheduled statewide conference or other meeting.

Any Professional Standards matter brought before the Executive Committee will be considered by a subset of at least five (5) from the Executive Committee. If conflicts of interest or absence prevent any member/s of said subset from serving on the panel, an alternate director/s will be selected to serve.

- 1.) IAR shall have one Grievance Committee with at least 36 members, in good standing, of whom at least a majority shall be REALTORS<sup>®</sup>. The members of the committee shall be appointed by the President, subject to confirmation by the Executive Committee. The Chair and Vice Chair of the committee are appointed biennial by the IAR President at the time of vacancy's. The Vice Chair will automatically become Chair.

Each local association that opts in to the program agrees to provide IAR with a minimum of one name of a volunteer member willing to serve on the statewide Grievance Committee. In selecting members for the Grievance Committee, the following criteria should be considered:

- a. Number of years as REALTOR<sup>®</sup>
- b. Common sense and Open-mindedness
- c. Experience and familiarity with state law and regulations as well as the Code of Ethics
- d. Receptiveness to instruction/training

The committee should have balanced representation of men and women and should include representatives of various racial and ethnic groups. Committee members should be mature, experienced, knowledgeable persons of a judicial temperament.

- 2.) IAR shall have one Professional Standards Committee of at least 40, in good standing, of whom at least a majority shall be REALTORS<sup>®</sup>. The members of the committee shall be appointed by the President, subject to confirmation by the Executive Committee. Members of the Professional Standards Committee shall be selected to serve on Hearing Panels as required to hear matters of alleged unethical conduct by Board members, to provide arbitration as requested and other matters requiring a hearing. The Chair and Vice Chair of the committee are appointed biennial by the IAR President at the time of vacancy's. The Vice Chair will automatically become Chair. The hearing panel chairpersons shall be appointed by the Professional Standards Chairperson. Based on need, individual hearing panels will be convened and comprised of three (3) to five (5) members selected from the committee, including a Chairperson. Each local association that opts in to the program agrees to provide IAR with a minimum of two names of a volunteer member willing to serve on the statewide Professional Standards Committee. In selecting members for the Professional Standards Committee, the following criteria should be considered:
  - a. Number of years as REALTOR<sup>®</sup>
  - b. Common sense and Open-mindedness
  - c. Experience and familiarity with state law and regulations as well as the Code of Ethics



d. Receptiveness to instruction/training

The committee should have balanced representation of men and women and should include representatives of various racial and ethnic groups. Committee members should be mature, experienced, knowledgeable persons of a judicial temperament.

- 3.) A member serving on the Grievance Committee, Professional Standards Committee, or the Executive Committee shall recuse himself from any meeting or hearing in which the firm with which s/he is affiliated is the same as that of the Complainant(s) or Respondent(s).
- 4.) The Grievance Committee may, at their determination, request a response from the Respondent only if they believe the response could undeniably refute the complaint, thereby eliminating frivolous allegations moving forward. In this case, the Respondent will have 15 days to submit his/her response to the Grievance Committee.
- 5.) The complaint and response, if any, shall be provided to the Hearing Panel members prior to the hearing. Such time period shall be a minimum of 7 days and shall be adhered to for all hearings.
- 6.) All correspondence may be emailed to the committee and the parties (with their permission).
- 7.) Materials shall be provided to the members of the Grievance Committee a minimum of 3 days prior to the meeting. A secure, password protected portal will be provided for the sole purpose of providing access to Grievance Committee materials.
- 8.) A Respondent to an ethics hearing or an arbitration request shall have 15 days from receipt of the *Notice to Respondent* to file a response. The Respondent need only submit one (1) copy of the response.
- 9.) IAR will not have a policy that requires an ethics complaint or arbitration request to be held in abeyance automatically, should the ethics complaint or arbitration request indicate the circumstances giving rise to the filing are involved in criminal or civil litigation or are involved in any proceeding before the state real estate licensing authority or other state or federal regulatory or administrative agency. With the advice of legal counsel and upon the Grievance Committee's motion, a matter may be held in abeyance and shall follow the guidelines in the COEAM.
- 10.) IAR will allow expedited hearings as detailed in Section 20 (f-q) of the COEAM.
  - The panel of the Professional Standards Committee will meet in executive session. Neither the complainant nor the respondent will be present. The Professional Standards Administrator and Board Counsel will be present as deemed necessary by the Chairperson. The initial question to be determined by the panel will be whether the allegations in the complaint, as acknowledged and agreed to by the respondent, support a violation of one or more of the Articles of the code of Ethics. The panel shall prepare a brief, concise decision which shall include findings of fact, conclusions, and a recommendation for discipline if a violation is found. Discipline that may be imposed, if a violation is determined, may only include one or more of the following: letter or warning or reprimand, mandatory attendance at a relevant education program, suspension for thirty (30) days, or a fine not in excess of \$15,000. In addition to imposing discipline, the Hearing Panel can also recommend to the Board of Directors that the disciplined member be put on probation. Probation is not a form of discipline. (Revised 11/14)

11.) IAR shall require any party to an ethics or arbitration hearing, or appeal of any professional standards matter, to give notice to the Association of counsel and/or witnesses within 15 days of receipt of the hearing notice. Failure to provide this notice will not invalidate a party's right to representation, but may result in a continuance of the hearing, if the Hearing Panel determines the rights of any other party require representation by counsel.

12.) IAR shall require any party of an ethics or arbitration hearing, or appeal of any professional standards matter, seeking to challenge the qualifications of any panel member to give the Association notice of such challenge within 10 days of receipt of the challenge forms.

13.) Parties may not tape record or have a court reporter present at any professional standards proceeding. IAR's tape recording of the proceeding may be used by any party only for the purpose of appeal or procedural review requests and may not be introduced into evidence at any subsequent hearing. Unauthorized use of the tape recording may be construed as a violation of Article 14 of the Code of Ethics. Tapes produced by the Association shall be maintained in the confidential professional standards files until a date when the time period for the 20-day appeal or procedural review has expired.

14.) Professional Standards records relative to ethics hearings shall be retained for 30 days after any discipline has been complied with or until the appeal period has expired *absent a threat of litigation*. In arbitration cases, records should be retained for 30 days after the procedural review period has expired or after the award has been paid. The final decision of arbitration Hearing Panels and the subset of the Executive Committee relative to ethics proceedings shall be retained permanently in the confidential Professional Standards files.

15.) Parties to an ethics hearing shall have 20 days from receipt of the hearing panel decision to file an appeal of the decision.

16.) Appeals to the Executive Committee shall be heard by a panel of directors appointed by the President for that purpose. Five (5) Directors or a quorum of the Executive Committee, whichever is less, shall constitute such an appeal panel, which shall act on behalf of the Executive Committee. The decision of the appeal panel shall be final and binding and shall not be subject to further review by the Executive Committee.

17.) Ethics decisions presented to the subset of the Executive Committee for ratification will include the names of the parties.

18.) A \$500.00 Administrative Processing Fee will be charged to any member found in violation of the Code of Ethics or other membership duty. Said fee shall be paid to IAR within thirty (30) days following affirmation of the ethics decision by the Executive Committee. If the fee is not paid within the 30 days, the Respondent may be suspended from membership, including MLS rights and privileges, until he/she remits the \$500.00 Administrative Processing Fee to IAR. Any Administrative Processing Fee will be in addition to, and not part of, any disciplinary sanction imposed.

19.) IAR will publish yearly a Code Enforcement Activity Report specifying the number of complaints filed, the Articles of the Code of Ethics charged, the number of complaints dismissed by the Grievance Committee, the number of violations of particular Articles, then number of cases resulting in violations, or,

conversely, no violations, the number of cases in which sanctions were imposed, the range of sanctions imposed, and other appropriate information, using form E-17, Ethics Activity Report.

20.) Mediation of arbitrable matters is mandatory.

21.) There will be no fee charged to file a *Request for Mediation*.

22.) A deposit of \$500.00 shall accompany an arbitration request. This deposit is nonrefundable, with the exception of requests in writing or resolved through mediation prior to the hearing. A deposit of \$500.00 shall be collected from the Respondent following the Grievance Committee's determination that a matter is properly arbitrable. The prevailing party of an Arbitration Award will be refunded their deposit. The non-prevailing party's deposit will not be returned. If the parties resolve their dispute during the arbitration hearing, prior to Executive Session, each party will be refunded half (\$250.00) of their deposit.

23.) In the event the respondent fails or refuses to sign the Response and Agreement Form, fails or refuses to make the required deposit, or fails or refuses to take part in the arbitration hearing, the arbitration hearing may be scheduled and conducted in the absence of the respondent.

In any instance where arbitration has been conducted and an award rendered; where the amount requested by the party initiating the arbitration has been awarded; and where the respondent has failed to make the specified deposit, it shall be the responsibility of the respondent to pay an amount equal to the deposit to IAR within ten (10) days of receipt of notice from the Administrator requesting payment. Where the respondent has not made the deposit and a partial award is made, the respondent shall pay to IAR an amount to be determined by the Hearing Panel that will not exceed the deposit originally made by the complainant. Failure to make such payment on a timely basis, upon receipt of a request, shall be treated in the manner specified in the bylaws for failure to satisfy financial obligations. (Adopted 5/88)

24.) The optional provisions regarding the administration of an arbitration Award will be followed as stated in Section 53 (b-f) of the COEAM.

b) If an award has been rendered, the nonprevailing party must, within ten (10) days following receipt of the award, either (1) pay the award to the party(ies) named in the award or (2) deposit the funds with the Professional Standards Administrator to be forwarded to IAR and held in a special escrow account maintained for this purpose. Failure to satisfy the award or to deposit the funds within this time period may be considered a violation of a membership duty and may subject the member to disciplinary action at the discretion of the IAR Executive Committee. (Adopted 11/87)  
The nonprevailing party shall have twenty (20) days following service of the award to request procedural review of the arbitration hearing procedure or to have legal counsel notify IAR that a legal challenge to the validity of the award has been initiated. (Revised 5/15)

c) After the award has been transmitted to each of the parties, they have 20 days to request procedural review of the arbitration hearing procedure by the Executive Committee. The nonprevailing party shall also have the same twenty (20) days following transmittal of the award to notify the Professional Standards Administrator that a legal challenge to the validity of the award has been initiated.

If no such procedural review is requested, the award becomes final and binding following the twenty (20) day period. However, if procedural review is requested, the award is not considered final and binding until after the Executive Committee has concluded that the hearing was conducted in a manner consistent with the Board's procedures and the parties had been afforded due process.

(d) If a request for procedural review of the arbitration procedure is received within twenty (20) days, the funds deposited with IAR shall be retained in IAR's escrow account until the review is completed. If the arbitration award is confirmed by the Executive Committee following the conduct of the limited procedural review, the nonprevailing party shall have an additional fifteen (15) days from the transmittal of the Executive Committee's decision to institute an appropriate legal challenge to the validity of the arbitration award. In such case, the nonprevailing party shall also cause legal counsel to advise IAR in writing that a suit challenging the validity of the arbitration award has been filed during this additional fifteen (15) day period. After fifteen (15) days from the transmittal of the Executive Committee's decision, if written notice of a suit challenging the validity of the arbitration award has not been received by IAR, the funds shall be released from escrow and paid to the prevailing party. If written notification is received during the fifteen (15) day period, the funds will be held in escrow pending the determination of the matter by a court of competent jurisdiction. (Revised 5/15/15)

If the nonprevailing party does not request the Executive Committee to conduct a procedural review of the arbitration hearing process during the twenty (20) day period following transmittal of the award, then written notification that a legal challenge has been instituted must be received within the twenty (20) days following transmittal of the award. Failure to provide written notification that a suit challenging the validity of the award has been filed within twenty (20) days following service of the award will result in the award being paid from IAR's escrow to the prevailing party.

(e) Any failure to make the necessary deposits shall be referred to the Executive Committee for action at their next meeting or at a special meeting called for that purpose. The party failing to make the deposit on a timely basis shall be advised of the date, time, and place of the meeting and shall have an opportunity to explain why the required deposits were not made on a timely basis. The Executive Committee may, at its discretion, impose discipline or may give the party an additional period to make the required deposits. The Executive Committee may also stipulate appropriate discipline to be automatically imposed if the party fails to make the deposit within the time established by the Executive Committee.

(f) Any interest accrued on the escrowed funds shall become the property of the party to whom the funds are ultimately released.

25.) There shall be a fee of \$500.00 charged to file a procedural review request of an arbitration or to appeal the decision of an ethics hearing panel.

26.) Voluntary Arbitration will not be provided as an IAR service subject to requirements stated in the COEAM.

27.) Firearms and weapons are prohibited by any party to an ethics or arbitration hearing, mediation, or appeal of any professional standards matter.

## **OMBUDSMAN PROCEDURES**

### **Purpose**

The purpose of the Ombudsman is to provide a knowledgeable, informed contact when REALTOR® members or members of the public have real estate related questions that have not been addressed by an individual broker.

The role of the Ombudsman is to identify and attempt to facilitate a resolution of misunderstandings and/or disagreements before matters evolve into a formal complaint. Ombudsmen services will also be offered after a formal complaint has been filed.

### **Qualifications**

1. Must have a minimum of five years in the real estate business and be actively involved in real estate practice.
2. Familiar with the NAR Code of Ethics, Indiana real estate statutes and regulations, and applicable MLS Rules and Regulations.
3. Primary member of IAR.
4. Completed Professional Standards and Mediation training and have served on a Grievance Committee and processed at least one complaint or have served on at least one Professional Standards hearing panel or have served on an Appeal Panel of the Executive Committee.

### **Responsibilities**

1. Maintain confidentiality of all parties.
2. Field and respond to any real estate questions including but not limited to:
  - a. General questions about real estate practice.
  - b. Transaction details.
  - c. Ethical practices.
  - d. Options for filing complaints
  - e. Questions of compliance with governing documents.

### **Limitations**

The Ombudsman may not refer concerns they have regarding the conduct of any party utilizing their services to the Grievance Committee, to the Indiana Real Estate Commission, a local MLS Committee or to any other regulatory body except that which involves a violation of the public trust which may be referred to the Grievance Committee.

The Ombudsman will adhere to Article 11 of the Code of Ethics and make appropriate referrals when the issues are outside their area of expertise.

### **Selection and Term**

Ombudsmen will be appointed by the President and ratified by the Executive Committee. Appointment will be for a one-year term and may be renewed at the option of the President and ratified by the Executive Committee. IAR will maintain a pool of at least 3 Ombudsmen to be available at all times.

## **Process**

1. . When contacted, AE's who are part of the IAR Shared Professional Services Program will off the services of an Ombudsman as an alternative to or in conjunction with submitting a formal complaint.
2. If a formal complaint is received by IAR and the complainant agrees, the Ombudsman may attempt to resolve the matter before proceeding to the Grievance Committee. If resolution is not reached, the complainant may continue with the complaint procedure as outlined in the Code of Ethics and Arbitration manual.
3. In carrying out the assigned duties, the Ombudsman may:
  - a) Contact the members who are named to obtain information.
  - b) Call upon other Ombudsmen serving IAR for consultation.
4. The Ombudsmen will submit their reports to the Professional Standards Administrator who will annually submit an aggregated report to the Executive Committee.
5. If a matter complained of is resolved to the mutual satisfaction of all parties through the efforts of an Ombudsman, the initial formal ethics complaint, if any, will be dismissed in writing by the Complainant.

## **IAR CITATION POLICY**

In order to facilitate a more efficient and streamlined process to handle certain ethics violations, the Indiana Association of REALTORS® has adopted the Ethics Citation Program, effective January 1, 2019.

A Respondent electing to pay a citation avoids an uncomfortable and often time-consuming hearing process. Respecting the right for due process, a Respondent may instead elect to request a hearing. The Ethics Citation Program is as confidential as the hearing process.

A Complainant may have less time involved, yet justice will still be served, thereby protecting the industry from unethical behavior. If the Respondent elects to have a hearing, the Complainant would need to attend.

The Citation Policy shall establish an Ethics Citation Panel, comprised of at least three (3) individuals, who will review complaints to determine eligibility for the citation program and the appropriate citations. The Ethics Citation Panel will be a subset of the association's Professional Standards Committee, and the individuals on the Ethics Citation Panel will have a high level of experience in hearing professional standards cases.

Complaints must be filed within one hundred eighty (180) days after the facts constituting the matter complained of could have been known in the exercise of reasonable diligence or within one hundred eighty (180) days after the conclusion of the transaction or event, whichever is later.

The citation policy cannot cite violations based on Articles or Standards of Practice other than those spelled out in this policy, cannot impose fines in excess of those in the policy, and cannot be utilized more frequently than provided for in this policy.

