

# RECOMMENDATION TO THE BOARD OF DIRECTORS

**FROM:**

Executive Committee

**RECOMMENDATION:**

Approve the following revisions to the AAR Bylaws, Policies and Official Statements.

**BACKGROUND:**

- (1) At the 2016 REALTORS® Legislative Meetings, the NAR Board of Directors approved mandatory amendments to Section 20(e), Initiating an Ethics Hearing, Code of Ethics and Arbitration Manual, to create an additional way of ensuring accountability of terminated or resigned respondents by holding an ethics hearing, at which their participation would be voluntary, and holding any ensuing discipline in abeyance until the member rejoins an association of REALTORS®.

**Article II, Section 4d. PENDING ETHICS COMPLAINT/Obligation to Arbitrate OR MEDIATE AFTER MEMBERSHIP TERMINATION.** If a member resigns from the Board or otherwise causes membership to terminate with an ethics complaint pending, that Board of Directors may condition the right of the resigning member to reapply for membership upon the applicant's certification that he/she will submit to the pending ethics proceeding and will abide by the decision of the hearing panel THE COMPLAINT SHALL BE PROCESSED UNTIL THE DECISION OF THE ASSOCIATION WITH RESPECT TO DISPOSITION OF THE COMPLAINT IS FINAL BY THIS ASSOCIATION (IF RESPONDENT DOES NOT HOLD MEMBERSHIP IN ANY OTHER ASSOCIATION) OR BY ANY OTHER ASSOCIATION IN WHICH THE RESPONDENT CONTINUES TO HOLD MEMBERSHIP. IF AN ETHICS RESPONDENT RESIGNS OR OTHERWISE CAUSES MEMBERSHIP IN ALL BOARDS TO TERMINATE BEFORE AN ETHICS COMPLAINT IS FILED ALLEGING UNETHICAL CONDUCT OCCURRED WHILE THE RESPONDENT WAS A REALTOR®, THE COMPLAINT, ONCE FILED, SHALL BE PROCESSED UNTIL THE DECISION OF THE ASSOCIATION WITH RESPECT TO DISPOSITION OF THE COMPLAINT IS FINAL. IN ANY INSTANCE WHERE AN ETHICS HEARING IS HELD SUBSEQUENT TO AN ETHICS RESPONDENT'S RESIGNATION OR MEMBERSHIP TERMINATION, ANY DISCIPLINE RATIFIED BY THE BOARD OF DIRECTORS SHALL BE HELD IN ABEYANCE UNTIL SUCH TIME AS THE RESPONDENT REJOINS AN ASSOCIATION OF REALTORS®.

If a member resigns or otherwise causes membership to terminate, the duty to submit to arbitration (OR TO MEDIATION IF REQUIRED BY THE ASSOCIATION) continues in effect even after membership lapses or is terminated, provided that the dispute arose while the former member was a REALTOR®.

- (2) The current Bylaws regarding harassment do not set forth a complaint procedure, except to refer to the AAR employee Manual, which is not available to Members, and does not address discipline.

**Policy G.11 – HARASSMENT**

AAR fully supports the rights of all its members and employees to work in an environment free from harassment. Harassment means any ~~verbal or physical~~ conduct (VERBAL, PHYSICAL, VISUAL, ELECTRONIC OR BY OTHER MEANS) including threatening or obscene language, unwelcome sexual advances, stalking, actions including strikes, shoves, kicks or other similar physical contacts, or threats to do the same, or any other with the purpose or effect of unreasonably interfering with an individual's work performance by creating a hostile, intimidating, or offensive work environment. Any member or employee who believes that he or she has been the subject of harassment should ~~follow the complaint procedures set forth in AAR's Employee Policy and Procedure Manual~~ IMMEDIATELY REPORT THE IMPROPER CONDUCT TO THE ASSOCIATION CEO OR GENERAL COUNSEL. IF FOR ANY REASON THE MEMBER OR EMPLOYEE IS NOT COMFORTABLE CONTACTING THE CEO OR GENERAL COUNSEL, THEN THE MEMBER OR EMPLOYEE SHOULD CONTACT THE ASSOCIATION PRESIDENT. REPORTS OF HARASSMENT WILL BE INVESTIGATED PROMPTLY BY ASSOCIATION LEGAL COUNSEL. Pending the investigation of any complaint, the individual named in the complaint may be asked not to participate in ASSOCIATION functions until the matter is resolved. THE RESULTS OF THE INVESTIGATION SHALL BE PRESENTED TO A FIVE MEMBER EXECUTIVE COMMITTEE PANEL, WHICH MAY IMPOSE ANY DISCIPLINARY ACTION AUTHORIZED BY THE *CODE OF ETHICS AND ARBITRATION MANUAL*, AT THE DISCRETION OF THE ASSOCIATION.

