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# **POLICIES**

## **POLICY 1**

# AUTHORITY OF DOCUMENT

Recognizing the need for certain policies and operating procedures not covered by the Bylaws of the Association of Real Estate License Law Officials (hereinafter referred to as "ARELLO®" or "Association"), this Association has adopted the following Policies and Procedures, which shall remain in full force and effect until amended or repealed by the ARELLO® Board of Directors.

## POLICY 2

## JURISDICTION REPORTING

Each jurisdiction's administrative officer should report to the Chief Executive Officer any necessary information relative to the good of the Association which may include but not be limited to the following: (a) revocation, suspension, or other official disciplinary action; (b) significant court decisions; (c) amendments to the real estate license or regulatory law; (d) changes in jurisdiction rules and regulations; (e) changes in jurisdiction personnel; and (f) newsworthy actions or problems.

### **POLICY 3**

## LICENSURE RECOGNITION

**Section 1.** The Association encourages cooperation and licensure recognition in licensing between jurisdictions when it is mutually advantageous.

Section 2. For purposes of definition: "licensure recognition" is a standard of practice in which one jurisdiction allows an active real estate licensee from another jurisdiction to practice in its jurisdiction (1) without obtaining a non-resident, resident, or restricted license or (2) upon simply paying a fee and making proper application, to become a nonresident licensee based on the license from the applicant's resident jurisdiction. "Limited real estate licensure recognition" is a standard of practice permitting real estate licensees to practice in another jurisdiction subject to compliance with the special license law requirements imposed by that jurisdiction's law or rules. (Reference: See "Licensure Recognition Among Real Estate Regulatory Jurisdictions – Policy Statement and Procedural Considerations")

### **POLICY 4**

# ASSOCIATION RECORDS

The records of the Association shall be open and available for inspection and copying, with the following exceptions:

- Any records expressly closed by the Association's Bylaws or Policies and Procedures.
- B. The following information is available only to the Executive Committee, Board of Directors and/or Committees, as appropriate:

- a. Attorney-client privileged work; and
- b. Subsidiary agreements for technology and other services.
- b.c. Documents relating to subject matter for which the governing documents have allowed closed meetings.
- C. The following information is available only to the Executive Committee and/or staff, as appropriate, and to the Finance Committee and/or Board of Directors as an entity, not as individual members.
  - a. Credit card information submitted by any purchaser of products or services;
  - b. Software license numbers;
  - c. Consultant/contractor compensation rates or contracts; and
  - d. Staff salary information, employment contracts and personnel files.
  - d.c. Documents relating to subject matter for which the governing documents have allowed closed meetings.

#### POLICY 5

#### CODE OF ETHICS

**Section 1.** For the purpose of this Code of Ethics, the term "license law official" shall include commissioners, board members, administrators, executive secretaries, executive vice presidents, secretaries, directors, executive directors, or other individuals charged with the administration of regulatory laws; license law; and for the purposes of brevity, these individuals shall be indicated as "officials" in this Code of Ethics.

**Section 2.** Governments devise real estate regulatory laws to protect the public from incompetent and unscrupulous acts. The administration of those laws requires adherence by officials to the highest ideals of personal and official conduct. An official, any individual charged with administering or helping to administer a real estate regulatory law, should strive to meet the following standards.

**Section 3.** An official should uphold and fearlessly apply a jurisdiction's basic governing documents and its real estate regulatory laws. An official should set aside any personal concept of justice that might override the law.

**Section 4.** An official should administer the real estate regulatory laws free of partiality or the appearance of partiality.

**Section 5.** An official should seek to insure that the official has no conflict of interest in a proceeding with respect to any matter. An official should abstain from participating in official proceedings which involve the official's relatives, property in which the official has or has had a financial interest, clients the official serves or has served as an agent or legal counsel or persons from whom the official has received a privileged communication. In any other situation which appears to create a conflict of interest, the official's own sense of propriety may indicate the need for disqualification of the official or for the official to allow others to determine the question of disqualification.

**Section 6.** An official may hold any office in a professional or trade association or other organization involving real estate activities during the official's term of service with the agency only if the jurisdiction's law provides for an official to hold an office in a professional or trade association or other organization involving real estate activities. If an official holds such an office, the official should abstain from voting on issues which come before the agency concerning that organization.

**Section 7.** An official should refrain from holding office or directorship in any corporation, business enterprise, or venture if the holding thereof interferes with the performance of the official's duties, permits the exploitation of the prestige of the office, or conflicts with the impartial exercise of official duties.