### ***Initial Review of an ethics complaint by the Grievance Committee***

- I. When the Grievance Committee receives a written ethics complaint, they will review the complaint consistent with Sections 19 and 20 of the current NAR *Code of Ethics and Arbitration Manual*. The Grievance Committee may add or delete articles or respondents at this stage in the proceedings.
- II. The Grievance Committee will consider the following when forwarding a complaint:

- A. If the complaint does not include alleged violations included in the Citation Schedule, or if it includes some covered by the Citation Schedule and some that are not, the complaint shall be referred to the Professional Standards Committee for hearing consistent with the policies and procedures set forth in the *Code of Ethics and Arbitration Manual* for ethics hearings.
  - B. If the complaint includes *only* allegations of violations included in the Citation Schedule, the Grievance Committee will forward the complaint to the Ethics Citation Panel.
- III. When an ethics complaint/ethics citation complaint and an arbitration request arising out of the same facts and circumstances are filed at the same time, the arbitration hearing shall be held first, and the citation(s) issued or ethics hearing held after the conclusion of the arbitration hearing consistent with Professional Standards Policy Statement #35, Separation of Ethics Complaint and Arbitration Request, *Code of Ethics and Arbitration Manual*.

***Initial Review of an ethics citation complaint by the Ethics Citation Panel***

If the Ethics Citation Panel believes a violation has occurred, they will issue a citation and impose discipline consistent with the association’s Citation Schedule. In the event the members of the Ethics Citation Panel determine the conduct described in the complaint is sufficiently egregious to warrant a hearing rather than a citation, the complaint shall be referred to the Grievance Committee to determine if the complaint should be forwarded to the Professional Standards Committee for a hearing consistent with the policies and procedures set forth in the *Code of Ethics and Arbitration Manual*.

***Issuance of Citations***

- I. Citations will be sent to respondents including the identity of the complainant. A copy of the citation shall also be sent to the Managing Broker of the respondents’ office. If the respondent changes firms before or after the complaint is filed but before the citation is issued, both the former and current Managing Broker will receive a copy of the citation.
- II. The respondent will have twenty (20) days from transmission of the citation to request a full due process hearing on the complaint.
  - A. If the respondent accepts the citation, or if the respondent does not request a hearing within twenty (20) days of transmission of the citation, this shall be deemed to be a final resolution of the complaint, which shall not be appealable or subject to any further review.
  - B. If the respondent accepts the citation, or if the respondent does not request a hearing within twenty (20) days of transmission of the citation, payment must be received by the association no later than **5** days after the date of acceptance or time period to request a hearing has elapsed.
    - 1. The case will be deemed to be closed upon receipt of payment, and notice will be provided to the complainant that a citation has been issued and paid.
    - 2. Failure to pay the citation amount within **5** days after the date of acceptance or after the time period to request a hearing has expired will result in the automatic suspension of membership until the citation has been paid.

- C. The complainant will be notified of the resolution of the complaint within 5 days of its conclusion, including what citations were issued and the amount of any fine.
- D. If the respondent requests a hearing within the time specified, the complaint shall be referred to the Grievance Committee for review to determine if the complaint should be forwarded to the Professional Standards Committee for hearing. If the complaint is forwarded, the complainant who initially filed the complaint will be notified and will be afforded all due process rights provided for in the *Code of Ethics and Arbitration Manual*. Should the complainant be a member of the public who refuses or is unable to participate in the hearing, or should the complainant be a REALTOR<sup>®</sup> member who refuses or is unable to participate in the hearing, the provisions of Section 21(f)(3) in the NAR *Code of Ethics and Arbitration Manual* shall apply.

### ***Limitations***

- I. Any REALTOR<sup>®</sup> is limited in the number and type of citations that he/she may receive, according to the following rules:
  - A. No more than two (2) citations will be issued to a member within a consecutive twelve (12) month period, starting on the date the first complaint was filed, at the same association.
  - B. No more than three (3) citations will be issued to a member within a consecutive thirty-six (36) month period, starting on the date the first complaint was filed, at the same association.
  - C. No additional citations are permitted where the cumulative fine for the citations issued would be more than **\$5,000** (not to exceed \$5,000) in any three (3) year period at the same association.
  - D. An escalating fine schedule is in place for repeat citations, however; the Ethics Citation Panel may only consider the past citations for the particular conduct alleged in the complaint.
- II. The fact that a respondent has previously been issued a citation for any violation – whether or not it was paid – shall not be admissible in any ethics or arbitration hearing, including a hearing to consider a complaint where the respondent rejected a citation and requested a hearing. A hearing panel may consider citations previously issued to the respondent for the purpose of determining appropriate discipline as provided in Subsection IV below.
- III. Citations will not be considered in any publication of violations should such rules be adopted by the association.
- IV. Where a hearing panel finds a violation of the Code of Ethics after a hearing, it may consider past citations in determining an appropriate sanction only if the citation was issued for the same violation at issue in the hearing. By way of example, if a citation was issued for failure to disclose a dual or variable rate commission under Standard of Practice 3-4, that citation could not be considered if a hearing panel later found a violation of Article 3 on some other grounds. Hearing panels will not be informed of past citations for other violations.
- V. Association staff will track the number of citations issued, the number of citations paid, and the violations for which citations were issued. This information may be provided in the aggregate to the Executive Committee, but will not include details about the complaints, nor identify the complainants or respondents.



- VI. The allegations, discussions and decisions made in the citation process are confidential and shall not be reported or published by the association, any member of a tribunal, or any party under any circumstances except those established in Limitations, Section V of this policy and the *Code of Ethics and Arbitration Manual* of the National Association as from time to time amended.

## IAR Citation Schedule of Fines

*Articles may be supported by a Standard of Practice (SOP)*

	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
<b>Article 1</b>			
REALTORS® may represent the seller/landlord and buyer/tenant in the same transaction only after full disclosure to and with informed consent of both parties. (SOP 1-5)	\$1,000	\$1,500	\$2,500
Failure on the part of a listing broker to provide written affirmation that an offer was presented or written notification that the seller/landlord has waived the obligation to have the offer presented, upon written request of a cooperating broker submitting an offer. (SOP 1-7)	\$1,000	\$1,500	\$2,500
Accessing or using, or allowing others to access or use, a property managed or listed on terms other than those authorized by the owner or seller. (SOP 1-16)	\$1,000	\$1,500	\$2,500
<b>Article 3</b>			
Failure to disclose existence of dual or variable rate commissions. (SOP 3-4)	\$500	\$750	\$1,000
Failure to disclose existence of accepted offers to any broker seeking cooperation. (SOP 3-6)	\$250	\$500	\$750
Providing access to listed property on terms other than those established by the owner or the listing broker. (SOP 3-9)	\$1,000	\$1,500	\$2,500
<b>Article 4</b>			
Failing to disclose REALTOR®'s ownership or other interest in writing to the purchaser or their representative.	\$500	\$750	\$1,000
<b>Article 5</b>			
Providing professional services without disclosing REALTOR®'s present interest in property ( <i>limited to present interest, not contemplated</i> )	\$500	\$750	\$1,000
<b>Article 6</b>			
Accepting any commission, rebate, or profit on expenditures without client's knowledge or consent.	\$500	\$1,000	\$1,500
<b>Article 12</b>			
Failing to present a true picture in real estate communications, marketing, and advertising.	\$250	\$500	\$1,000
Failing to disclose status as real estate professional in advertising, marketing, and other real estate communications.	\$250	\$500	\$1,000
Failure to disclose potential to obtain a benefit from third party when REALTOR® represents their services as "free" or without cost. (SOP 12-2)	\$250	\$500	\$1,000

Advertising property for sale/lease without authority of owner or listing broker. (SOP 12-4)	\$500	\$1,000	\$2,000
Failing to disclose name of real estate firm in advertising in a readily apparent manner. (SOP 12-5)	\$250	\$500	\$1,000
Failing to disclose status as both owner/landlord and REALTOR® or licensee when advertising property in which REALTOR® has ownership interest. (SOP 12-6)	\$500	\$1,000	\$2,000
Falsely claiming to have “sold” property. (SOP 12-7)	\$250	\$500	\$1,000
Failure to disclose firm name and state of licensure on REALTOR® firm website. (SOP 12-9)	\$250	\$500	\$1,000
Misleading consumers through deceptive framing, manipulating content, deceptively diverting internet traffic, presenting other’s content without attribution or permission, or using misleading images. (SOP 12-10)	\$500	\$1,000	\$2,000
Registering or using of deceptive URL or domain name. (SOP 12-12)	\$500	\$1,000	\$2,000
Representing that the REALTOR® has a designation, certification, or other credential they are not entitled to use. (SOP 12-13)	\$500	\$1,000	\$2,000
<b>Article 14</b>			
Failing to cooperate in a professional standards proceeding or investigation.	\$500	\$1,000	\$2,000
<b>Article 16</b>			
Use of terms of an offer to modify listing broker’s offer of compensation. (SOP 16-16)	\$500	\$1,000	\$2,000
Placing for sale/lease sign on property without permission of seller/landlord. (SOP 16-19)	\$250	\$500	\$1,000

**Note: Ethics Citation Panels may, at their discretion, also impose a training requirement in addition to, or as an alternative to, payment of a fine for any of the citable offenses.**

## **RECOGNITION/AWARDS COMMITTEE**

The Recognition Committee shall be responsible for selecting recipients of the Distinguished Service, IAR REALTOR® of the YEAR, Good Neighbor Award and other awards as appropriate. The committee includes five (5) members: The Chair as appointed by the IAR President, the two most recent REALTORS® of the year that are available to serve, the most recent Distinguished Service Award winners, and the most recent State Good Neighbor Award winner that are available to serve. In the event any position is unfilled, the President will make the appointments to the committee. The committee may consider nominees from local associations/boards but is not limited to those individuals. Selection criteria will be posted with the applications for each award and include:

## **REALTOR® OF THE YEAR**

### **Nominees criteria**

1. **REALTOR® Spirit** – High principles of integrity, adherence to the REALTOR® Code of Ethics, and furtherance of the principles of good real estate practice among brokers, agents, and the general public.
2. **Civic Activity** – Local, state, and national level participation in civic and service clubs, charitable activities, political commissions, or fraternal or religious groups.
3. **Business Accomplishments** – Public recognition of business conduct, service to clients, imaginative and creative advertising programs, rehabilitation work, land utilization, etc.
4. **Local Association/Board Activity** – Local offices held and committee work, special assignments, seminar activity and educational work, membership, and offices held in local chapters of Institutes, Societies, and Councils.
5. **State Association Activity** – State offices held and committee work, attendance and participation in state conventions, director’s meetings, and educational conferences.
6. **National Association Activity** – National offices and committee work, membership, and work in Institutes, Societies, and Councils, attendance at national conventions and directors’ meetings.

## **DISTINGUISHED SERVICE AWARD**

1. A maximum of two recipients may be selected per year.
2. The recipient may not be selected posthumously unless the selection has been made prior to the recipient’s death.
3. Nominees must receive the endorsement of the President of their local association.
4. The DSA Selection Committee feels that “honor seeks the candidate; not the reverse.” Therefore, politicking and campaigning are strongly discouraged.
5. Current members of the IAR Board of Directors are not eligible for nomination.
6. Nominees must:
  - a. Be a member of IAR for a minimum of 15 years, and 10 of those years have been spent in active participation in association activities.
  - b. Have a valid license as a broker, or appraiser and be currently active in the real estate industry.
  - c. Have a record of community service activities and involvement.
  - d. Have a record of service to her/his local association, and IAR.
  - e. Have not served as President of IAR for the past five years and have not been named as REALTOR® of the Year for the past five years.

## **GOOD NEIGHBOR AWARD**

### **Criteria**

- Nominees must be members in good standing of the National Association of REALTORS®, the Indiana Association of REALTORS®, and have primary membership with a local Indiana board or association of REALTORS®.
- Nominees must be active practitioners as certified by their Managing Broker.
- Nominees will be judged on level of personal contribution, especially volunteer (unpaid) hours, though contributions of money and other resources will be considered as well.
- Some portion of the nominee's work must have taken place within the 12 months prior to the nomination deadline, which is the Monday immediately following Thanksgiving Day.
- This award is intended to recognize individuals, not associations or companies. If an individual within your association or company can be signaled out as instrumental to the success of a group effort, he or she is eligible. If the achievements of two people (such as a married couple or co-founders of an organization) cannot be separated, they can enter as a pair and their entry will be considered as one.

### **Rules**

- REALTORS® may nominate themselves or may be nominated by another REALTOR®, a state or local association executive, or the organization they serve.
- Indiana Association of REALTORS® staff and their families, current IAR Recognition Committee members and their families, and current sponsors/sponsor employees and their families are ineligible to participate.
- Award finalists must sign an affidavit of eligibility, submit to a criminal history check, and be willing to be interviewed, photographed, filmed, and nominated for the National Association of REALTOR® Good Neighbor Award.
- Award monies will only be granted to 501(c)3 non-profit organizations deemed by the Indiana Association of REALTORS® Recognition Committee members to benefit the livability of Hoosier cities and towns.
- CEO to notify the Recognition Committee of available award monies.
- Indiana Association of REALTORS® staff and IAR Recognition Committee members will not accept lobbying efforts on behalf of nominees.
- Nomination information will not be shared with anyone outside of Indiana Association of REALTORS® staff and IAR Recognition Committee members.

### **Selection**

Nominations are due by Midnight ET the Monday immediately following Thanksgiving Day. The IAR Recognition Committee is responsible for selecting recipients of the Good Neighbor Award. Recipients will be announced at the annual IAR legislative conference in late January/early February. Recipients will be nominated for the REALTOR® Magazine Good Neighbor Award the same year they publicly receive the IAR Good Neighbor Award.

## **SECONDARY BOARD EMERITUS STATUS**

Emeritus status will be honored in full regardless of whether the individual is a primary or secondary member of IAR.

## **SOCIAL MEDIA**

In order to protect the Indiana Association of REALTORS®, Inc. (“the Association”) from the posting of comments and information that may disparage or harm the image or reputation of the Association, the following policy has been developed for Association members and elected and/or appointed leadership (“Members”). For the purpose of this policy, “engaging in/using social media,” means posting or uploading content to all types of interactive electronic communications including but not limited to websites, weblogs, social networks, and discussion boards.

When engaging in social media, always ensure that the information contained in text, internet, e-mail messages and other transmissions is accurate, appropriate ethical and lawful. Further, Members must be vigilant to ensure that they do not disclose any information or organizational data that is confidential or proprietary to the Association or to any third party that had disclosed information to the Association. This includes the use of Association trademarks or material.

If a Member comments on any aspect of the Association’s business or policy issue in which the Association is involved, that Member must clearly identify themselves as a member and include a disclaimer that the views are their own and not those of the Association. Members should neither claim nor imply they are speaking on behalf of the Association unless authorized, in writing to do so.

Examples of conduct prohibited by this policy include, but are not limited to:

1. Sending or posting: (IAR reserves the right to remove inappropriate comments/material) images or material that could damage the image or reputation of the Association, its members or employees;
  - a. confidential material, trade secret information or proprietary business information outside of the Association;
  - b. content not related to the association; ○ unsolicited or unauthorized advertising or spam; ○ repetitive postings or other “trolling” actions;
  - c. messages between competitors regarding prices, fees, discounts, terms and conditions of sale, profits, profit margins, cost data, market shares, sales territories, customer allocation, etc.
2. Passing off personal views as representing the Association;
3. Transmitting or using communications which are fraudulent, harassing, threatening, discriminatory, illegal, embarrassing, obscene, intimidating, defamatory or slanderous; □ Failing to observe licensing or copyright agreements;
4. Improper or unauthorized use of an electronic signature.

The Association is not responsible for the opinions and information posted by its members. Members assume any and all risks associated with engaging in social media.

## **WHISTLEBLOWER**

The Indiana Association of REALTORS® (“IAR”) requires directors, officers, and volunteers to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As volunteers and representatives of the Association, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

**Purpose.** The purpose of this Whistleblower Policy is to: (1) encourage volunteers and representatives to come forward with credible information on illegal practices or violations of adopted policies of IAR; (2) specify that IAR will protect the person from retaliation; and (3) identify where such information can be reported.

**Encouragement of Reporting.** IAR encourages complaints, reports or inquiries about illegal practices or violations of IAR policies, including illegal or improper conduct by IAR itself, by its leadership, staff, or by others on its behalf. Appropriate issues to bring under this policy would include financial improprieties, accounting or audit matters, ethical violations, or other similar illegal or improper practices or policies.

**Acting in Good Faith.** Anyone filing a complaint under this policy must be acting in good faith and have reasonable grounds for believing the information disclosed is either illegal or a violation of IAR policies. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

**Protection from Retaliation.** IAR prohibits retaliation by or on behalf of IAR against volunteers or representatives for making good faith complaints, reports or inquiries under this policy or for participating in a review or investigation under this policy. This protection extends to those whose allegations are made in good faith but prove to be mistaken. IAR reserves the right to discipline persons who make bad faith, knowingly false, or vexatious complaints, reports or inquiries or who otherwise abuse this policy.