- (3) Pursuant to AAR's Bylaws, Policies and Official Statements Article VI, Section 3. The following persons shall be voting, non-quota AAR Directors: . . . (f) two (2) Member Board or Regional Multiple Listing Service (MLS) chief staff officers; . . . and (h) one (1) representative from an "outside" organization selected by AAR's President-elect annually. Traditionally, AAR has chosen two Member Board chief staff officers to serve on the Board of Directors by a drawing and the President has been asked to choose an MLS Chief staff as an "outside" organization representative. AAR would like to formalize this process with an official Policy. AAR asked the local AEs to voice any concerns with the proposed Policy and AAR received none.

**POLICY A.16 – SELECTION OF MEMBER BOARD CHIEF STAFF AS VOTING, NON-QUOTA AAR DIRECTORS**

THE FOLLOWING PROCESS SHALL BE UTILIZED FOR THE SELECTION OF MEMBER BOARD CHIEF STAFF AS VOTING, NON-QUOTA AAR DIRECTORS PURSUANT TO AAR'S BYLAWS, POLICIES AND OFFICIAL STATEMENTS ARTICLE VI, SECTION 3(F):

EACH ELIGIBLE MEMBER BOARD CHIEF STAFF OFFICERS ("AEs") WILL HAVE THEIR NAMES ENTERED IN A DRAWING. THE TWO (2) AES WHO SERVED ON THE BOARD OF DIRECTORS THE PREVIOUS YEAR WILL NOT BE INCLUDED IN THE DRAWING AND THEIR NAMES WILL BE WITHHELD FROM THE DRAWING FOR THREE (3) YEARS FOLLOWING THEIR YEAR OF SERVICE. ADDITIONALLY, THE AE SELECTED AS THE AE REPRESENTATIVE ON THE EXECUTIVE COMMITTEE FOR THAT YEAR WILL NOT BE PLACED IN THE DRAWING, BUT WILL BE SERVING AS AN EX-OFFICIO DIRECTOR.

THE FOLLOWING DRAWING PROCESS WILL BE USED:

- (i) AES OF ASSOCIATIONS WITH ONE (1) DIRECTOR ENTITLEMENT WILL BE PLACED TOGETHER WITH ONE (1) NAME DRAWN.
  
- (ii) AES OF ASSOCIATIONS WITH TWO (2) OR MORE DIRECTOR ENTITLEMENTS WILL BE PLACED TOGETHER WITH ONE (1) NAME DRAWN.

THE SELECTED AES WILL BE NOTIFIED. IF THEY DO NOT ACCEPT A POSITION ON THE BOARD OF DIRECTORS, ANOTHER DRAWING WILL BE HELD FOR THAT POSITION.

**BUDGET IMPACT:**

None

**MOTION:**

**TO APPROVE THE FOLLOWING REVISIONS TO THE AAR BYLAWS, POLICIES AND OFFICIAL STATEMENTS: (i) ARTICLE II, SECTION 4D TO CREATE AN ADDITIONAL WAY OF ENSURING ACCOUNTABILITY OF TERMINATED OR RESIGNED RESPONDENTS WITH AN ETHICS COMPLAINT; (ii) AMEND POLICY G.11 TO SET FORTH PROCEDURES UPON RECEIVING A HARASSMENT COMPLAINT; (iii) ADD POLICY A.16 TO FORMALIZE THE PROCESS FOR SELECTING AE REPRESENTATIVES ON THE AAR BOARD OF DIRECTORS.**

**FOR MORE INFORMATION CONTACT:**

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