**Section 8.** An official should refrain from directly or indirectly lending the influence or prestige of the official's office to aid or advance the welfare of any private business or any organization or permit others to do so and should refrain from personal involvement in business enterprises which are involved in litigation or proceedings before said official.

**Section 9.** An official should refuse subsidies from persons or groups of persons for the financing of conferences, seminars, meetings, or other purposes unless the official is certain acceptance does not unduly influence the official or give the appearance thereof.

**Section 10.** An official should refuse gifts from any person(s) or entity(ies) whose interests have been, are, or are likely to be, before the agency unless the jurisdiction's law expressly permits acceptance of such gifts.

**Section 11.** An official should collect expenses only as provided for by the jurisdiction's law and must make proper accounting for any such payments.

**Section 12.** An official should cooperate with the judicial system to promote the satisfactory administration of justice and should respect all expressions of judicial opinion.

**Section 13.** An official participating in a due process hearing should require that all participants in the hearing conduct themselves with consideration, courtesy, dignity, and decorum which reflects the importance and seriousness of the inquiry.

**Section 14.** An official should abstain from participating in disciplinary proceedings with respect to matters which involve or may involve an employee, licensed affiliate, or close associate.

**Section 15.** An official should immediately inform the proper agency staff responsible for investigations of information the official receives from the public or licensees which would normally lead to the commencement of an investigation.

**Section 16.** An official should always adhere to the provisions of due process during a hearing and should not express a premature judgment or accept private interviews, arguments, briefs, or communications.

**Section 17.** An official should remain impartial in a due process hearing procedure and, in imposing penalties, should neither be exceptionally severe or unduly lenient in an attempt to seek popularity or publicity.

**Section 18.** An official should decide cases in accordance with the law and the guidance of other proceedings before the agency which involve similar issues.

**Section 19.** An official should maintain the confidentiality of pending cases but should provide access to public records or proceedings as required by law.

Section 20. An official should seek agreement in decisions with other officials but always respect instances of conscientious difference on fundamental principle.

**Section 21.** An official should cooperate with other officials and ARELLO® members as members of a common real estate regulatory system to promote the satisfactory administration of justice.

**Section 22.** An official should organize assigned duties to dispatch the business of the agency with promptness and convenience.

Section 23. An official should contribute to the public interest by advising, suggesting, and supporting rules and legislation which will improve the administration of justice.

**Section 24.** The Board of Directors of ARELLO® may reprimand or remove from office any Active-Regulatory Member found guilty of a violation of this Code of Ethics. The Board

may also reprimand, remove from office or terminate the membership of any Individual Member or Member Emeritus found guilty of a violation of this Code of Ethics. The results of any investigation of an alleged violation of the Code of Ethics shall be closed to the public and available only to staff members or to the members of the Board of Directors charged with investigating the allegation and prosecuting charges. The contents of such an investigative file shall be made available to the Respondent member only if the Board of Directors brings formal charges. While the Board of Directors may close its deliberations after hearing the evidence and witnesses in a formal hearing, the hearing and any votes on disposition shall be open to the public.

#### POLICY 6

#### WORK PRODUCT

Work product created under the auspices of the Association or any working group or entity formed by the Association shall be the property of the Association unless the Board of Directors has specifically contracted to the contrary. The Board of Directors may contract with non-Association individuals or entities to develop materials, courses, and resources for Association programs. Unless otherwise authorized by the Board of Directors, a contractor shall assign to the Association copyright ownership to any work product that the contractor creates or causes to be created for the Association. The contractor must make such assignment prior to the use of and payment for such work product and as a condition of payment. Such contractor must also agree to defend and hold harmless the Association from all financial and copyright claims made against the Association by: (a) the contractor's employees, independent contractors, or subcontractors; and (b) any other person claiming a copyright infringement of material produced by such person.

## **POLICY 7**

### **EDUCATION RECOGNITION**

**Section 1.** The Association encourages education recognition among jurisdictions and encourages its members to seek statute and/or rule changes in order to accomplish uniformity and recognition of courses across jurisdictional lines.

Section 2. "Education recognition" is defined as a standard of practice in which a jurisdiction accepts all or part of the course work taken in other jurisdictions by license applicants or by licensees based on another jurisdiction's approval of the course work. Limitations in education recognition from one jurisdiction to another might typically be based on one or more of the following: 1) statutory/rule provisions that mandate certain course content; 2) the type of delivery approved for courses in that jurisdiction; and/or 3) the acceptance of courses only when they meet that jurisdiction's hour requirements.