**Confidentiality.** Complaints, reports or inquiries may be submitted on a confidential basis by the complainant. Complaints, reports or inquiries will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

**Where to Report.** Complaints, reports or inquiries may be made under this policy on a confidential basis. They should describe in detail the specific facts demonstrating the basis for the complaints, reports or inquiries. They should be directed to IAR’s Chief Executive Officer or the IAR President; if both of those persons are implicated in the complaint, report or inquiry, it should be directed to the IAR President-Elect. IAR will conduct a prompt, discreet, and objective review or investigation. Staff or volunteers must recognize that IAR may be unable to fully evaluate a vague or general complaint, report or inquiry.

## SECTION 2 - GOVERNANCE

### **BYLAWS AND POLICY MANUAL**

The IAR Bylaws and Policy Manual will be reviewed biennially, on odd numbered years and posted in a secure (members only) area of the IAR website and are available upon request.

### **ELECTION POLICY AND PROCEDURE**

The Board of Directors will adopt policy and procedure for the election of IAR directors, election of individuals to serve on the Executive Committee and election of NAR Directors. The Executive Committee will adopt policy and procedure for the selection of officers for the association.

#### **Election of IAR Directors**

1. By July 1, IAR shall notify the general membership of the number of specialty, at-large and Regional Director positions to be filled.
2. By October 15, the process of selecting individuals to fill all Director positions with terms beginning at the end of the current year shall be completed.
3. **Association Executives.** One Director serving a three-year term shall be selected by members of the Association Executive Advisory Council. In the year immediately prior to the expiration of that term, the Council shall, on or before October 1, nominate and select a member of the advisory council to fill the Director position with a term beginning in the following year.
4. **Association Presidents.** Two Directors serving single year terms shall be selected, on or before October 1, by the presidents elect of the local REALTOR® associations in Indiana to fill both Director positions for the following year. One Director shall be president elect of a local association ranked in the lower seventy-fifth percentile of associations when ranked by the number of members. The other Director shall be president elect of a local association ranked in the upper twenty-fifth percentile when elected.
5. **Past Presidents of the Indiana Association of REALTORS®.** Two Directors serving three year terms shall be selected, on or before October 1 (in the year a seat is available), by the past Presidents of the Indiana Association of REALTORS®. In the year immediately prior to the expiration of either term, all currently licensed individuals who have completed a term as President of the Association will be invited to participate in the election of a past president to fill the Director position with a term beginning in the following year.
6. **Commercial REALTORS®.** One Director serving a three-year term who is a REALTOR® member of the Indiana Commercial Board of REALTORS®.
7. **Appraiser REALTORS®.** One Director serving a three-year term shall be selected from the ranks of the appraisers who are members of the Association. In the year immediately prior to the expiration of that term, or before October 1, the Board of Directors will nominate and select an Indiana REALTOR® who is a state licensed or certified appraiser to fill the Director position with a term beginning in the following year.
8. **Larger Firm REALTORS®** Three Directors serving three-year terms shall be selected by the twenty largest REALTOR® firms in Indiana.
  - a. By August 1 of each year, the Indiana Association of REALTORS® shall determine, based on membership data reported to NRDS as of June 30 (or the closes business day), the twenty firms with the greatest number of REALTOR® members in the state (Largest Firms)

- b. In order to be selected as a Director in this category, the candidate must either be (a) a principal of one of the Largest Firms or (b) a manager or corporate officer of one of the Largest Firms.
  - c. On or before July 15 the Association shall send written or electronic notice to the managing broker of each of the Largest Firms, based on June 30 figures, inviting nominations of candidates to fill any Director positions with terms beginning in the subsequent year. Nominations shall close on August 15.
  - d. On or before October 1, the Association shall deliver a ballot to the managing brokers of the largest firms. The ballot shall identify all nominees and shall permit the broker to specify a preference regarding which individual(s) he or she wants to serve as Director(s) for term(s) beginning in the subsequent year.
  - e. In the event of a tie, the candidates participating in the tie shall be reported electronically to the managing broker of each of the Largest Firms who shall, by secret vote, cast a another ballot to select the candidate to be seated.
9. **Regional Directors.** Thirty-Seven Directors serving three-year terms shall be selected regionally by REALTOR® members of the Indiana Association of REALTORS®.
- a. The number or Regions within the state (and their boundaries) shall be determined by the Board of Directors annually.
  - b. Directors shall be allocated to each Region proportionate to the percentage of REALTORS® within the state who are principally associated with local associations within that Region.
  - c. By August 1<sub>st</sub> of each year, the Indiana Association of REALTORS® shall determine, based on membership data reported to NRDS as of June 30 (or the closes business day) the number of Regional Directors allocated to each region. The allocation shall be published on the Association website.
  - d. For Regional Director positions with terms beginning in the next calendar year, candidates may be nominated as follows:
    - i. Any local association within a Region may nominate one or more REALTORS® as candidates for a Regional Director position from that Region.
    - ii. Any REALTOR® member who is a member of a local association within the Region may self-nominate him or herself as a candidate
  - e. The minimum qualifications to become a candidate for a Regional Director shall be
    - i. REALTOR® membership in a local association in Indiana located in the region the REALTOR® seeks to represent.
    - ii. At least one year service as an officer, director or committee member of a local association in Indiana
    - iii. At least one-year service on an advisory council, committee or task force of the Indiana Association of REALTORS® and/or participation in IAR conferences during at least two years and/or completion of the IAR leadership academy.
    - iv. An Indiana real estate or appraisal license that is not subject to state disciplinary action.
    - v. An endorsement from the Board of Directors of the local association where s/he holds primary or secondary membership
  - f. Candidates shall complete and submit the prescribed nomination form to the state Association on or before August 15.
    - i. The nomination form will detail the business background of the candidate, as well as the candidate's volunteer activities.



- ii. IAR staff shall be charged with creating the form, which shall be used if approved by the Board of Directors.
    - iii. Completed nomination forms and required attachments for all qualified candidates will be published on the Association website prior to the election of Regional Directors.
  - g. A Qualifications Committee, appointed by the President and approved by the Executive Committee shall review the qualifications of all Regional Director candidates in all regions to assure that they meet the minimum qualifications.
    - i. The Qualifications Committee shall consist of the immediate past President, once removed, who shall serve as Chair of the Committee, plus one Regional Director from each Region
    - ii. No candidate may serve on the Qualifications Committee.
    - iii. In the event that the immediate past President, once removed, is a candidate or is otherwise unable to serve, then the next available past President, in order of reverse seniority, shall serve in his or her place.
  - h. On or before September 1, the Qualifications Committee shall meet to consider the qualifications of all candidates for Regional Director positions. It shall authorize the names of all qualified candidates to be placed on the appropriate Regional ballot. IAR shall promptly post regional lists of qualified candidates on its website.
  - i. Any candidate deemed not qualified may appeal the decision of the Qualifications Committee to the President who shall promptly appoint three members of the Executive Committee to hear the appeal. The decision of the hearing panel shall be final.
  - j. Approved candidates will be encouraged to attend the Fall Conference and may use that opportunity to meet membership, visit caucuses and otherwise promote their candidacy.
  - k. On or before October 1 the state Association shall conduct an election for Regional Directors. REALTORS® voting in the election shall be encouraged to give appropriate consideration to geographic, representational and diversity values when voting.
    - i. The state Association shall prepare a ballot for each region and distribute them by region to REALTOR® members of the Association throughout Indiana who are active in NRDS on the date of distribution.
    - ii. Ballots may be paper or electronic. They will be distributed and counted in a manner approved by the Board of Directors.
    - iii. Ballots shall be distributed in a manner, which permits each REALTOR® member the opportunity to cast a ballot for the Director positions to be filled within his or her Region.
    - iv. On or before October 15, the state Association shall announce the candidates who have received the greatest number of votes for each Regional Director position with a term beginning in the next calendar year.
    - v. In the event of a tie between candidates receiving the greatest number of votes for a Regional director position, the candidates participating in the tie shall be reported to the Board of Directors and the Board shall, by secret vote, select the candidate to be seated,
  - l. Electronic voting procedures must be approved by the Board of Directors prior to use.
10. In the event there are uncontested elections for specialty, at-large and/or Regional Director position, the CEO can declare the election by acclamation with the approval of the Executive Committee

11. In the event of a tie in any specialty seat race, the candidates participating in the tie shall be reported electronically to voting members of that specialty class who shall, by secret vote, cast another ballot to select the candidate to be seated. (Dec. 2013)
12. In the event that candidates have not been selected by October 1 to fill all specialty, at-large or Regional Director positions with terms beginning in the following calendar year, then the Board of Directors shall select candidates for the unfilled positions at its next meeting on or after October 15.
13. At its next meeting on or after October 15, the Board of Directors shall confirm the candidates elected to fill all Director positions with terms beginning in the following calendar year. IAR shall post the names of all successful candidates on its website.

### **Election of Executive Committee Members**

1. There shall be fourteen voting members on the Executive Committee.
  - a. The voting membership shall consist of
    - i. Five at-large committee members (amended 9/2009)
    - ii. One committee member who is the current representative to the Board of Directors from the Indiana Commercial Board of REALTORS®
    - iii. Six committee members originally selected from among the regional Directors
    - iv. One committee member originally selected from among the large firm Directors and
    - v. The immediate past President.
  - b. To the greatest extent possible, terms shall be arranged so that approximately one third of the member terms expire at the end of each calendar year.
2. Except as noted in sections 3 and 4(b) below, a nominee for the Executive Committee must serve on the Board of Directors when nominated as well as during his or her first year of service on the Executive Committee.
3. The Executive Committee may, but is not required, to appoint a non-REALTOR® to a single year term to fill a pending, at-large vacancy on the Executive Committee. No more than one non-REALTOR® may serve on the Executive Committee at any time. The appointment shall be made and reported to the Board of Directors prior to the election by the Board of individuals to serve on the Executive Committee.
4. Following is the procedure for identifying nominees for those positions with terms beginning in the following calendar year:
  - a. Any current Director who wishes to be elected to serve as a member of the Executive Committee in the following year may nominate him or herself. Each individual shall declare whether s/he is a candidate for
    - i. One of the at-large positions on the Executive Committee,
    - ii. One of the regional positions on the Executive Committee or
    - iii. The one large firm position on the Executive Committee.
  - b. The Executive Committee may, but is not required, to nominate a REALTOR® who is not a member of the Board of Directors to a three-year term to fill a pending, at-large vacancy on the Executive Committee. The nomination shall be made by the President before Oct 1 to the Executive Committee. The Executive Committee must approve the nomination. During that individual's term of service on the Executive Committee, no other REALTOR® who is not a member of the Board of Directors may be elected to serve on the Executive Committee.

- c. In the event that the Executive Committee decides to appoint or nominate a person to serve on the Executive Committee pursuant to 4(b) the name(s) of such person(s) shall be posted to the IAR website on or before October 15.
5. All nominees shall be required to comply with application procedures and time-lines as specified by the Board of Directors.
    - a. In the event that the Executive Committee decides to appoint or nominate a person to serve on the Executive Committee pursuant to 4(b) October 15 shall be the deadline for IAR to publish the name(s) of such person(s).
    - b. October 15 shall be the deadline for IAR to notice all Directors either electronically or in writing of the at-large, regional and large firm positions which will be filled by the election.
    - c. November 1 shall be the deadline for IAR to receive nominations of individuals who seek election to the Executive Committee.
      - i. Nominations shall be in writing in the form prescribed by IAR.
      - ii. Nominations shall be restricted to individuals who will, if elected, serve as a Director during at least the first year on their elective term on the Executive Committee.
  6. On or before November 15 IAR will publish on its website the names of all nominees seeking election to the Executive Committee.
  7. On or before November 30 the current Board of Directors shall, either electronically or in person, conduct an election to fill the Executive Committee positions with terms beginning in the following year.
    - a. The state association shall cause ballots to be distributed to all Directors. The ballots shall name all nominees and specify the positions to which they wish to be elected.
    - b. Each Director shall cast a secret ballot, marking no more than one nominee for each at large, regional and large firm position to be filled by election,
    - c. If the Directors convene in person, a committee of not less than three people, appointed by the Executive Committee, shall count the ballots and report the successful nominees to the President.
      - i. The committee shall examine all ballots cast and shall disregard any ballots where more than one nominee was selected for a single position to be filled by election.
      - ii. Any nominee who receives a majority of the votes cast for an at-large, regional or large firm position shall be declared the successful candidate for that position.
      - iii. If no nominee receives a majority of the votes for an at-large, regional or large firm position, then the committee shall request the Board to vote again, considering all nominees for that at-large, regional or large firm position *excluding only* the one who received the fewest votes.
        1. In the event that there is a tie for the nominee receiving the fewest votes, then all nominees shall be referred back to the Board for the vote.
    - d. Electronic voting procedures must be approved by the Executive Committee prior to use.
    - e. If the Board of Directors meets in person, the President shall announce, prior to the end of the meeting, the names of those individuals elected by the Board or appointed by the Executive Committee to serve on the Executive Committee. Otherwise the names of those individuals shall be announced by IAR during the course of the meeting, if feasible or following the end of the meeting if not feasible.

The names of all individuals appointed or elected to serve on the Executive Committee shall be published on the IAR website on or before December 1.

## **Election of Officers**

1. Prior to the end of the calendar year, but after the close of the Executive Committee elections, the President shall convene a meeting of all individuals who will serve on the Executive Committee during the subsequent year.
2. If a quorum is present, that group shall select from among its members the individuals who will serve as Treasurer and President Elect during the following year.
3. The President will ask for nominations from the floor with a motion and a second to place someone's name into consideration.
4. Each member shall cast a secret ballot, marking no more than one nominee for the Treasurer and President Elect position.
  - a. The President Elect and one other member of the committee appointed by the President shall count the ballots and report the successful nominees to the President.
  - b. Any nominee who receives a majority of the votes cast for Treasurer or President-Elect shall be declared the successful candidate for that position.
    - i. An abstention will not be considered a vote.
  - c. If no nominee receives a majority of the votes cast for the respective position, then the Committee will vote again, considering all nominees for the position, excluding only the one who received the fewest votes. This process will continue until one candidate for each position has received a majority vote.
    - i. In the event that there is a tie for the nominees receiving the fewest votes, the committee will vote on the nominees receiving the fewest votes, dropping off the nominee receiving the lowest votes, then the remaining nominees will be sent back to the Committee for a vote.
7. The President Elect in the current year shall automatically succeed to the office of President in the following year.
8. Notice of the officers selected shall be published on the website of the Indiana Association of REALTORS.

## **Election of State Allocated NAR Directors**

1. State Allocated NAR Directors are those selected at-large to represent IAR. They do not include (a) any NAR Director who may be appointed by a local association, firm or franchise in Indiana or (b) any individual who is entitled to serve, ex officio, as an NAR Director under NAR bylaws. National Director allocations for State Associations are made in accordance with the constitution of the National Association of REALTORS® and based on the July 31 membership count each year. The State President and Association Executive are automatically awarded Director positions and are not included in the state allocation.
2. IAR's allocated Director seats are filled, as available, by the state association President-Elect, Treasurer, and immediate Past President. If additional seats are allocated, the Executive Committee will be notified of positions available to be filled in accordance with the policy for the election of officers. Recommendations will be accepted for qualified individuals with preference given to members of the Executive Committee and anyone serving as an NAR Committee Chair.

3. Each Director shall serve a single, calendar year term with no limit.
4. Directors are expected to attend the Director meetings of the National Association of REALTORS® during their term.
5. A vacancy, whether caused by resignation, death, incapacity, removal or change of status shall be filled by action of the Executive Committee at its next duly called meeting.

### **NAR REGION 7 VICE PRESIDENT SELECTION**

In accordance with the agreement among the states in Region 7, the position of NAR Regional Vice President will rotate. When appropriate, IAR will select a person to be nominated for this position. All candidates must meet the criteria as established by NAR (including having served as a state President). IAR will notify the Past Presidents of the deadline to submit their notice of interest. In the event of multiple candidates, the Executive Committee will select the nominee

### **CEO ANNUAL PERFORMANCE REVIEW**

The Committee, in collaboration with the CEO, will develop the CEO evaluation form reflecting the Board's strategic goals and objectives. Each Executive Committee member will receive a copy of the form by the first Monday in October, to be completed and returned to the Evaluation Committee Chair within a maximum of seven (7) days.

The Leadership Team and Evaluation Committee will produce a summary of the evaluations to be presented to the CEO for review/response prior to the last Executive Committee meeting of the year. The evaluation will also be used by the Leadership Team as a tool to determine how the CEO's performance in meeting stated strategic goals and objectives affects annual incentives, with the Leadership Team having discretion over compensation.