## **POLICY 8**

# CONFLICT OF INTEREST

**Section 1.** The Board of Directors and Officers of the Association must act at all times in the best interests of the Association and not for personal or third-party gain or financial enrichment. When encountering potential conflicts of interest, Board members and Officers shall identify the potential conflict at the outset of any discussions and, as required, remove themselves from all discussion and voting on the matter.

**Section 2.** Specifically, members of the Board of Directors and Officers shall avoid placing (and avoid the appearance of placing) one's own self-interest or any third-party interest above that of the Association. While the receipt of incidental personal or third-party benefit

may necessarily flow from certain of the Association activities, such benefit must be merely incidental to the primary benefit to the Association and its purposes. Members of the Board of Directors and Officers shall not (1) abuse their Board membership by improperly using their Board membership or the Association's staff, services, equipment, materials, resources, or property for their personal or third-party gain or pleasure; (2) represent to third parties that their authority as a Board member or Officer extends any further than that which it actually extends; (3) engage in any outside business, professional or other activities that would directly or indirectly materially adversely affect the Association; and/or (4) solicit or accept gifts, gratuities, trips, honoraria, personal property, or any other item of value from any person or entity as a direct or indirect inducement to provide special treatment to such donor with respect to matters pertaining to the Association without fully disclosing such items to the Board of Directors. Members of the Board of Directors and Officers shall provide goods or services to the Association as a paid vendor to the Association only after full disclosure to, and advance approval by, the Board, and pursuant to any related policies and/or procedures adopted by the Board.

Section 3. Likewise, work group members must also act at all times in the best interests of the Association and not for personal or third-party gain or financial enrichment. When encountering potential conflicts of interest, work group members shall identify the potential conflict at the outset of any discussions and, as required, remove themselves from all discussion and voting on the matter. Work group members shall provide goods or services to the Association as a paid vendor to the Association only after full disclosure to, and advance approval by, the Board of Directors, and pursuant to any related policies and/or procedures adopted by the Board.

Section 4. Members who recuse themselves because of a perceived conflict of interest shall not affect the computation of a quorum.

# **POLICY 9**

#### WHISTLEBLOWER

This policy of ARELLO® (1) encourages staff and volunteers to come forward with credible information on illegal practices or serious violations of adopted policies of the association; (2) specifies that ARELLO® will protect the person from retaliation; and (3) identifies where such information can be reported.

- Encouragement of reporting: ARELLO® encourages complaints, reports or
  inquiries about illegal practices or serious violations of the association's policies,
  including illegal or improper conduct by staff, consultants, volunteers or others on
  its behalf. Appropriate subjects to raise under this policy would include financial
  improprieties, accounting or audit matters, unlawful activity, or otherwise improper
  conduct.
- 2. Protection from retaliation: ARELLO® prohibits retaliation against staff or volunteers 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. ARELLO® reserves the right to discipline persons who make bad faith, knowingly false complaints, reports or inquiries.
- 3. Where to report: ARELLO® intends for this policy to be used for serious and sensitive issues. Such concerns, including those relating to financial reporting or unethical or illegal conduct may be reported directly to the Chief Executive Officer

(CEO). In the event that an individual's concern rises to the level that they reasonably believe that notice to the CEO will be disregarded or otherwise not fairly considered, the individual may then report violations or suspected violations to the President. ARELLO® will make every effort to treat a complainant's identity with an appropriate regard for confidentiality, with the understanding that the details of complaints may need to be shared with others in order to investigate such complaints properly.

#### POLICY 10

#### CONFERENCE REGISTRATION CANCELLATIONS

All Requests for Cancellation Must Be in Writing.

Cancellation received by midnight 30 days	100% refund
prior to first conference event	
Cancellation received less than 30 days prior,	\$50 cancellation fee
but before midnight on the pre-registration	
deadline	
Cancellation received after the pre-	Refund of 50% of registration fee
registration deadline, but before midnight 4	
business days prior to first conference event	
Cancellation received after midnight 4	No refund
business days prior to first conference event,	
or during or after start of event	

Refunds for cancellations due to an illness, injury, death or emergency will be considered on a case by case basis by the ARELLO® Chief Executive Officer.