### **OVERSIGHT – CHIEF EXECUTIVE OFFICER**

The Chief Executive Officer shall be responsible for oversight of all aspects of the Indiana Association of REALTORS®. In his/her capacity, the CEO shall work within the following Executive Parameters as established by the Executive Committee:

#### **Finances**

The CEO shall not jeopardize either the pragmatic or fiscal integrity of IAR, nor violate/allow to be violated generally accepted accounting principles. Accordingly, the CEO may not cause or allow:

1. A budget which:
  - a) Contains inadequate detail to enable a reasonably accurate projection of revenues and expenses, cash flow, separation of capital and operational items and any subsequent audit trails.
  - b) Plans for the expenditure in any fiscal year of more funds than are conservatively projected to be available in that period.
  - c) Expends more funds that have been budgeted within a budget year without the approval of the Finance Committee. The CEO may allocate amounts among the various departments and programs, not to exceed \$100,000 within the budget, as long as total annual expenditures do not exceed the total annual amount budgeted. (November 29, 2012)
  - d) Deviates from the Cash Flow Reserve, Long Term Investment Reserve, Education Foundation and REALTOR® Defense Fund Investment Policies of IAR.

2. The financial condition of IAR to be jeopardized or the intended allocation of resources to be compromised by:
  - a) Expending more funds than have been received (or are reasonably expected to be received) in the current fiscal year without approval of the Finance Committee.
  - b) Indebting IAR beyond the accounts payable necessary in the normal course of business.
  - c) The use of funds from long-term reserves
  - d) Allowing cash to fall below the amount needed to settle payroll and debts in a timely manner.
  
3. Assets to be at risk of losses beyond those necessary in the normal course of business by:
  - a) Failing to insure against embezzlement, casualty losses to full replacement value and liability losses to IAR members, staff and the organization itself beyond any reasonably prudent level.
  - b) Allowing personnel or volunteers, who are not bonded or insured, access to material amounts of funds and unnecessarily exposing IAR, its Board, members or staff to claims of liability.
  - c) Making purchases in excess of \$50,000 without competitive bids when multiple vendors are available, unless there is risk of financial (or other) loss to the organization. (November 29, 2012)
  - d) Investing operating capital in insecure instruments, including uninsured checking accounts and bonds of less than AAA rating
  - e) Selecting an auditing firm without competitive bids and approval of the Finance Committee.

### **Staff**

The CEO shall not cause or allow conditions for IAR staff which are inhumane, unfair, undignified or illegal and therefore may not:

1. Fail to provide and adhere to the provisions of an adequate and updated personnel manual as reviewed by legal counsel, written position descriptions and annual performance reviews.
2. Change the compensation or benefits of the CEO as established by contract by the Leadership Team.
3. Establish current compensation and benefits that deviate materially from the existing geographic or professional market, create obligations over a longer term than revenues can safely be projected or establish/change any deferred or long-term compensation/benefits.

### **Volunteer Leadership**

The CEO shall not:

1. Cause or allow the membership, Board of Directors or other Leadership of IAR to be uninformed or misinformed by failing to provide information on important correspondence, relevant trends or material internal and external changes and policies (in particular those of the National Association of REALTORS®).
2. Fail to submit any requested monitoring/evaluation information in a timely, accurate and understandable manner.

### **General**

For the further protection of IAR, the CEO may not cause or allow:

1. Insufficient executive back up by failing to have at least one other staff position familiar with IAR processes and CEO responsibilities
2. The Association to operate without a strategic direction or plan

3. Noncompliance with the applicable rules of operation of a REALTOR® organization as prescribed by the National Association of REALTORS® as well as the Policies and Bylaws of the Indiana Association of REALTORS®
4. Any act which is unlawful or insufficient to meet commonly accepted business and professional ethics (the “prudent person” test), or that is in violation of any funding source or regulatory body requirement.

### **Board/Staff Relationships**

The CEO is the sole official link for the Executive Committee and Board of Directors to the operating organization. As such, the CEO is accountable for all organizational performance and is responsible for exercising all authority transmitted to the organization. Because the Executive Committee and the Board of Directors govern through explicit policies, the CEO’s performance shall be evaluated in only two areas: organizational accomplishment of the policies, strategic plan and mission as well as the operation of the organization within the boundaries of prudence and ethics as established in the IAR policies.

The job of the Executive Committee and Board of Directors is generally confined to establishing policies, leaving implementation and policy development to the CEO. Any authority delegated to the staff is done through the CEO who is further authorized to make all decisions, take all actions and develop all activities which are true to IAR’s policies and mission.

The Executive Committee shall serve as the sole authority for the CEO (no individual member, officer or committee) and may, by extending its policies, rescind certain delegated areas of the CEO’s authority. Should the CEO determine it unwise to comply with an Association policy, he/she will inform the Executive Committee of the intended action.

The Executive Committee and Board of Directors may request that the CEO report on an established frequency relating to IAR’s policies on Oversight.

### **Style/Process**

The Executive Committee and Board of Directors will govern with a style that emphasizes strategic leadership rather than involvement in administrative detail. They will lead and direct the organization through careful deliberation and will enforce upon themselves whatever discipline is needed to govern with excellence while remaining accountable to the membership for competent, conscientious and effective accomplishment of its obligations as a body. They will allow no officer, individual or committee to usurp or deter this discipline or to speak or act for the Association except when such authority is granted for specific and time-limited purposes.

The Board President is the only Executive Committee or Board of Directors member authorized to speak on their behalf.

The IAR Board, Committees/Forums, and staff shall intentionally foster an atmosphere that encourages member involvement and the development of future IAR, local association/board and community leadership.

**GRADUATE REALTOR® INSTITUTE - POLICIES AND PROCEDURES** (January 29, 2013)

**Purpose:** The purpose of the GRI Advisory Council of the Graduate REALTOR® Institute (to be referred to as the Council) is to continue to evaluate the educational needs of the members for the GRI Program, develop policies and procedures, advise on the Graduate REALTOR® Institute, review course content and instructors to assure NAR certification and Indiana CE credit, and to carry out other tasks as instructed by the Executive Committee of the Indiana Association of REALTORS®.

**Mission:** The mission of the Indiana Graduate REALTOR® Institute is to train and develop professional, competent, confident, and ethical REALTORS®.

**Vision:** The vision of the Indiana Graduate REALTOR Institute is to have the GRI designation enhanced and recognized as the symbol of a real estate professional that makes a commitment to a superior level of professional service.

**Membership**

1. The Council shall consist of no more than fifteen (15) persons.
  - a. The fifteen Council of Advisors shall be:
    - i. Six (6) Representatives, one from each of the IAR Statewide regions.
      1. Three (3) year terms, elected/appointed by the GRI designees in each IAR District.
    - ii. Three (3) GRI Leadership Team (Chair, Vice Chair and Secretary)
      1. Two (2) year terms
      2. To be elected from the Council Members.
    - iii. One (1) Past Chair (from the past 3 years)
      1. One (1) year term
    - iv. One (1) person under 40 years old who is either:
      1. a recent GRI
      2. or GRI candidate.
    3. Three (3) year terms
    - v. One (1) at large member appointed by the Chairperson
      1. Must be a GRI
      2. Three (3) year term
    - vi. One (1) Association Executive Officer-
      1. Elected by AE's
      2. Two (2) year term
      3. Does not need a GRI designation
    - vii. One (1) IAR Executive Committee member
      1. Two (2) year term
      2. Appointed by the IAR President
    - viii. IAR Vice President of Professional Development, as an exofficio non-voting member.
      1. Does not need a GRI designation
2. No person may serve more than two (2) consecutive two (2) year terms, except if the Chairperson is in their final year on the Advisory Council, he/she will remain on the Advisory Council for one additional year as immediate Past Chairperson.



3. A person may be re-elected after a one (1) year lapse.
4. Qualifications to serve on the GRI Advisory Council:
  - a) Must be a REALTOR® or REALTOR®-Associate member in good standing of I.A.R.,
  - b) Must hold the designation, Graduate REALTOR® Institute unless noted above in section 1.
  - c) Must hold an additional National Association of REALTORS® designation or certification.
5. A member of the GRI Council, if elected to serve as a member of the IAR of Directors, Executive Committee or as a chairman of another IAR committee may vacate his/her position on the GRI Council or may elect to finish the term.
6. Any vacancy of an unexpired term on the Council shall be filled by the Council at the meeting immediately following notification of the vacancy. The appointment shall be for the same position as the term that is expiring. The Nominating Committee shall make a recommendation to the Council at least 10 days prior to the meeting
  - a) If the unfulfilled term has one (1) year or less remaining in the term, the candidate is eligible for two (2) complete three (3) year terms. If more than one (1) year remains in an unfulfilled term, the candidate is eligible for one (1) additional three (3) year term.

### III. **Officers:**

1. Officers of the Council shall consist of the following:
  - a) Chairperson
  - b) Vice Chairperson
  - c) Secretary
  - d) Immediate Past Chairperson
2. The election of officers shall be conducted in September of each year. Officers will be selected from the current Council of Advisors. The officer's council seat shall be filled by election of the full council, with recommendations from the Nomination Committee.
3. A vacancy in the position of Chairperson shall be immediately filled by the Vice Chairperson. Replacement of the Vice Chairperson and/or Secretary shall be referred to the nominating subcommittee and the nomination submitted to the Council for vote.
4. Officers may serve up to three (3) one (1) year terms.

### IV. **Subcommittees:**

#### **Curriculum**

The Committee is to be composed of three (3) to five (5) members who currently serve as GRI Advisor. The only exception would be a past Advisor.

The Committee shall:

1. Review surveys and student comments from preceding GRI courses on speakers and topics
2. Stay abreast of current trends in real estate and recommend changes, if needed, in course subject matter and recommend effective, current, and affordable speakers. Council members cannot serve as GRI Instructors during the time they serve on the GRI Advisory Council.
3. Investigate and outline alternative methods of delivering the courses and assure that an outline of GRI program is submitted to NAR for approval every five (5) years.

## **Long Range Planning**

The committee is to actively review and update the current Long Range/Strategic Plan.

## **Outreach**

The committee is to create a system to attract new applicants and work to aggressively market and promote the GRI program.

## **Nominating**

A Nominating committee of four (4) Advisors will be appointed by Chair of the Council to consider and recommend qualified IAR members to serve on the Council. This committee will also be charged with the responsibility of posting a slate of officers and will bring all applications, along with the slate of officers to be voted upon. The committee may post expiring terms of Council members and qualifications for office on the IAR website prior to the election. All terms begin on January 1<sup>st</sup> and end December 31<sup>st</sup>. The Committee will notify the Advisory Council of the recommended nominees five (5) days prior to the September Elections of officers and council members.

Consideration to the following will be given when nominating new Council Advisors.

- 1) Geographic balance
- 2) Past I.A.R. involvement
- 3) A willingness to serve
- 4) Leadership qualities
- 5) Strong interest and commitment to REALTOR® continuing education

The committee must interview applicants to inform them of their responsibilities in serving on the Council if elected to serve.

## **Policies and Procedures**

The committee will write and revise Policies and Procedures as needed and provide to the IAR Executive Committee for approval and adoption.

## **V. Voting**

1. No absentee or proxy votes will be allowed
2. The fifteen (15) are each entitled to one vote, except as noted.
3. A quorum consists of eight (8) members. A quorum must be present in order for the Council to conduct business.
4. A change of policy or procedure shall require eight (8) affirmative votes, and is subject to approval by the IAR Executive Committee.
5. Ordinary business shall require only a simple majority.

## **VI. Attendance and Meetings**

1. A member is deemed to have resigned after two (2) consecutive absences from regular scheduled meetings.
2. The chairperson may call special meetings as deemed necessary with no less than five (5) business days notice in advance of the meeting. This notice shall include the stated purpose of the meeting.
3. The Council meetings are open to all members of IAR

## **VII. Completion of Designation**

The Council will determine the length of time a student may take to finish studies toward completion of the GRI designation; currently five (5) calendar years from the date student passed their first exam.

## **VIII. Refund/Cancellation**

1. All requests must be in writing and accompanied by verifying documentation. IAR staff cannot accept requests by telephone.
2. For requests postmarked, or emailed with more than twenty-one (21) days remaining before the start of the Institute, \$25.00 will be retained.
3. For requests postmarked, or emailed between twenty (20) and fourteen (14) days remaining before the start of the Institute, 50% will be retained.
4. There will be no refund for requests received with less than fourteen (14) days before the start of the Institute, unless determined otherwise by the Council.
5. Individuals cancelling their registration may “transfer” their registration to the next program with IAR approval.

## **X. Miscellaneous**

1. The Graduate REALTOR® Institute and its Council will abide by all other IAR policies and procedures as applicable.
2. All terms and conditions for implementation of the GRI program, as outlined in the most current GRI General Letter of Agreement, will be fulfilled.

## **REALTOR® PARTY CHAMPIONS COMMITTEE**

### **Committee Members:**

1. IAR representatives of the following NAR committees: REALTOR® Party Member Involvement Council, Broker Involvement Council, RPAC Participation Council, and Major Investor Council.
2. IAR Leadership Team, state RPAC Trustee Chair, and state RPAC Fundraising Chair
3. U.S. Senate FPC's
4. Two House FPC's to be appointed by IAR President
5. One local association executive, appointed by the IAR president.
6. The chair to be appointed each year by the IAR president and is not required to be an existing member of the committee.

### **Committee Purpose:**

The purpose of the REALTOR® Party Champions Committee is to drive attainment of RPAC fundraising goals and grass roots advocacy goals, such as member engagement and calls to action to promote the REALTOR® Party agenda and elect REALTOR® champions to office. The committee, as needed, will also make determinations on state policy issues. The committee may meet in person or via teleconference at a minimum of two times per year to discuss goals, action items and policies.

## **MY REALTOR® PARTY STATE INDEPENDENT EXPENDITURE (IE) POLICY (March 6, 2014)**

### **Purpose:**

To support REALTORS® and those aligned with REALTOR® interests who need our assistance to be elected to public office. To strengthen REALTOR® involvement and effectiveness in legislative, regulatory and political advocacy at the state level. To maximize REALTOR® presence and strength in the state political arena.

### **Funding:**

Funds will be used for campaign activities determined by IAR and local boards organized *independently* from candidate campaigns. Candidates eligible for support must have received prior financial support from RPAC. Funds for independent expenditures will be held in a segregated account, established upon recommendation by Counsel, and funded by a formula provided to states from NAR based on the membership of the Association. RPAC funds or other available funds may be used to augment the independent expenditure fund.

Per approval by local boards, the independent expenditure fund will be comprised of funds made available by NAR to both state and local associations.

### **Governance:**

The state-level governing body overseeing independent expenditures will be comprised of the IAR Officers, the Chair of the RPAC Trustees, and the RPAC Fundraising Chair.

The state-level governing body shall approve recommendations for state candidate support to be submitted to NAR for approval by the REALTOR® Party Coordinating Committee.

**Local Boards:**

Local boards may elect to make independent expenditures on behalf of local candidates. Recommendations for local candidate support must be submitted to NAR for approval by the REALTOR® Party Coordinating Committee, in conjunction with NAR requirements, which include state association awareness of and level of support for the request.

Per advice of outside counsel, in order to maintain the legal standard of “independence”, local boards should establish a governing body separate from its local RPAC Trustee Committees to make recommendations for independent expenditures.

**Candidates:**

IE support is not appropriate for every candidate. Funds should be reserved for candidates who have gone above and beyond to support the real estate community. Special consideration should be reserved for REALTOR® candidates who have a strong record of advocacy on behalf of the industry or candidates who will take into consideration REALTOR® concerns.

**Allocation of IE Funds:**

Funding for independent expenditures is made available to the state and local associations based on membership numbers available on 10/31 of each year, with \$5.10 allocated for each member. That amount is divided equally between the state association and the collective local associations. IAR will assist local boards, particularly those without Government Affairs Directors, in preparing their requests in order to facilitate an equitable distribution of local funds. Requests for funds must be made in conjunction with NAR deadlines. With the unanimous consent of local board AE’s, unspent local funds may be allocated to state races. Conversely, if the state association does not intend to utilize its allocated funds, those monies may be made available to local boards for local races.

**“Independent”:**

State laws governing independent expenditures vary and are also different than the laws governing federal races. No member of a state or local association may discuss a proposed IE with the targeted campaign or candidate regarding the expenditure. This is an important distinction to ensure the legality of the expenditure and must be made clear to all member and staff participants in this process. All those who participate in the decision-making process will be required to sign a document asserting that they have had no contact with a candidate regarding a proposed IE.

**Audits and Segregation of Funds:** The independent expenditure fund shall be subject to audit or review of its receipts and expenditures in conjunction with IAR annual audits.

## **REALTORS® DEFENSE FUND COMMITTEE- OPERATING POLICY**

**Purpose** To provide resources in support of IAR's position on state legislation and administrative regulations, statewide ballot measures, and litigation impacting the real estate industry. Funds will be used in support or opposition to issues, not candidates.

The fund will be maintained at a level that provides sufficient resources to combat emergency issues that could arise from time to time. The fund will also provide resources to support ongoing program and operational needs in order to maintain the IAR's standing as a public policy force in Indiana.

The RDF will be funded through dues, assessments, and other legally authorized means.

### **Governance**

The governing body of the RDF shall be the IAR Executive Committee.

### **Audits, Segregation of Funds, and Reporting**

The RDF shall be subject to audit of its receipts and expenditures in conjunction with IAR annual audits

The RDF will be budgeted in conjunction with the annual IAR budget. The budget shall be prepared in a manner consistent with the IAR operating budget and accounting system policies. The Executive Committee will be able to review the RDF budget separately and as a consolidated part of the IAR operating budget. Any expenditure in excess of \$50,000 shall be approved by the Executive Committee. The funds of the RDF shall be segregated from IAR operating funds. (November 29, 2012)

The funds of the RDF shall be segregated from IAR operating funds. The Executive Committee shall adopt an Investment Policy Statement governing the investment of the fund, in consultation with IAR's investment advisor.

IAR shall report expenditures, when applicable, to the Indiana Lobby Registration Commission during its regularly scheduled reporting period.

## **REALTOR® ASSOCIATION POLITICAL ACTION COMMITTEE (RPAC) TRUSTEES**

**Organization:** Indiana RPAC is a committee of the Indiana Association of REALTORS®, Inc. (IAR). The Indiana REALTORS® Political Action Committee is a voluntary, non-profit, unincorporated committee of Indiana REALTORS®. Indiana RPAC is not affiliated with any political party. Indiana RPAC is governed by the RPAC Trustees. The RPAC Trustees are empowered at their sole discretion within these policies to make all decisions.

**Mission Statement:** Our mission is to guide the association in effective, bi-partisan, support of candidates for political office who understand and support healthy homeownership, private property rights, and free enterprise, keeping the REALTOR® interests as the focus of all decisions made by the Trustees.

### **Specific Objectives**

1. Review pertinent information of political candidates for the purpose of providing RPAC support.
2. Consider recommendations from local Boards/Associations on candidates with respect to their support from RPAC, and report back to the local RPAC Chair and/or local board executive on action taken.
3. Analyze issues coming before the electorate which are vital to real estate interests, and decide what, if any, RPAC action should be taken.
4. Actively engage and support local boards in fundraising activities.
5. When appropriate, work in tandem with the REALTORS® Defense Fund (RDF) to assist in the successful implementation of RPAC dollars as they relate to RDF activities.

**Trustees:** The Indiana RPAC Trustees shall be comprised of thirteen (13) RPAC Trustees. The Trustees shall be made up of nine (9) at-large members with staggered three-year terms, the IAR President, President-Elect, Treasurer, and Immediate Past President, each serving one year.

Any Trustee with two unexcused absences during the year shall be deemed to have resigned, and the unexpired term will be filled in accordance with the approved replacement procedure of the Trustee policy.

**Trustee Appointment Process:** Prior to the last meeting of the calendar year the Chair will notify all local Boards/Associations within the state of Indiana of the upcoming vacancies within the committee. Individuals interested in being appointed will be required to complete an online confidential application form available from IAR. Although not required, local Boards/Associations or current Trustees may submit letters of recommendation on behalf of the applicant.

The applicant's RPAC contribution history, Major Investor history, past attendance at IAR Legislative Conference, NAR Legislative Conference, service on NAR or IAR committees, local board leadership or local RPAC Trustee service, IAR Leadership Academy graduate, and knowledge of or relationship with local, state and federal elected officials will be considered and provided to the IAR President for consideration

The new appointments shall be submitted to the Executive Committee for their approval, for a three (3) year term. REALTORS® serving as RPAC Trustees shall be limited to two (2) consecutive elected three

(3) year terms. After not serving as a Trustee for a period of one (1) year, an individual is eligible to re-apply to the committee.

Interim vacancies of unexpired terms shall be filled by the IAR President for the remainder of the term. Partial terms of less than one year will not be counted toward the two consecutive term limits. Trustees are recommended on a bipartisan basis with every attempt to have a representative from each of the Congressional Districts, as well as each IAR Region.

### **Chair and Vice-Chair**

At its last meeting of the calendar year, the Indiana RPAC Trustees will elect a chair and vice-chair from among the Trustees provided such person has served on the committee one (1) previous year as a Trustee. Any of the Trustees may nominate one (1) Trustee and if there is more than one (1) nominee, the election will be held by secret ballot. The chair and vice-chair will be elected to serve for one (1) year and may succeed themselves if reelected.

### **Treasurer**

The CEO of the Indiana Association of REALTORS® shall serve as the Treasurer of the REALTORS® Political Action Committee.

### **Candidate or Issue Support**

**Federal:** Indiana RPAC Trustees may recommend NAR RPAC support for federal candidates. The Trustees will make every effort to interview all federal candidates, consider voting records, and review recommendations. The recommendations are not subject to IAR Executive Committee or Board of Directors approval.

**State:** The Indiana RPAC Trustees will consider all political races. Each Trustee will be responsible for information on races in his/her region. The Trustees will solicit input from the Member Boards/Associations via the Candidate Recommendation. Decisions by the Indiana RPAC Trustees on support for State candidates are final and not subject to review or approval by the IAR Executive Committee or Board of Directors.

**Local:** The Indiana RPAC Trustees will consider requests from Member Boards/Associations for support of local candidates, in excess of the Local Allocation Funds.

### **Party Support**

The Indiana RPAC Trustees may vote to support the state Political Parties. Member Boards/Associations may also choose to support their local party organizations provided they have the funds.

### **Meetings to Take Action**

Meetings will be conducted in accordance with these guidelines and Roberts Rules of Order (latest revision). A simple majority of the Twelve-Trustees will constitute a quorum. Regular meetings of the Indiana RPAC Trustees will be scheduled annually, but no fewer than two meetings a year.



## **IAR LOCAL ISSUES MOBILIZATION FUND**

### **SECTION I. PURPOSE**

The IAR Local Issues Mobilization Fund (the “Fund”) shall be organized and operated for the purpose of collecting and disbursing monies to support or oppose local issues that impact real property and real property owners in Indiana. The Fund seeks to improve public policy by encouraging grassroots activism by REALTORS® and others and/or educating the public to take a more active and effective role in governmental decision-making and the local government process. The Fund may be used for issues advocacy directed at local units, educating members of the public or activating members.

### **SECTION II. COMMITTEE**

The Local Issues Fund Committee (the “Committee”) shall administer the Fund. The voting members with oversight of the Fund are: the IAR Treasurer, who will serve as Chair of the Committee; one member of the Finance Committee who is not on the Executive Committee; one local board association executive; one member of IAR RPAC Trustees; and one member of the IAR Executive Committee. Other than the IAR Treasurer, the members shall be appointed by the IAR President. All terms will be one year.

The Committee shall make funding decisions consistent with the current governing documents of the Indiana Association of REALTORS®, including this Policy. The Committee shall have authority to authorize expenditures from the Fund in any amounts that the it deems reasonably necessary. Decisions made by the Committee shall be final. Disbursements from the fund to a local board may not exceed \$25,000 annually.

### **SECTION III. FUNDING**

The Local Issues Mobilization Fund is funded through the IAR budget process.

In addition, at the discretion of the IAR RPAC Trustees, unused RPAC funds that go unspent by a local board after four years and revert back to the state may also be credited to the Fund. The monies in the “Fund” shall only be used for the purposes laid out in this policy.

### **SECTION IV. USE OF FUND**

The Fund shall be used for the following purposes:

- 1) Research of issues;
- 2) Issues advocacy targeting local units;
- 3) Providing information of issues to REALTORS®, public officials, and the general public;
- 4) Fundraising expenses;
- 5) Administrative expenses;
- 6) Expenses for consultants, professional advice (including legal services) and other types of technical assistance related to the issues;
- 7) Other expenses deemed appropriate by the Issues Mobilization Committee; and
- 8) Local Board “skin in the game” for leverage NAR Grants.

Notwithstanding the above, the Fund shall not be used to support actual or proposed litigation. In addition, the Fund shall not be used to support candidates or for any other purpose prohibited by federal, State, or local law.

Local Boards and Associations of REALTORS® may apply to receive monies from the Fund on a form prescribed by IAR, which shall consider all funding requests within thirty (30) days of receipt of the appropriate application by the Committee. Local Boards will be required to contribute a good faith match of local funds when applying for monies from the Fund.

The Committee WILL NOT accept “after the fact” or reimbursement funding requests.

Support services for issues mobilization planning and activities will be made available by IAR to local boards at the request of the local board. Applicants who receive monies from the Fund will work with IAR staff to contribute feedback and resources to build a library of material to assist future applicants. Any products produced or published with Fund monies will be subject to review by IAR staff to ensure legal compliance and adherence to the purpose for which the Fund monies were allocated.

#### **SECTION V. POLICY AMENDMENTS**

The IAR Executive Committee may amend this Policy from time to time.

**IAR LEGAL ACTION COMMITTEE**  
**STATEMENT OF ORGANIZATION AND PROCEDURE**

**NAME**

A special program of the INDIANA ASSOCIATION OF REALTORS® (IAR) known as the Legal Action Program is hereby established.

**PURPOSE**

The principal function of the Legal Action Program shall be to establish and administer the Legal Action Fund. The Legal Action Fund shall be administered so as to best achieve the purposes and goals of the Legal Action Program. These purposes and goals are:

1. Promote among Member Association/Boards in the State of Indiana an understanding of their rights and duties under Federal, State and Municipal law and to defray the expense of legal advice to that end.
2. Support the adequate representation of Member Association/Boards and Members involved in litigation that presents an opportunity for a clarifying precedent, or involves issues, of significance to a substantial portion of the membership.
3. Provide legal assistance and/or funding to initiate litigation designed to promote or defend the rights of members, the public, or others concerned with the protection of private property.
4. Defray the administrative costs and fees of IAR in connection with involvement and participation in the Legal Action Program in furtherance of the above-enumerated objectives.

**FUNDING**

1. The Legal Action Fund shall be financed by funds derived from the membership or as determined by the Executive Committee.
2. Such funds shall be derived in any or all of the following ways;
  - a Direct appropriation from the REALTOR® Defense Fund, as authorized by the Executive Committee;
  - b Annual or special dues assessments as approved by the annual budget;
  - c Revenues derived from other sources or activities in a manner and at such times as deemed necessary and appropriate by the Executive Committee.

**ADMINISTRATION**

1. The Legal Action Fund shall be administered by the Legal Action Committee. The Committee, through the staff assigned to administer the Committee, shall account for all Fund monies, and see to the disbursement of such monies as recommended by the Legal Action Committee and approved by the Executive Committee.
2. The Legal Action Committee shall consist of three (3) members appointed by the President and approved by the Executive Committee. Members of the Committee shall be appointed for staggered three year terms, beginning with one (1) member for a one-year term, one (1) member for a two-year term, and one (1) member for a three-year term, with all subsequent appointments for a term of three years except for appointments to fill vacancies in unexpired terms, which appointments shall be for the unexpired term of the vacancy.

Meetings will be held upon the call of the Chairman of the Committee. The Chair shall be appointed by the President from among the committee members.

### **REQUESTS FOR ASSISTANCE**

1. All requests for support from the Legal Action Fund must be made in writing and be initiated or supported by a Member or Association/Board.
2. All requests for support from the Legal Action Fund must relate to governmental agency action or investigation or to litigation, actual or proposed, which may result in the determination of the relevant issues in a manner which will have important precedential significance to private property owners, real estate licensees or the real estate industry generally.
3. The Legal Action Fund is intended for legal costs and fees of the party supported and may not in any case be used to pay judgments for damages or fines, or to pay any settlement amount, whether before or after trial, or to pay any costs or fees of opposing counsel or any other party.
4. The Legal Action Committee, in collaboration with counsel to the Indiana Association of REALTORS® or other counsel as deemed necessary, shall study the merits and implications of each request for support. The requesting party may appear before the Committee to support the request and answer any questions posed by the Committee. The Committee shall then adopt a recommendation for each request for consideration by the Executive Committee for approval or rejection.
5. The Legal Action Committee and/or the Executive Committee may condition its recommendation or approval of support on retention of counsel deemed most experienced in the issues and controversies presented, financial assistance being provided by one or more local Association/Boards or on other conditions. All support by the Legal Action Committee is conditioned on the requirement that the Indiana Association of REALTORS® be consulted on a current and continuing basis concerning decisions relating to the litigation which is being supported, including but not limited to, the theories and strategies of the case, the procedural steps to be taken, the parties to the litigation, the issues to be raised, the timing of discovery, motions and other matters, and the nature and scope of research to be performed. Failure to consult as required or failure to cooperate with the Indiana Association of REALTORS® may result in the immediate suspension of all support of the litigation and the termination of such support if the Member Association/Board, Member or other recipient of support fails to justify such failures or otherwise satisfy the Committee, in its sole discretion, that support should be continued.
6. All appropriations from the Legal Action Fund shall be disbursed as authorized by the Executive Committee action upon the satisfaction of all contingencies, conditions or prerequisites imposed and upon receipt of verified statements of expenses in the amount of the disbursement.
7. Any reconsideration of requests for assistance shall be based on information not presented at time of the original presentation of the request to the Committee.

## **SECTION 3 - FINANCE**

### **CASH RESERVE AND INVESTMENTS**

The purpose of financial management in the operation of all IAR activities is to fulfill the organization's mission in the most effective and efficient manner and to remain accountable to stakeholders, including members, partners, employees, and the community. In order to accomplish this, IAR commits to provide accurate and complete financial data for internal and external use by the Finance Committee, the Executive Committee, and the Board of Directors

The IAR, if it is to properly fulfill its role as a constructive force in the solution of industry or professional problems and as a provider of various services to its members, must have financial stability. This stability can be achieved through an income structure of dues and charges for specialized services which provide sufficient monies to operate and to finance the activities/projects desired and needed by its members. In addition, the IAR should have adequate funds held in reserve for contingencies. The IAR should have sufficient financial strength (50% of IAR's annual operating budget) to withstand any significant unforeseen decline in income or increase in expenses.

### **Definition of Reserves**

Long Term Investment Reserves are the sum of the market value of the Long-Term Investment Account and the Net Operating Reserve.

The Long-Term Investment Account includes those investments managed by the investment manager referenced in the IAR Investment Policy.

The Net Operating Reserve is those cash balances, cash equivalents, and other short term liquid investments that are not needed for operating cash flow.

The Cash Flow Reserve is the cash, cash equivalents, and other short term liquid investments that will be needed to fund the operating budget.

### **CHECK SIGNING**

All checks must be signed by two (2) signers registered with the bank from which it is drawn. The only exception to the policy must meet the following 3 conditions:

1. Waiting for a second check signer would cause an emergency, such emergency defined as including but not limited to a late fee, later delivery of goods or service, or the Association not receiving a needed good or service
2. The check must be for less than \$2,001.00.
3. The current Senior Vice President must approve a single signer for the check if only one signer is available and the above conditions are met. Upon the return of the CEO, the CEO must initial the invoice.

### **CORPORATE CREDIT CARD DOCUMENTATION**

The Treasurer will review all volunteer and the CEO's credit card bills, excluding that of the treasurer, on a regular and periodic basis. The President will review the treasurer's credit card (bills) on the same basis. Receipts must accompany all reimbursement requests and must be for business purposes only.

## **CORPORATE CREDIT CARD USE**

The use of an IAR corporate credit card is a privilege. Copies of corporate credit card bills will be provided to staff and volunteer leadership in a timely manner; usually by the 20th of each month. Users shall provide receipts and documentation of business purpose no later than 15 days after receipt of the credit card statement.

After receipt of the bill, if users do not turn in receipts and documentation of business purpose within 15 days, the privilege of use of a corporate card may be terminated. If users do not turn in receipts and documentation of business purpose within 30 days, they will lose the privilege of the corporate card. If a user subsequently turns in receipts and documentation of business use, the privilege of the corporate card may be reinstated. However, upon the second loss of corporate card privileges, the loss of corporate card privileges may be permanent.

Employees or volunteer leadership may be required to reimburse IAR for expenses for which they cannot provide receipts or document business purpose.

Guidance: An appropriately documented expense includes the receipt, along with a clearly stated business purpose. An example: “Lunch with John Doe, RPAC trustee, to discuss annual legislative conference planning”.