# **PROCEDURES**

## PROCEDURE 1

NOMINATION OF OFFICERS, DISTRICT VICE PRESIDENTS AND DIRECTORS Section 1. It shall be the duty of each District Vice President to hold a nominating caucus at a scheduled meeting of the District or during the Annual Conference. The purpose of such caucuses shall be to elect nominate candidates for the offices of the District's Vice President, Directors and an Alternate Director. and, I f desired, President-Elect and Treasurer may be recommended by the District as well. The District shall utilize secret ballots to resolve contested elections.nominations. This list of elected members to the Board of Directors nominees, and any other recommendations the District may vote to make for other ARELLO® offices, shall be submitted to the Chair of the Nominating Committee within one week of their election nomination but in any event or no later than 24 hours prior to the Nominating Committee's scheduled meeting at the Annual Conference, whichever is earlier. When considering candidates for the Board of Directors nominations, Districts should bear in mind the desirability of providing for continuity on the Board of Directors by working to assure that Board candidates possess the ability and willingness to serve the Association and will be committed to attending scheduled meetings. Candidates should be are able to serve more than one year as a Director and that terms of service are should be staggered so that in any given one-year cycle, new Directors may serve alongside some number from their same District who served in the previous cycle. Districts also should bear in mind the desirability of including both appointed officials and agency employees, and the desirability of inquiring whether a candidate's nominee's term of office or employment in his

or her Member Jurisdiction equals or exceeds the term of the office to which such person is being electednominated. Elections contested on the basis of procedure shall immediately be brought to the attention of the President, who may convene and preside over a meeting of the District strictly to resolve the matter and move forward withensure that a list of duly elected members to the Board of Directors and District Vice President is to timely submitted to the Nominating Committee for presentation at the General Assembly meeting.

**Section 2.** The Nominating Committee for the office of President-Elect, Treasurer, District Vice President and Director should consider the following criteria in selecting nominees to the respective offices:

## (1) President-Elect:

- (a) a reasonable assurance that the candidate will be eligible as a <u>Regulatoryn</u> Active-Member as defined in the Association Bylaws for a full year as President-Elect and a full year as President;
- (b) <u>has been an Active-Regulatory Member of the Association for a least four years;</u>
- (c) has served on the Board of Directors for at least two years; and
- (d) has served on a variety of working groups.

#### (2) Treasurer:

- (a) a reasonable assurance that the candidate will be eligible as a <u>Regulatoryn</u> Active-Member as defined in the Association Bylaws for a full year;
- (b) <u>has been a Regulatory n Active Member of the Association for at least</u> three years;
- (c) has served on the Board of Directors for at least one year;
- (d) has served on the Finance Committee for at least two years; and
- (e) has served on a variety of working groups.

# (3) District Vice President:

- (a) a reasonable assurance that the candidate will be eligible as a Regulatoryn Active-Member as defined in the Association Bylaws for a full year;
- (b) <u>has been a Regulatory n Active-</u>Member of the Association for at least two years;
- (c) has served on the Board of Directors for at least one year; and
- (d) has served on a variety of working groups.

## (4) Director:

- (a) a reasonable assurance that the candidate will be eligible as a <u>Regulatory n</u>
   <u>Active</u>-Member as defined in the Association Bylaws for a full year;
- (b) <u>has been a Regulatory n Active</u> Member of the Association for at least two years; and
- (c) has served on a variety of working groups.

Section 3. In the event a District has recommended nominees for the offices to be filled, the caucus shall accept these recommendations unless released by the recommended nominee or obliged to replace a recommended nominee no longer eligible for membership in the Association.

#### **PROCEDURE 2**

#### VOTING

No later than the call to order of the General Assembly, or other business meeting or caucus of all or part of the Member Jurisdictions, each Member Jurisdiction shall identify its voting delegate who shall vote on all matters before the Assembly, business meeting or caucus on behalf of that jurisdiction. Those jurisdictions present shall constitute a quorum. Should a voting delegate become unable to vote at any point during such a meeting, a replacement delegate may be selected by the jurisdiction and ratified by the presiding officer.

#### **PROCEDURE 3**

# APPLICATION FOR MEMBERSHIP

**Section 1.** Applications for membership shall include the name and address of the applicant; the type of membership for which the applicant is applying; the initial fees for the membership; and when the applicant is for Member Jurisdiction-or Allied-Membership, the real estate or related regulatory law of the applicant. Individuals applying for Individual membership shall be required to disclose in their application whether their employment or position with the real estate regulatory agency with which they were affiliated was terminated for reasons relating to their honesty, integrity and good character.