## **EXPENSE REIMBURSEMENT**

### **GENERAL GUIDELINES**

This policy is designed to insure compliance with minimum Internal Revenue Service (IRS) requirements; insure that members are reimbursed on a fair and equitable basis, and avoid undue record keeping and reimbursement delays.

The IRS requires all non-profit organizations to show proof (with receipts) of the business purpose for all expense reimbursements. IAR will not reimburse expenses submitted which are not in compliance with IRS requirements or IAR policies.

All requests for reimbursement should be submitted on a form that provides the detail required by these policies. IAR will provide a form that can be used by all who submit reimbursement requests.

1. All receipts must show the names of the persons at the meeting or event, the date, the place and the specific IAR business purpose.
2. A reimbursement request for all expenses incurred during a month is due in the Accounting Administrator’s office no later than the 15th of the immediately following month. For example, reimbursement paperwork for expenses incurred during the month of November is due in the Accounting Administrator’s office by December 15<sup>th</sup>.
3. Expense reimbursements that are submitted after the 15th of the immediately following month may or may not be reimbursed, depending upon circumstances.
4. In accordance with IRS rules, any expense reimbursement request that is submitted 61 days or more after the expense was incurred will not be reimbursed.

*Guidance: An appropriately documented expense includes the receipt, along with a clearly stated business purpose. An example: “Lunch with John Doe, RPAC trustee, to discuss annual legislative conference planning”.*

The IAR will not reimburse for first class airfare expenses. The IAR will reimburse for all business related, reasonable travel, lodging, meal, and hospitality expenses. The IAR will pay the current IRS allowable mileage rate or a lower rate, if so determined by the Finance Committee.

### **CASH EXPENSES AND MILEAGE**

1. A reimbursement request for all expenses incurred during a month is due in the Accounting Administrator's office no later than the 15th of the immediately following month. For example, reimbursement paperwork for expenses incurred during the month of November is due in the Accounting Administrator's office by December 15<sup>th</sup>.
2. Expense reimbursements that are submitted after the 15th of the immediately following month may or may not be reimbursed, depending upon circumstances.
3. In accordance with IRS rules, no expense reimbursement request that is submitted 61 days or more after the expense was incurred will be reimbursed.

Guidance: An appropriately documented expense includes the receipt, along with a clearly stated business purpose. An example: "Lunch with John Doe, RPAC trustee, to discuss annual legislative conference planning".

### **EXPENSES FOR NAR MEETINGS**

A yearly cap on refundable expenses for NAR meetings will be determined each year by staff and the Treasurer in advance based on the expected reasonable cost of airfare, ground transportation, parking, hotel (room, internet access and applicable taxes) and per diem of \$75.00 for meals. Only the days for which a member has (IAR) business to attend will be covered by IAR. All requested items for reimbursement must be accompanied by receipts.

All IAR officers, members of the Executive Committee, and NAR Directors are encouraged to attend the NAR Convention & Expo and Midyear Meeting. IAR may reimburse, consistent with reimbursement policies herein, reasonable, business related expenses for the President and his or her spouse or significant other, Officers, members of the Executive Committee, State Allocated NAR Directors, Federal Political Coordinators, and the REALTOR® of the Year and his or her spouse of significant other.

For NAR Conventions and other NAR meetings, IAR may reimburse, with the prior approval of the Finance Committee, consistent with reimbursement policies herein, reasonable, business related expenses, for Officers, members of the Executive Committee, members of the Finance Committee, and others, should the meeting require their attendance.

### **EXPENSES FOR CONFERENCES**

IAR Leadership Team/Officers, Executive Committee and IAR Staff shall arrange their own convention registration, rooms, travel and ticketed meal functions for NAR and IAR meetings.

IAR will reimburse, consistent with reimbursement policies herein, reasonable, business related expenses for Officers, and members of the Executive Committee. The spouses/significant others of the IAR Officers may be reimbursed for a reasonable expense for meals during the conference

## **EXPENSES FOR IAR REGION MEETINGS AND BOARD/ASSOCIATION VISITS**

### **The IAR Officers**

The IAR Officers, particularly the President and President-Elect are expected to attend various local Board/Association meetings, such as installation banquets. IAR will reimburse, consistent with reimbursement policies herein, reasonable, business related expenses of the IAR Officers for visits to local boards and associations.

### **IAR Board of Directors and Executive Committee**

Members of the Board of Directors and the Executive Committee are to meet as needed in their Regions with the Officers of their local Boards/Associations. They may attend local Boards/Associations functions in their Region, especially installation banquets, as requested. IAR will reimburse, consistent with reimbursement policies herein, reasonable, business related expenses of the members of the Board of Directors and the Executive Committee for visits to local boards and associations.

## **EXPENSES FOR IAR EXECUTIVE COMMITTEE, FINANCE COMMITTEE AND OTHER c SPECIAL IAR MEETINGS**

IAR may reimburse, consistent with reimbursement policies herein, reasonable, business related expenses for Officers, members of the Executive Committee and the Finance Committee, and other members of IAR, for meetings of the Executive Committee, the Finance Committee, or other special meetings, should a meeting require a member's attendance

## **OVERNIGHT EXPENSES FOR IAR MEETINGS**

Expenses for overnight lodging and meals for volunteers eligible for expense reimbursement or staff may be reimbursable or billable to IAR under the following conditions:

- A. The IAR meeting begins prior to 10:00 am (local time) and/or the staff or volunteer travels 100 miles or more in one direction to attend: or
- B. Staff and/or volunteers have attended an IAR meeting or related function the day before in the same area.

*Note: Staff and/or volunteers may be exempted from this policy at the discretion of the CEO based on staffing requirements for specific functions, i.e. business meetings in the Indianapolis area, weather conditions, or other special circumstances.*

Expenses incurred but not covered by the above policies must be submitted to the Finance Committee for reimbursement and such requests must be approved by the Executive Committee

## **FINANCES**

The IAR accounting system will be done on an accrual basis.

## **FINANCIAL STATEMENTS**

Financial statements for IAR shall be prepared according to the following schedule:

Month-end income statement and a balance sheet shall be available to the members of the Finance Committee 15 business days after the end of the month.



The Finance Committee, before issuing a contract for audit services, shall consider:

- The results of an annual review by the Finance Committee with the assistance of IAR staff, upon completion of the audit.
- The Cost of the audit
- The length of the relationship
  - how many years the incumbent firm has performed the audit,
  - How many years the current audit team has performed the audit,
  - balancing the benefits provided by a good working relationship against the prudence that suggests potential problems of a “cozy” relationship.

If warranted, staff will issue a request for proposal (RFP) to at least 3 firms (of which the incumbent firm could be one).

Reports of RPAC contributions and disbursements, including a balance of funds, will be prepared at least quarterly and shall be available to the RPAC trustees and the members of the Finance Committee 15 days after the end of the quarter. Year-end financial statements for RPAC shall be reviewed by the Finance Committee annually. IAR’s auditor shall review RPAC financial statements annually and perform an audit of the statements every 4 years. The audit will be of the year in which there was a gubernatorial election.

## **INVESTMENTS**

The following investment policies are incorporated by reference as part of this policy document and are below:

- Indiana Association of REALTORS® (IAR) Long Term Investment Reserve Indiana REALTORS® Education Foundation (IREF)**
- Indiana Association of REALTORS® Defense Fund (RDF)**

The Finance Committee shall be the authority to invest the funds within the guidelines set forth in the Investment Policies. The Finance Committee shall review the Investment Policies at least annually and provide a report and recommendations for any changes to the Executive Committee. The Executive Committee shall review and approve the Investment Policies annually.

The earnings from the Long-Term Investment Reserves, the Education Foundation, and the REALTORS® Defense Fund including interest, dividends, and gains on sales, redemptions, maturities or other dispositions, shall be retained and reinvested during the year.

# **Indiana Association of REALTORS® Long Term Investment Policy Statement**

**January 28, 2009**

## **PURPOSE**

The purpose of this Investment Policy Statement (IPS) is to assist the Finance Committee (Committee) of the Board for the Indiana Association of Realtors (IAR) in effectively supervising, monitoring and evaluating the investment performance of the Long-Term Liquid Assets Fund (the Fund).

IAR's investment program is defined in the various sections of this IPS by:

1. *Stating the objectives in a written document.*  
The objectives are desired results, reflecting the Committee's attitudes, expectations and guidelines for the investment of all assets.
2. *Setting forth an investment structure.*  
This structure includes various asset classes and investment management styles that, in total, are expected to produce a satisfactory level of overall diversification and total investment return over the long term.
3. *Providing policy guidelines for the investment portfolio.*  
These guidelines are designed to control the level of overall risk and liquidity assumed in the portfolio. Through effective monitoring of policy, the Committee hopes to optimize the likelihood of meeting return and risk objectives and ensure that the assets of the Fund are managed in accordance with stated objectives.
4. *Encouraging effective communication.*  
A continuing review process involving the Committee, the Investment Consultant, and the investment managers is intended to assist the Fund achieve the stated objectives.
5. *Complying with all fiduciary, prudence and due diligence requirements that experienced investment professionals would utilize.*  
This IPS has been arrived at upon consideration by the Committee of the financial implications of the current and prospective asset allocation policy, and describes the prudent investment process deemed appropriate.

## **BACKGROUND**

### **SECTION I: GENERAL INFORMATION**

The highly concentrated nature of the Fund in the past has limited the potential capital appreciation after inflation and exaggerated the losses incurred during the recent downturn in capital markets. The Committee has committed to a revised investment philosophy going forward which entails a broad diversification across various asset classes.

The Fund shall have an emphasis on the preservation of capital, followed by maximizing portfolio income through conservative investment practices.

Contributions may be made to the Fund during periods of persistent budget surpluses, and may also be made as a budgetary line-item. It is the Committee's intent to maintain the Fund's balance at approximately 50% of IAR's annual operating budget.

The investment allocation will be achieved through exchange-traded funds, mutual funds, funds of institutional managers, and direct institutional managers.

## **SECTION II: KEY INFORMATION/OTHER ADVISORS (as of 01/31/2009)**

TAX IDENTIFICATION NUMBER: 35-0411185 CUSTODIAN:

SEI Private Trust Company

INVESTMENT CONSULTANT:

Kenneth Klabunde, MS, CFP FISCAL

YEAR:

Begins on January 1 and ends the following December 31.

### **GENERAL INVESTMENT OBJECTIVES**

The investment objectives for the Fund have been established in conjunction with a comprehensive review of current and projected financial requirements. The objectives represent desired results and are long term in nature.

*The general investment objectives for the Fund are:*

- To maintain value with inflation;
- To establish an investment program that participates in a diversified investment portfolio;
- To offer both equity and fixed income investments that are diversified among various asset classes and investment styles, thus minimizing the risk of large losses;
- To preserve the capital of the portfolio while generating modest returns within reasonable and prudent levels of risk;
- To generate superior results (relative to the financial markets and other investment managers) during weak or declining markets; and
- To tolerate some underperformance relative to these same benchmarks during periods of strong rallies in the financial markets.
- To invest in companies owned or operated in the state of Indiana whenever prudent and consistent with the policies stated herein.

### **ASSET ALLOCATION GUIDELINES**

*The major component of the Fund's IPS is the allocation of assets among various asset classes.*

Studies have indicated that anywhere from 85% to 93% of a plan's investment performance over longer periods of time can be attributed to how assets are allocated among various security classes, not how asset managers add value through their security selection or timing decisions.

The Committee has reviewed the long-term historical risks and returns associated with different asset classes. Also, the Committee has reviewed the importance of asset diversification and its impact on portfolio volatility and returns.

## SECTION I: GENERAL ASSET ALLOCATION GUIDELINES

The asset allocation which follows is stated within minimum and maximum ranges. Additionally, specific targets based on market value are noted for each asset category.

The Committee wishes to utilize a flexible asset allocation approach. The following broad asset allocation guidelines shall apply to the Fund. However, the Committee reserves the right to modify these guidelines in the future, as appropriate.

<b>Asset Class</b>	<b><u>Target</u></b>	<b><u>Minimum</u></b>	<b><u>Maximum</u></b>
Equities	30.0%	10.0%	50.0%
Fixed Income	60.0%	30.0%	90.0%
Alternative Assets	10.0%	00.0%	20.0%
Cash Reserve	Additional allocation of up to 30% of IAR's annual operating budget		

## SECTION II: GENERAL ASSET CLASS/STYLE DIVERSIFICATION DETAILS

The Committee has selected a diversified approach for the Fund. Various investment management styles and asset classes have been considered. *The guideline asset class diversification for the Fund is intended to be general in nature.* Deviations within each asset class are considered normal, provided the general asset allocation weightings are within the ranges specified in Section I.

The table below reflects the asset mix guidelines for the Fund's asset allocation.

<b>Asset Class/Style</b>	<b><u>Guideline Allocation</u></b>
<b>EQUITIES:</b>	
US Core Equity	17.0%
US Small Cap Equity	4.0
International Core Equity	7.0
Emerging Markets Equity	2.0
<i>Subtotal</i>	<u>30.0</u>
<b>FIXED INCOME:</b>	
Core Fixed Income	10.0
Short Term Fixed Income	38.0
High Yield Bonds	10.0
Emerging Markets Debt	2.0
<i>Subtotal</i>	<u>60.0</u>
<b>ALTERNATIVE ASSETS:</b>	
Real Estate	5.0
Hedge Strategies	2.5
Commodities	<u>2.5%</u>
Private Equity	<u>0.0%</u>
<i>Subtotal</i>	<u>10.0</u>
<b>TOTAL</b>	<u>100.0%</u>

### **SECTION III: REBALANCING**

The Investment Consultant will be responsible for monitoring asset class exposures in the Fund. On a periodic basis the Fund's current asset mix will be determined. Market values of assets at quarter end will be used for this calculation.

If the total market value of the Fund's asset components (when stated as a percentage of total assets) lies outside the ranges established within this IPS, the Investment Consultant is responsible for rebalancing the total Fund into a position of policy compliance.

### **SECTION IV: LIQUIDITY**

Liquidity needs are considered significant, and will likely coincide with poor economic and/or real estate market conditions. The target withdrawal rate during such periods is approximately 10% of IAR's annual operating budget. Other withdrawals may occur at the discretion of the Committee to fund IAR initiatives.

### **SECTION V: TIME HORIZON**

This IPS is based upon an investment time horizon of a complete market cycle, typically five to ten years. Interim or shorter term fluctuations in Fund results will be viewed with appropriate perspective.

### **SECTION VI: RESTRICTIONS**

The following securities and transactions are not authorized for use by outside professional asset managers:

- Letter stock and other unregistered securities,
- Option writing (such as covered calls) and futures trading activities are restricted to bona fide hedge purposes only...not for speculative transactions, and
- Use of derivatives for speculative purposes.

### **STANDARDS FOR EVALUATION OF THE PORTFOLIO**

The following standards will be used to evaluate the portfolio. Several important comments about these standards are noted below.

- *The time period for assessment will generally be rolling five year periods.* Interim or shorter term fluctuations in results will be viewed with appropriate perspective.
- The Committee understands that at varying points in time, individual *asset classes may not generate performance that achieves all standards concurrently.*
- *No individual standard will be more important than another.* Instead, all standards will be considered in aggregate.

### **STANDARD NO. 1 – GENERAL ASSET ALLOCATION BENCHMARK**

The total investment portfolio shall be evaluated against a blended benchmark consisting of the Morgan Stanley Capital International (MSCI) All Country World Index and the Bloomberg Barclays weighted in accordance with the general asset class targets specified in Section I of the Asset Allocation Guidelines. The purpose of this measure is to determine the improvements in overall risk and return, if any, attributable to the specific sub-asset class diversification targets specified of Section II of the Asset Allocation Guidelines.

## **STANDARD NO. 2 – ASSET CLASS BENCHMARKS**

Each asset class within the investment portfolio shall be evaluated against a relevant benchmark for the purpose of measuring the success of the blended managers within the asset class, and to verify that the blended managers are adhering to the specific asset class mandate to which they have been assigned. The Committee recognizes that the following benchmarks represent indices that can not be directly invested in. The return and risk characteristics of each asset class within the portfolio should also be evaluated against the relevant Lipper composite benchmark.

### **Large Cap Core Equity**

The benchmark for return and risk characteristics of actively managed assets in this asset class shall be the *S&P 500, Russell 1000 Index, or the Russell 1000 Value and Growth Indices as applicable (S&P500, R1000, R1000V, R1000G)*.

### **Small Cap Equity**

The benchmark for return and risk characteristics of this asset class shall be the *S&P 600, Russell 2000 Index, or the Russell 2000 Value and Growth Indices as applicable (S&P600, R2000, R2000V, R2000G)*.

### **International Equity**

The benchmark for return and risk characteristics of this asset class shall be the *Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE)*.