Section 2. The Chief Executive Officer shall review the application for completeness and shall refer each complete Member Jurisdiction, Allied Member and Associate Member application to the Executive Committee. If the application is for an Allied Member or an Associate Member, the Executive Committee shall either accept or deny the applicant's membership. If the applicantion is for Member Jurisdiction status, the Executive Committee then shall determine the eligibility of the applicant and make a recommendation to the Board of Directors for disposition of the application and assignment to a District. The decision of the Board of Directors on these matters shall be final. Any fee paid on an application, which is denied by the Board of Directors, shall be refunded to the applicant.

Section 3. Jurisdictions and individuals who make application and have not been members for a period of three consecutive years immediately prior to applying may prorate their annual dues payment in increments of three-quarters for membership benefits starting between October 1 and December 31, one-half for membership benefits starting between January 1 and March 31, and one-quarter for membership benefits starting between April 1 and June 30 of the fiscal year. Payment must be received by ARELLO® before membership benefits will be available to jurisdictions and individuals who apply under this section.

Section 4. Applications for Affiliate Membership may allow for an individual to apply for membership for an amount to be set by the Board of Directors. Applications for Affiliate Membership may allow for an "institutional" membership, whereby an organization may designate up to seven individual representatives of that entity for membership for an amount equal to five times that of a single Affiliate Membership. Affiliate Membership expires at the end of each Association fiscal year and may be renewed by those in good standing by payment of the new year's fee as set by the Board of Directors.

#### **PROCEDURE 4**

## DUTIES OF THE CHIEF EXECUTIVE OFFICER

Section 1. The Chief Executive Officer shall keep the minutes of all meetings of the Board of Directors and the General Assembly; develop conference programs in coordination with the President; oversee meeting planning functions of the Association as directed by the Board of Directors or Executive Committee; conduct the official correspondence of the Association; collect and disburse all monies of the Association; perform a periodic evaluation of the effectiveness and viability of the Association's various communication vehicles and initiatives; manage, market and develop policies of the Association's database services; assist and support the Board of Directors in strategic planning; assist the General Assembly, the Board of Directors, the Executive Committee and working groups, or an ad hoc subcommittee of any of those groups, by reviewing the Association's governing documents to ensure that they continue to meet the needs of the Association; draft and/or assist the General Assembly, the Board of Directors, the Executive Committee and working groups, or an ad hoc subcommittee of any of those groups, in the drafting of specific language for proposed amendments to the Bylaws and/or Policies and Procedures; and collect and preserve those records and materials of the Association necessary to preserve the history of the Association. The Chief Executive Officer shall post for no less than two years on the Association web site a copy of the Association's audited financial statements for the previous fiscal year within 20 days of their acceptance by the Board of Directors and shall send a message to each Member Jurisdiction, notifying it of the availability of the report, within 10 days of the posting.

Section 2. The Executive Committee shall develop and maintain a current job description for the Chief Executive Officer. The Executive Committee annually shall review the performance and duties of the Chief Executive Officer and make appropriate compensation budget recommendations to the Finance Committee based on that review. The Chief Executive Officer may appeal an adverse personnel action to the Board of Directors.

#### **PROCEDURE 5**

#### WORKING GROUPS

**Section 1.** A working group is any committee, advisory group or forum, as defined in the Bylaws and set forth in the Policies and Procedures or as appointed by the President. A working group or any sub-group thereof may seek the expertise of non-voting, non-ARELLO® members in its deliberations. This Section shall not be construed to prohibit the Chair of a working group from appointing a subgroup(s) of the working group to further the completion of the established charges of the working group.

**Section 2.** Whenever possible, the President-Elect, when taking office as President, should announce the appointments of members to the various working groups within 40 days from the last day of the Annual Conference at which he or she is duly elected and installed no later than January 1 of his or her term of office.

**Section 3.** Working groups of the Association shall undertake to meet all charges outlined in these Policies and Procedures and any other special charges which the President may from time to time assign.

**Section 4.** Working groups may be asked to obtain cost estimates for programs being proposed to the Board of Directors for consideration, including both the projected expenditures and probable revenues. These estimates should be reviewed with the Finance Committee prior to the presentation of the proposed program to the Board of Directors.

**Section 5.** A working group may establish criteria for making awards for outstanding innovations, accomplishments, and programs in its area of responsibility. All criteria established must first be approved by the Board of Directors before implementing such award program. Criteria shall be placed in the Policies and Procedures.