### **Emerging Markets Equity**

The benchmark for return and risk characteristics of this asset class shall be the *Morgan Stanley Capital International Emerging Markets Free Index (MSCI EMF)*.

### **Core Fixed Income**

The benchmark for return and risk characteristics of this asset class shall be the Bloomberg Barclays.

### **High Yield Bond**

The benchmark for return and risk characteristics of this asset class shall be the *Merrill Lynch High Yield Master II, Constrained Index*.

### **Emerging Markets Debt**

The benchmark for return and risk characteristics of this asset class shall be the *J.P. Morgan Emerging Markets Bond Index Global*.

### **Real Estate**

The benchmark for return and risk characteristics of this asset class shall be the *Wilshire Real Estate Securities Index*.

### **Other Alternative Assets**

The purpose of allocations to various alternative assets is to provide returns with little or no correlation to broad equity markets. When available, benchmarks will be identified for each alternative

investment made by the Fund. In the absence of an applicable benchmark for a given alternative asset class or strategy, the investment shall be evaluated on the basis of absolute return and correlation to the Morgan Stanley Capital International (MSCI) All Country World Index.

## **SECURITIES GUIDELINES**

The Investment Consultant will implement this IPS through investments in mutual funds and other pooled asset portfolios. Such investments are acceptable investments provided they conform to the diversification restrictions set forth below.

### **Domestic Equity**

The Domestic Equity asset class may be comprised of mutual funds and other pooled asset portfolios that are invested principally in equity securities of U.S. companies. These securities may be listed on registered exchanges, or actively traded in the over-the-counter market, or considered to be restricted securities (provided that the percentage of the fund's assets invested in such securities conform to the Fund's prospectus).

### **Non-U.S. Equity**

Non-U.S. Equity asset class may be comprised of mutual funds and other pooled asset portfolios that are invested principally in equity securities (common stocks, securities that are convertible into common stocks, preferred stocks, warrants and rights to subscribe to common stocks) of non-US issuers purchased in foreign markets, on U.S. or foreign registered exchanges, or the over-the counter markets.

### **Domestic Fixed Income**

The Domestic Fixed Income asset class may be comprised of mutual funds and other pooled asset portfolios that are invested principally in fixed income securities that are rated investment grade or better, i.e., rated in one of the four highest rating categories by a nationally recognized statistical rating organization (NRSRO) at the time of purchase, or if not rated, are determined to be of comparable quality by the investment advisor or mutual fund sub-advisor.

### **Non U.S. Fixed Income**

The non-U.S. fixed income asset class may be comprised of mutual funds and other pooled asset portfolios that are invested principally in investment grade fixed income securities (or securities deemed of comparable quality by the investment advisor or mutual fund sub-advisor) of issuers located in other than the United States.

### **Global High Yield Fixed Income**

The Global High Yield asset class may be comprised of mutual funds and other pooled asset portfolios that are invested in non-investment grade securities, both domestic fixed income and non-U.S. emerging markets debt securities (or securities deemed of comparable quality by the investment advisor or mutual fund sub-advisor).

### **Cash Equivalent Reserves**

Cash equivalent reserves shall consist of money market mutual funds that comply with Rule 2a-7 under the 1940 Act.

## **Alternative Assets**

The Alternative asset class may be comprised of mutual funds and other pooled asset portfolios that are invested principally in the specified alternative asset class. If hedge funds or other partnership structures are utilized, care must be taken to ensure that the structure and tax implications of the investment are consistent with IAR's objectives.

## **SELECTION AND MONITORING OF INVESTMENT MANAGERS**

It is the responsibility of the Investment Consultant to select appropriate investment firms to manage Fund assets, in consultation with IAR management.

### **SECTION I: MANAGER SELECTION**

The Committee will adhere to a manager-of-managers model wherever possible; understanding that in certain circumstances the use of managers outside of this model may be required. Whether a manager is selected by the manager-of-managers or by the Committee and Investment Consultant directly, managers are required to meet the following criteria:

- The investment manager must be a bank, insurance company, mutual fund or investment advisor as defined by the Registered Investment Advisors Act of 1940.
- The investment manager must provide historical quarterly performance information calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.
- The investment manager must provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel.
- The investment manager must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
- The investment management firm may not be affiliated with the Investment Consultant or manager-of-managers.

### **SECTION II: REVIEW AND ANALYSIS**

The Committee is aware that the ongoing review and analysis of investment managers is just as important as the due diligence implemented during the manager selection process. Managers selected within the manager-of-managers model will be subject to the ongoing oversight of the model, including but not limited to daily trade analysis, weekly performance, risk and holdings analysis, monthly attribution analysis and adherence to portfolio guidelines, quarterly conference calls with an analyst, and annual on-site examinations.

Managers directly selected by the Committee and Investment Consultant will be subject to the following:

*A review of an investment manager will be conducted if:*

- A manager performs in the bottom half (50<sup>th</sup> percentile) of his or her peer group over an annual period.
- A manager falls in the southeast quadrant of the risk/return scatter-gram for three- and/or five-year rolling periods.

*Additionally, performance may require the replacement of an individual investment manager if:*



- A manager consistently performs below the median (50<sup>th</sup> percentile) of his or her peer group over rolling three-year periods.
- A manager performs below the median (50<sup>th</sup> percentile) of his or her peer group over a five-year period.
- A manager fails to adhere to the investment style for which they were employed.

*Major organizational changes also warrant immediate review of the manager, including:*

- Change in professionals.
- Significant account losses.
- Significant growth of new business.
- Change in ownership.

## **CONTROL PROCEDURES**

### **SECTION I: GENERAL REVIEW OF INVESTMENT OBJECTIVES**

This IPS and its guidelines will be reviewed annually to determine whether existing policy remains effective and appropriate. Reviews will be conducted more frequently, if necessary.

*It is not expected that this IPS will change frequently.* In particular, short term changes in the financial markets should not require adjustments to the IPS.

### **SECTION II: MONITORING OF INVESTMENT**

The Committee intends to monitor the performance of the investment managers through its investment consultant. Performance monitoring will be completed quarterly and reviewed with IAR management. Annual reviews will be conducted with the Committee. These reports will focus upon various topics, including:

- The economic environment during the various periods being evaluated;
- Each manager's adherence to the IPS guidelines;
- Material changes in each manager's organization, investment philosophy and/or personnel; □  
Performance of each asset class and the total fund; and,
- Comparison of each manager's results to the appropriate standards, as specified in this IPS.

### **SECTION III: TENURE**

While the relationship with each investment manager is expected to be ongoing, the committee reserves the right to terminate its relationship with any retained investment manager at any time it deems appropriate to do so.

### **SECTION IV: CONCLUSION**

This Investment Policy Statement expresses the Committee's attitude and/or philosophy which will guide the investment managers toward the performance desired. These objectives are meant to be sufficiently specific to be meaningful, but sufficiently flexible to be practical.

# **Indiana REALTORS® Education Foundation Investment Policy Statement**

**January 28, 2009**

## **PURPOSE**

The purpose of this Investment Policy Statement (IPS) is to assist the Finance Committee (Committee) of the Board for the Indiana Realtors Education Foundation (Foundation) in effectively supervising, monitoring and evaluating the investment performance of the Scholarship Endowment Fund (the Fund).

The Foundation's investment program is defined in the various sections of this IPS by:

*1. Stating the objectives in a written document.* The objectives are desired results, reflecting the Committee's attitudes, expectations and guidelines for the investment of all assets.

*2. Setting forth an investment structure.*

This structure includes various asset classes and investment management styles that, in total, are expected to produce a satisfactory level of overall diversification and total investment return over the long term.

*3. Providing policy guidelines for the investment portfolio.*

These guidelines are designed to control the level of overall risk and liquidity assumed in the portfolio. Through effective monitoring of policy, the Committee hopes to optimize the likelihood of meeting return and risk objectives and ensure that the assets of the Fund are managed in accordance with stated objectives.

*4. Encouraging effective communication.*

A continuing review process involving the Committee, the Investment Consultant, and the investment managers is intended to assist the Fund achieve the stated objectives.

*5. Complying with all fiduciary, prudence and due diligence requirements that experienced investment professionals would utilize.*

This IPS has been arrived at upon consideration by the Committee of the financial implications of the current and prospective asset allocation policy, and describes the prudent investment process deemed appropriate.

## **BACKGROUND**

### **SECTION I: GENERAL INFORMATION**

The concentrated nature of the Fund in the past has limited the potential capital appreciation after inflation and exaggerated the losses incurred during the recent downturn in capital markets. The Committee has committed to a revised investment philosophy going forward which entails a broad diversification across various asset classes.

The Fund shall have an emphasis on the preservation of capital after inflation, followed by maximizing portfolio income through conservative investment practices.

The investment allocation will be achieved through exchange-traded funds, mutual funds, funds of institutional managers, and direct institutional managers.

### **SECTION II: KEY INFORMATION/OTHER ADVISORS (as of 01/31/2009) TAX**

IDENTIFICATION NUMBER:

31-1105636

CUSTODIAN:

SEI Private Trust Company  
INVESTMENT CONSULTANT:  
Kenneth Klabunde, MS, CFP FISCAL  
YEAR:

Begins on January 1 and ends the following December 31.

## **GENERAL INVESTMENT OBJECTIVES**

The investment objectives for the Fund have been established in conjunction with a comprehensive review of current and projected financial requirements. The objectives represent desired results and are long term in nature.

*The general investment objectives for the Fund are:*

- To maintain value with inflation, after making an annual income distribution of approximately 3%;
- To establish an investment program that participates in a diversified investment portfolio;
- To offer both equity and fixed income investments that are diversified among various asset classes and investment styles, thus minimizing the risk of large losses;
- To preserve the capital of the portfolio while generating modest returns within reasonable and prudent levels of risk;
- To generate superior results (relative to the financial markets and other investment managers) during weak or declining markets; and
- To tolerate some underperformance relative to these same benchmarks during periods of strong rallies in the financial markets.
- To invest in companies owned or operated in the state of Indiana whenever prudent and consistent with the policies stated herein.

## **ASSET ALLOCATION GUIDELINES**

*The major component of the Fund's IPS is the allocation of assets among various asset classes.*

Studies have indicated that anywhere from 85% to 93% of a plan's investment performance over longer periods of time can be attributed to how assets are allocated among various security classes, not how asset managers add value through their security selection or timing decisions.

The Committee has reviewed the long term historical risks and returns associated with different asset classes. Also, the Committee has reviewed the importance of asset diversification and its impact on portfolio volatility and returns.

## **SECTION I: GENERAL ASSET ALLOCATION GUIDELINES**

The asset allocation which follows is stated within minimum and maximum ranges. Additionally, specific targets based on market value are noted for each asset category.

The Committee wishes to utilize a flexible asset allocation approach. The following broad asset allocation guidelines shall apply to the Fund. However, the Committee reserves the right to modify these guidelines in the future, as appropriate.

<b>Asset Class</b>	<b><u>Target</u></b>	<b><u>Minimum</u></b>	<b><u>Maximum</u></b>
Equities	20.0%	10.0%	30.0%
Fixed Income	70.0%	50.0%	90.0%
Alternative Assets	10.0%	00.0%	20.0%

## **SECTION II: GENERAL ASSET CLASS/STYLE DIVERSIFICATION DETAILS**

The Committee has selected a diversified approach for the Fund. Various investment management styles and asset classes have been considered. *The guideline asset class diversification for the Fund is intended to be general in nature.* Deviations within each asset class are considered normal, provided the general asset allocation weightings are within the ranges specified in Section I.

The table below reflects the asset mix guidelines for the Fund's asset allocation.

<b>Asset Class/Style</b>	<b><u>Guideline Allocation</u></b>
<b>EQUITIES:</b>	
US Core Equity	12.0%
US Small Cap Equity	3.0
International Core Equity	5.0
<i>Subtotal</i>	<u>20.0</u>
<b>FIXED INCOME:</b>	
Core Fixed Income	10.0
Short Term Fixed Income	50.0
High Yield Bonds	10.0
<i>Subtotal</i>	<u>70.0</u>
<b>ALTERNATIVE ASSETS:</b>	
Real Estate	5.0
Hedge Strategies	5.0
Commodities	0.0
Private Equity	0.0
<i>Subtotal</i>	<u>10.0</u>
<b>TOTAL</b>	<u>100.0%</u>

## **SECTION III: REBALANCING**

The Investment Consultant will be responsible for monitoring asset class exposures in the Fund. On a periodic basis the Fund's current asset mix will be determined. Market values of assets at quarter end will be used for this calculation.

If the total market value of the Fund's asset components (when stated as a percentage of total assets) lies outside the ranges established within this IPS, the Investment Consultant is responsible for rebalancing the total Fund into a position of policy compliance.

#### **SECTION IV: LIQUIDITY**

The Fund is expected to pay out approximately 3% annually for scholarships.

#### **SECTION V: TIME HORIZON**

This IPS is based upon an investment time horizon of a complete market cycle, typically five to ten years. Interim or shorter term fluctuations in Fund results will be viewed with appropriate perspective.

#### **SECTION VI: RESTRICTIONS**

The following securities and transactions are not authorized for use by outside professional asset managers:

- Letter stock and other unregistered securities,
- Option writing (such as covered calls) and futures trading activities are restricted to bona fide hedge purposes only...not for speculative transactions, and
- Use of derivatives for speculative purposes.

#### **STANDARDS FOR EVALUATION OF THE PORTFOLIO**

The following standards will be used to evaluate the portfolio. Several important comments about these standards are noted below.

- *The time period for assessment will generally be rolling five year periods.* Interim or shorter term fluctuations in results will be viewed with appropriate perspective.
- The Committee understands that at varying points in time, individual *asset classes may not generate performance that achieves all standards concurrently.*
- *No individual standard will be more important than another.* Instead, all standards will be considered in aggregate.

#### **STANDARD NO. 1 – GENERAL ASSET ALLOCATION BENCHMARK**

The total investment portfolio shall be evaluated against a blended benchmark consisting of the Standard and Poor's 500 Index and the Bloomberg Barclays weighted in accordance with the general asset class targets specified in Section I of the Asset Allocation Guidelines. The purpose of this measure is to determine the improvements in overall risk and return, if any, attributable to the specific sub-asset class diversification targets specified of Section II of the Asset Allocation Guidelines.

#### **STANDARD NO. 2 – ASSET CLASS BENCHMARKS**

Each asset class within the investment portfolio shall be evaluated against a relevant benchmark for the purpose of measuring the success of the blended managers within the asset class, and to verify that the blended managers are adhering to the specific asset class mandate to which they have been assigned. The Committee recognizes that the following benchmarks represent indices that cannot be directly invested in. The return and risk characteristics of each asset class within the portfolio should also be evaluated against the relevant Lipper composite benchmark.

### **Large Cap Core Equity**

The benchmark for return and risk characteristics of actively managed assets in this asset class shall be the *S&P 500, Russell 1000 Index, or the Russell 1000 Value and Growth Indices as applicable (S&P500, R1000, R1000V, R1000G)*.

### **Small Cap Equity**

The benchmark for return and risk characteristics of this asset class shall be the *S&P 600, Russell 2000 Index, or the Russell 2000 Value and Growth Indices as applicable (S&P600, R2000, R2000V, R2000G)*.

### **International Equity**

The benchmark for return and risk characteristics of this asset class shall be the *Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE)*.

### **Emerging Markets Equity**

The benchmark for return and risk characteristics of this asset class shall be the *Morgan Stanley Capital International Emerging Markets Free Index (MSCI EMF)*.

### **Core Fixed Income**

The benchmark for return and risk characteristics of this asset class shall be the Bloomberg Barclays.

### **High Yield Bond**

The benchmark for return and risk characteristics of this asset class shall be the *Merrill Lynch High Yield Master II, Constrained Index*.

### **Emerging Markets Debt**

The benchmark for return and risk characteristics of this asset class shall be the *J.P. Morgan Emerging Markets Bond Index Global*.

### **Real Estate**

The benchmark for return and risk characteristics of this asset class shall be the *Wilshire Real Estate Securities Index*.

### **Other Alternative Assets**

The purpose of allocations to various alternative assets is to provide returns with little or no correlation to broad equity markets. When available, benchmarks will be identified for each alternative investment made by the Fund. In the absence of an applicable benchmark for a given alternative asset class or strategy, the investment shall be evaluated on the basis of absolute return and correlation to the Standard and Poor's 500 Index.

## **SECURITIES GUIDELINES**

The Investment Consultant will implement this IPS through investments in mutual funds and other pooled asset portfolios. Such investments are acceptable investments provided they conform to the diversification restrictions set forth below.

### **Domestic Equity**

The Domestic Equity asset class may be comprised of mutual funds and other pooled asset portfolios that are invested principally in equity securities of U.S. companies. These securities may be listed on registered exchanges, or actively traded in the over-the-counter market, or considered to be restricted securities (provided that the percentage of the fund's assets invested in such securities conform to the Fund's prospectus).