Section 6. Any model law, guidelines, or position regarding the regulation of real estate or any related field that ARELLO® adopts shall be reviewed by the Board of Directors or its designee at appropriate intervals. After such evaluation, the Board should act to change, affirm or abandon each model, position, or set of guidelines or considerations under review. Section 7. <u>Unless otherwise noted in these Procedures</u>, <u>Ww</u>orking group chairs, vice-chairs and members shall serve one-year terms. The President shall appoint each working group chair and members for the term coinciding with his or her term as President. The President-Elect shall appoint each working group vice-chair for the term coinciding with his or her term as President-Elect. The President and President-Elect shall make all appointments for working group chairs and vice-chairs no later than December 1 of the year proceeding his or her term of office. The President-Elect should endeavor to ensure that the person appointed as vice-chair should have previously served as a member of the working group. If for any reason the President-Elect has not appointed any vice-chair position by December 1-within 30 days of taking office, the President shall appoint all such positions left vacant. When appointing working group chairs, each President should give first consideration to individuals who served as vice-chair during the previous term. The President should endeavor to ensure that at least one member of the Board of Directors is appointed to each working group to facilitate communication between each group and the Board. The President shall also appoint the previous year's working group chair as a member of the working group if the previous year's chair is agreeable with the appointment

Section 8. In selecting members to serve on working groups, the President shall consider the qualifications of each member and have a reasonable assurance that the member possesses the ability and willingness to serve and will be committed to attending scheduled meetings in order to assure the working group's goals are achieved. Members shall represent a -variety of ethnic, racial, cultural, and geographic backgrounds to the extent possible. Prior to accepting appointment to a working group, each Member must be willing to make a commitment to participate in committee activities. In case any member of a working group becomes unable or unwilling to provide the commitment necessary to fulfill the working group's duties, that member shall notify the committee leadership and President so a replacement can be named. If the member fails to provide such notice, then working group leadership may petition the President to name a replacement member.

# PROCEDURE 6

#### STANDING COMMITTEES

Section 1. Standing Committees are to meet in conjunction with both meetings of the Board of Directors and at any other time with reasonable notice at the discretion of the Chair. All members of standing committees will sign a conflict of interest statement. In its area of responsibility, a Standing Committee may make recommendations to the Board of Directors and/or the General Assembly for amendments to the Association's governing documents in accordance with the Bylaws and Policies and Procedures.

**Section 2.** The President may direct a Standing Committee to assist the Board of Directors in reviewing and evaluating action items in the committee's area of responsibility. Accordingly, the President should endeavor to appoint to each Standing Committee such Active Regulatory Members (and may name other persons) as may be necessary to reflect the

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diversity of the membership's interests and expertise. The President shall also appoint a member of the Board of Directors to each Standing Committee.

Section 3. The Standing Committees of the Association shall be:

Commission Member Resource

Education Certification

Examination Accreditation

Executive

Fair Housing

Finance

Governance Review

Investigator/Auditor Resource

Law and Regulation

Membership

Nominating

Program

Section 4. The Commission Member Resource Committee shall manage the development and implementation of orientation and training resources for members of real estate regulatory boards, councils and commissions. The committee shall promote the use of the ARELLO® Commissioner Orientation resources for new members and revise as necessary to maintain its relevance in conjunction with other appropriate working groups. The committee shall be given the opportunity to conduct a forum relating to board/commission/council member issues at the Annual Conference.

Section 5. The Education Certification Committee shall promote improving the quality of real estate education through evaluation and certification of education courses and program

Section 5. The Education Certification Committee shall promote improving the quality of real estate education through evaluation and certification of education courses and programs. It shall operate and continually evaluate the ARELLO® Distance Education Certification Program and Content Certification Program, which reviews and may certify course delivery of distance education courses and content of live and distance education courses. Such Programs shall be operated in accordance with the committee's own Policies and Procedures for the Programs. The committee shall administer communication and education awards programs as set forth elsewhere in these Procedures. The committee shall seek to expand utilization of its services to appropriate individuals/institutions outside of ARELLO®. Members of the committee shall be appointed by the President so that each year the total membership of the committee is seven Regulatory Mmembers. The President shall give due consideration to appointing members with diverse backgrounds and reasonable expertise. If the term of a committee member expires or a committee member resigns before the end of the member's term, the President shall appoint a replacement to complete the vacating member's term.