### **Non-U.S. Equity**

Non-U.S. Equity asset class may be comprised of mutual funds and other pooled asset portfolios that are invested principally in equity securities (common stocks, securities that are convertible into common stocks, preferred stocks, warrants and rights to subscribe to common stocks) of non-US issuers purchased in foreign markets, on U.S. or foreign registered exchanges, or the over-the counter markets.

### **Domestic Fixed Income**

The Domestic Fixed Income asset class may be comprised of mutual funds and other pooled asset portfolios that are invested principally in fixed income securities that are rated investment grade or better, i.e., rated in one of the four highest rating categories by a nationally recognized statistical rating organization (NRSRO) at the time of purchase, or if not rated, are determined to be of comparable quality by the investment advisor or mutual fund sub-advisor.

### **Non-U.S. Fixed Income**

The non-U.S. fixed income asset class may be comprised of mutual funds and other pooled asset portfolios that are invested principally in investment grade fixed income securities (or securities deemed of comparable quality by the investment advisor or mutual fund sub-advisor) of issuers located in other than the United States.

### **Global High Yield Fixed Income**

The Global High Yield asset class may be comprised of mutual funds and other pooled asset portfolios that are invested in non-investment grade securities, both domestic fixed income and non-emerging markets debt securities (or securities deemed of comparable quality by the investment advisor or mutual fund sub-advisor).

### **Cash Equivalent Reserves**

Cash equivalent reserves shall consist of money market mutual funds that comply with Rule 2a-7 under the 1940 Act.

### **Alternative Assets**

The Alternative asset class may be comprised of mutual funds and other pooled asset portfolios that are invested principally in the specified alternative asset class. If hedge funds or other partnership structures are utilized, care must be taken to ensure that the structure and tax implications of the investment are consistent with the Foundation's objectives.

## **SELECTION AND MONITORING OF INVESTMENT MANAGERS**

It is the responsibility of the Investment Consultant to select appropriate investment firms to manage

Fund assets, in consultation with the Foundation's management.

## **SECTION I: MANAGER SELECTION**

The Committee will adhere to a manager-of-managers model wherever possible; understanding that in certain circumstances the use of managers outside of this model may be required. Whether a manager is selected by the manager-of-managers or by the Committee and Investment Consultant directly, managers are required to meet the following criteria:

- The investment manager must be a bank, insurance company, mutual fund or investment advisor as defined by the Registered Investment Advisors Act of 1940.
- The investment manager must provide historical quarterly performance information calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.
- The investment manager must provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel.
- The investment manager must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
- The investment management firm may not be affiliated with the Investment Consultant or manager-of-managers.

## **SECTION II: REVIEW AND ANALYSIS**

The Committee is aware that the ongoing review and analysis of investment managers is just as important as the due diligence implemented during the manager selection process. Managers selected within the manager-of-managers model will be subject to the ongoing oversight of the model, including but not limited to daily trade analysis, weekly performance, risk and holdings analysis, monthly attribution analysis and adherence to portfolio guidelines, quarterly conference calls with an analyst, and annual on-site examinations.

Managers directly selected by the Committee and Investment Consultant will be subject to the following:

*A review of an investment manager will be conducted if:*

- A manager performs in the bottom half (50<sup>th</sup> percentile) of his or her peer group over an annual period.
- A manager falls in the southeast quadrant of the risk/return scatter-gram for three- and/or five-year rolling periods.

*Additionally, performance may require the replacement of an individual investment manager if:*

- A manager consistently performs below the median (50<sup>th</sup> percentile) of his or her peer group over rolling three-year periods.
- A manager performs below the median (50<sup>th</sup> percentile) of his or her peer group over a five-year period.
- A manager fails to adhere to the investment style for which they were employed.

*Major organizational changes also warrant immediate review of the manager, including:*

- Change in professionals.
- Significant account losses.
- Significant growth of new business.
- Change in ownership.



## **CONTROL PROCEDURES**

### **SECTION I: GENERAL REVIEW OF INVESTMENT OBJECTIVES**

This IPS and its guidelines will be reviewed annually to determine whether existing policy remains effective and appropriate. Reviews will be conducted more frequently, if necessary.

*It is not expected that this IPS will change frequently.* In particular, short term changes in the financial markets should not require adjustments to the IPS.

### **SECTION II: MONITORING OF INVESTMENT**

The Committee intends to monitor the performance of the investment managers through its investment consultant. Performance monitoring will be completed quarterly and reviewed with the Foundation's management. Annual reviews will be conducted with the Committee. These reports will focus upon various topics, including:

- The economic environment during the various periods being evaluated;
- Each manager's adherence to the IPS guidelines;
- Material changes in each manager's organization, investment philosophy and/or personnel; □  
Performance of each asset class and the total fund; and,
- Comparison of each manager's results to the appropriate standards, as specified in this IPS.

### **SECTION III: TENURE**

While the relationship with each investment manager is expected to be ongoing, the committee reserves the right to terminate its relationship with any retained investment manager at any time it deems appropriate to do so.

### **SECTION IV: CONCLUSION**

This Investment Policy Statement expresses the Committee's attitude and/or philosophy which will guide the investment managers toward the performance desired. These objectives are meant to be sufficiently specific to be meaningful, but sufficiently flexible to be practical.

## **Indiana Association of Realtors Defense Fund Investment Policy Statement**

**Adopted: January 28, 2009**

**Revised: June 13, 2012 (adopted July 12, 2012)**

### **PURPOSE**

The purpose of this Investment Policy Statement (IPS) is to assist the Finance Committee (Committee) of the Board for the Indiana Association of Realtors (IAR) in effectively supervising, monitoring and evaluating the investment performance of the Defense Fund (the Fund).

IAR's investment program is defined in the various sections of this IPS by:

1. Stating the objectives in a written document.

The objectives are desired results, reflecting the Committee's attitudes, expectations and guidelines for the investment of all assets.

2. Setting forth an investment structure.

This structure includes various asset classes and investment management styles that, in total, are expected to produce a satisfactory level of overall diversification and total investment return over the long term.

3. Providing policy guidelines for the investment portfolio.

These guidelines are designed to control the level of overall risk and liquidity assumed in the portfolio. Through effective monitoring of policy, the Committee hopes to optimize the likelihood of meeting return and risk objectives and ensure that the assets of the Fund are managed in accordance with stated objectives.

4. Encouraging effective communication.

A continuing review process involving the Committee, the Investment Consultant, and the investment managers is intended to assist the Fund achieve the stated objectives.

5. Complying with all fiduciary, prudence and due diligence requirements that experienced investment professionals would utilize.

This IPS has been arrived at upon consideration by the Committee of the financial implications of the current and prospective asset allocation policy, and describes the prudent investment process deemed appropriate.

## **BACKGROUND**

### **SECTION I: GENERAL INFORMATION**

The Defense Fund is a newly created initiative funded from the Long-Term Liquid Asset Fund and a one-time member assessment.

The Fund shall have an exclusive emphasis on the preservation of capital in anticipation of distributions to facilitate IAR's advocacy activities.

The investment allocation will be achieved primary through high quality money market funds, direct ownership of short-term cash equivalent assets, and exchange-traded funds, mutual funds, funds of institutional managers, and direct institutional managers.

### **SECTION II: KEY INFORMATION/OTHER ADVISORS (as of 6/13/2012)**

TAX IDENTIFICATION NUMBER:

35-0411185

CUSTODIAN:

SEI Private Trust Company

INVESTMENT CONSULTANT:

Kenneth Klabunde, MS, CFP FISCAL

YEAR:

Begins on January 1 and ends the following December 31.

## **GENERAL INVESTMENT OBJECTIVES**

The investment objectives for the Fund have been established in conjunction with a comprehensive review of current and projected financial requirements. The objectives represent desired results and are long term in nature.

The general investment objective for the Fund is to minimize the risk of loss of principle while achieving returns that exceed current cash equivalent yields and maintain the inflation-adjusted value of the fund.

## **ASSET ALLOCATION GUIDELINES**

The major component of the Fund's IPS is the allocation of assets among various asset classes.

Studies have indicated that anywhere from 85% to 93% of a plan's investment performance over longer periods of time can be attributed to how assets are allocated among various security classes, not how asset managers add value through their security selection or timing decisions.

The Committee has reviewed the long term historical risks and returns associated with different asset classes. Also, the Committee has reviewed the importance of asset diversification and its impact on portfolio volatility and returns.

### **SECTION I: GENERAL ASSET ALLOCATION GUIDELINES**

The asset allocation which follows is stated within minimum and maximum ranges. Additionally, specific targets based on market value are noted for each asset category.

The Committee wishes to utilize a flexible asset allocation approach. The following broad asset allocation guidelines shall apply to the Fund. However, the Committee reserves the right to modify these guidelines in the future, as appropriate.

Asset Class	Target	Minimum	Maximum
Equities	10.0%	00.0%	20.0%
Fixed Income	70.0%	00.0%	90.0% Cash
Equivalents	20.0%	10.0%	100.0%

### **SECTION II: REBALANCING**

The Investment Consultant will be responsible for monitoring asset class exposures in the Fund. On a periodic basis the Fund's current asset mix will be determined. Market values of assets at quarter end will be used for this calculation.

If the total market value of the Fund's asset components (when stated as a percentage of total assets) lies outside the ranges established within this IPS, the Investment Consultant is responsible for rebalancing the total Fund into a position of policy compliance.

### **SECTION III: LIQUIDITY**

Liquidity needs are considered significant. Withdrawals will occur at the discretion of the Committee to fund IAR initiatives. There may be no distributions for significant periods of time, or distributions may equal the entire balance of the portfolio over a short time period. The Advisor

should adjust the allocation within the specified bands based on the current liquidity needs expected by the Committee and staff.

#### **SECTION IV: TIME HORIZON**

This IPS is based upon an investment time horizon of two years.

#### **SECTION V: RESTRICTIONS**

The following securities and transactions are not authorized for use by outside professional asset managers:

- Letter stock and other unregistered securities,
- Option writing (such as covered calls) and futures trading activities are restricted to bona fide hedge purposes only...not for speculative transactions, and.
- Use of derivatives for speculative purposes.

#### **SECURITIES GUIDELINES**

The Investment Consultant will implement this IPS through investments in mutual funds and other pooled asset portfolios. Such investments are acceptable investments provided they conform to the diversification restrictions set forth below.

##### **Equity**

The Equity asset class may be comprised of mutual funds and other pooled asset portfolios that are invested principally in equity securities of U.S. and global companies. Active managers utilized for this asset class are to have a low volatility or low beta mandate. Securities may be listed on registered exchanges, or actively traded in the over-the-counter market, with daily pricing and liquidity.

##### **Domestic Fixed Income**

The Domestic Fixed Income asset class may be comprised of mutual funds and other pooled asset portfolios that are invested principally in fixed income securities that are rated investment grade or better, i.e., rated in one of the four highest rating categories by a nationally recognized statistical rating organization (NRSRO) at the time of purchase, or if not rated, are determined to be of comparable quality by the investment advisor or mutual fund sub-advisor. Modest allocations to high yield securities are permitted.

##### **Non-U.S. Fixed Income**

The non-U.S. fixed income asset class may be comprised of mutual funds and other pooled asset portfolios that are invested principally in investment grade fixed income securities (or securities deemed of comparable quality by the investment advisor or mutual fund sub-advisor) of issuers located in other than the United States.

##### **Cash Equivalent Reserves**

Cash equivalent reserves shall consist of money market mutual funds that comply with Rule 2a-7 under the 1940 Act. Investments in certificates of deposit and other short-term fixed income securities are also permitted.

## **SELECTION AND MONITORING OF INVESTMENT MANAGERS**

It is the responsibility of the Investment Consultant to select appropriate investment firms to manage Fund assets, in consultation with IAR management.

### **SECTION I: MANAGER SELECTION**

The Committee will adhere to a manager-of-managers model wherever possible; understanding that in certain circumstances the use of managers outside of this model may be required. Whether a manager is selected by the manager-of-managers or by the Committee and Investment Consultant directly, managers are required to meet the following criteria:

- The investment manager must be a bank, insurance company, mutual fund or investment advisor as defined by the Registered Investment Advisors Act of 1940.
- The investment manager must provide historical quarterly performance information calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees.
- The investment manager must provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel.
- The investment manager must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
- The investment management firm may not be affiliated with the Investment Consultant or manager-of-managers.

### **SECTION II: REVIEW AND ANALYSIS**

The Committee is aware that the ongoing review and analysis of investment managers is just as important as the due diligence implemented during the manager selection process. Managers selected within the manager-of-managers model will be subject to the ongoing oversight of the model, including but not limited to daily trade analysis, weekly performance, risk and holdings analysis, monthly attribution analysis and adherence to portfolio guidelines, quarterly conference calls with an analyst, and annual on-site examinations.

Managers directly selected by the Committee and Investment Consultant will be subject to the following:

A review of an investment manager will be conducted if:

- A manager performs in the bottom half (50th percentile) of his or her peer group over an annual period.
- A manager falls in the southeast quadrant of the risk/return scatter-gram for three- and/or five-year rolling periods.

Additionally, performance may require the replacement of an individual investment manager if:

- A manager consistently performs below the median (50th percentile) of his or her peer group over rolling three-year periods.
- A manager performs below the median (50th percentile) of his or her peer group over a five-year period.
- A manager fails to adhere to the investment style for which they were employed.

Major organizational changes also warrant immediate review of the manager, including:

- Change in professionals.
- Significant account losses.

- Significant growth of new business.
- Change in ownership.

## **CONTROL PROCEDURES**

### **SECTION I: GENERAL REVIEW OF INVESTMENT OBJECTIVES**

This IPS and its guidelines will be reviewed annually to determine whether existing policy remains effective and appropriate. Reviews will be conducted more frequently, if necessary.

It is not expected that this IPS will change frequently. In particular, short term changes in the financial markets should not require adjustments to the IPS.

### **SECTION II: MONITORING OF INVESTMENTS**

The Committee intends to monitor the performance of the investment managers through its investment consultant. Performance monitoring will be completed quarterly and reviewed with IAR management. Annual reviews will be conducted with the Committee. These reports will focus upon various topics, including:

- The economic environment during the various periods being evaluated;
- Each manager's adherence to the IPS guidelines;
- Material changes in each manager's organization, investment philosophy and/or personnel;
- Performance of each asset class and the total fund; and,
- Comparison of each manager's results to the appropriate standards, as specified in this IPS.

### **SECTION III: TENURE**

While the relationship with each investment manager is expected to be ongoing, the committee reserves the right to terminate its relationship with any retained investment manager at any time it deems appropriate to do so.

### **SECTION IV: CONCLUSION**

This Investment Policy Statement expresses the Committee's attitude and/or philosophy which will guide the investment managers toward the performance desired. These objectives are meant to be sufficiently specific to be meaningful, but sufficiently flexible to be practical.

### **IRS FORM 990**

The IRS Form 990 will be prepared annually by an independent CPA firm. After review by senior management, it will be provided to the IAR officers for review prior to filing. After filing it will be made available to any party that requests a copy in accordance with applicable law.

### **JOURNAL ENTRIES**

Independent general entry reviews need to be performed by someone other than the CFO. A person other than the CFO will create a report to be reviewed by the Senior Vice President, Finance and Research.

## **LONG TERM INVESTMENT RESERVES**

Each year following completion and approval of the just completed current year's audit, the Finance Committee shall determine the amount of money to be transferred to or from the Long Term Investment Reserves .

## **DUES**

### **MILITARY DUES WAIVER**

IAR agrees to waive state dues for REALTORS® and their spouses called into active military duty. The request must be submitted in writing from the local Association/Board along with verification that the local Association/Board dues have also been waived

## **EMERITUS STATUS**

The Indiana Association of REALTORS® will waive state dues for any REALTOR® granted Emeritus status by the National Association of REALTORS® providing dues are also waived by the local Board/Association. Emeritus status will be honored in full regardless of whether the individual is a primary or secondary member of IAR.

## **OPT OVER**

Individuals who elect to have IAR retain the designated portion of their dues for issue advocacy, rather than RPAC, must do so within 30 days of their dues payment.

## **REFUNDS/CANCELLATIONS/OPT OVER DEADLINE**

- The Indiana Association of REALTORS® (IAR) will refund registration fees, purchased tickets and other event fees providing notice of cancellation is made, in writing, at least 3 business days prior to the event.
- In the case of extenuating circumstances, a member may apply in writing for an exception to the refund policy. The application shall be in writing to the Finance Committee, who shall act on the application at their next regularly scheduled meeting.

## **Updates**

December 2011

February 2013

December 2015

August 2017

July 2018

December 2018

January 2019

March 2019

May 2019

February 2020

May 2020