Section 6. The Examination Accreditation Committee shall operate and continually evaluate the ARELLO® Examination Accreditation Program, which reviews and may accredit examination programs used in qualifying candidates for licensure. Such Program shall be operated in accordance with the committee's own Policies and Procedures for the Program as approved by the Board of Directors. The committee shall seek to expand utilization of its services to appropriate individuals/institutions outside of ARELLO®.— Members of the committee shall be appointed by the President so that each year the total membership of the committee is nine members. The committee shall consist of seven Regulatory members, which Members of the committee shall be appointed by the President to three-year staggered terms such that two or three terms expire every year. so that each year the total membership

of the committee is nine members. (For 2012, three members shall be appointed for a oneyear term, two members shall be appointed for a two-year term, and two members for a oneyear term. All subsequent appointments shall be for three-year terms.) -A member can be reappointed to consecutive terms. In appointing these members, the President shall give consideration to representation of jurisdictions that prepare their own examinations and jurisdictions that contract for their examinations to be prepared by professional examination organizations. No more than three members shall represent jurisdictions that use the services of any single professional examination provider as of the time of member appointment. The President shall also give consideration to appointing members with various backgrounds relating to education and licensing, and shall assure that the committee members individually and the committee as a whole possess appropriate expertise to perform the committee's assigned tasks. In this regard, the President shall assure that the committee includes at all times members who possess expertise that is sufficient to enable them to make decisions and determinations based on recommendations of the program administrator and consultants pertaining to submissions from jurisdictions and examination organizations for accreditation of their examination program. Members shall represent a variety of ethnic, racial, cultural, and geographic backgrounds to the extent possible. If the term of a committee member expires and a replacement is not named in a timely fashion, then the member shall continue to serve until a replacement is appointed. If a committee member becomes ineligible for continued service due to termination of his or her ARELLO® membership, the committee shall operate with a vacancy until a replacement is named.

Section 7. The Executive Committee shall operate as set forth in the Bylaws. The Executive Committee shall ensure that the Association maintains a current strategic plan. Section 8. The Fair Housing committee shall monitor developments in the area of discrimination that conflicts with public policy, laws and/or regulations within ARELLO's membership; interface with relevant organizations; and administer related educational programs and resources. The committee shall develop and/or make available to regulators resources to assist with enforcement of housing discrimination laws. The committee may periodically conduct an educational forum or education session at the Annual Conference. Section 9. The Finance Committee shall review the previous year's audited financial report and assist the Executive Committee with the annual audit as needed. The Finance Committee shall work with the Chief Executive Officer to prepare a proposed budget each year to submit to the Board of Directors. The Finance Committee shall recommend to the Board of Directors investment policies and strategies. The Treasurer shall chair the Finance Committee. The Finance Committee shall be comprised of the Treasurer, and six other members of the Board of Directors, which may include Officers, District Vice-Presidents, Directors and/or alternate Directors as part of that number, and two Regulatory Members of the association not serving on the Board of Directors. The six eight other members shall be nominated by the President and ratified at the first meeting of the Board of Directors to be held following the Annual Conference. The President should strive to nominate one Finance Committee member from each of the districts. Section 10. The Governance Review Committee will monitor the Association's bylaws,

Section 10. The Governance Review Committee will monitor the Association's bylaws, policies and procedures to ensure they continue to serve the needs of the organization. The committee will review all proposed changes to the Association's governing documents to ensure proposed verbiage is not in conflict with other provisions of the governing documents and that proposed changes are put in the proper format prior to vote by either

the Board of Directors or the General Assembly. The committee will ensure that required written notice of proposed bylaws changes is given to the membership as set forth in the Bylaws, and that any work group affected by a proposed change to a governing document has had an opportunity to provide input. The committee will not judge the merits of a proposed change unless a recommendation is requested by the President or Executive Committee. Provided, however, the committee will not review program policies of the Education Certification and Examination Accreditation Committees.

Section 1140. The Investigator/Auditor Resource Committee shall manage the development and implementation of training resources in the area of real estate investigations and audits. The committee shall develop a multi-tier credentialing program for investigators and auditors to include appropriate individuals/institutions outside of ARELLO®. The committee shall develop relationships with other related professional organizations to network on regulatory issues. The committee may conduct an educational forum or education session at the Annual Conference.

Section 1214. The Law and Regulation Committee shall monitor state/provincial/territorial and federal legislation and case law. The committee shall monitor real estate trends and regulatory matters affecting the real estate industry, related industries, and the real estate consumer. The committee shall timely communicate to the membership issues of vital interest to regulators. The committee shall work to encourage greater uniformity of legislation, regulation and practice as well as increased recognition of others' licenses among jurisdictions around the world through the committee's activities. The committee shall annually appoint a subcommittee to prepare the report on recent court decisions affecting real estate and its related fields. The subcommittee shall also prepare a written report on recent changes to legislation, regulations and rules affecting real estate and its related fields. Both reports should be made available to the membership on an annual basis. The committee may conduct an educational forum or education session at the Annual Conference.

Section 1312. The Membership Committee's primary objective is to effectively communicate the association's purpose, goals and objectives as outlined in the strategic plan. The committee's activities will focus on the following areas. The President and/or the Membership Committee Chair may appoint a subcommittee chair for each area of activity within the committee's charge. Communication: timely and effective dissemination of information to the membership; develop methods for information exchange among the membership; promote the value of membership in ARELLO®. Outreach: identify and communicate with emerging regulatory structures; provide information on model and existing regulatory programs to emerging regulatory structures; identify and communicate with potential new members and inactive members. Services: On an annual basis, review ARELLO's existing programs and services; make recommendations to the Board of Directors for any necessary changes or additions; on an annual basis, conduct a survey of the membership regarding the need for and effectiveness of the association's products. Participation: prepare an annual report on participation levels in ARELLO® programs; promote continued and new participation in ARELLO® programs.

Section 1413. The Nominating Committee shall solicit the membership for nominees to fill the offices of Treasurer and President-Elect and assure that each District has submitted a complete -list of those elected to complete, qualified list of nominees for District offices and such other recommendations nominations for ARELLO® offices as the District so chooses. The committee shall meet to receive the District reports, to verify the qualifications of candidates and to adopt the committee report. A copy of the Nominating Committee report

shall be promptly posted at the registration desk of the Annual Conference 24 hours before a vote to come before the General Assembly. The President should seek to avoid appointing members to the Nominating Committee who may themselves be candidates for an office for which the committee shall submit a slate of nominees to the Annual Conference. The President shall appoint two members to the Nominating Committee from each District, and may appoint one alternate member from each District to serve in the absence of a regularly appointed member from their District.

**Section 1514.** The Program Committee shall develop the programming for the Annual Conference for consideration by the President and Chief Executive Officer with emphasis on matters of interest to the active membership. The Program Committee shall also be available to assist the CEO with programming for the Mid-Year meeting.

## **PROCEDURE 7**

**FORUMS** 

**Section 1.** The Forums of the Association shall serve as an opportunity for members to discuss issues of mutual interest and concern, as well as industry trends.

**Section 2.** The Forums of the Association shall be:

Administrator

**Affiliate** 

Education Issues

**Section 3.** The Administrator Forum shall serve as an opportunity for administrators to discuss issues and concerns involved in the administration of a regulatory agency and to share ideas and solutions to regulatory challenges. The forum shall work to encourage greater uniformity of legislation, regulation and practice as well as increased recognition of others' licenses among jurisdictions around the world through the forum's activities. The forum shall be scheduled at both the Mid-Year meeting and the Annual Conference and the program may involve opportunities for education and/or training. The President shall appoint two individuals to facilitate the forum and ensure there is a structured agenda or program.

Section 4. The Affiliate Forum shall serve as an opportunity for Affiliate members to discuss issues of mutual interest and concern. The forum may provide information to the Board of Directors on issues and trends in real estate and related industries. The forum may also serve as a venue for discussion of how individuals and organizations in real estate related industries may become involved in ARELLO® for mutual benefit and to enhance public protection. The President shall appoint an individual to facilitate the forum and ensure there is a structured agenda or program.

**Section 5.** The Education Issues Forum shall serve as an opportunity for discussion and evaluation of the current status and trends in real estate education. The forum may submit topic areas to the Program Committee for consideration in scheduling education sessions at the Annual Conference. The President shall appoint an individual to facilitate the forum and ensure there is a structured agenda or program.

## **PROCEDURE 8**

ADVISORY GROUPS

**Section 1.** Advisory Groups are established to provide avenues of useful input from non-regulators to regulator members of the Association. The President shall make appointments to Advisory Groups. Advisory Groups are to meet in a format (live, online or otherwise) at the pleasure and direction of the Advisory Group's leadership and membership and within

the constraints imposed by the Association's budget policies for each Advisory Group. Preference should be given to members of the Association (full, Affiliate<del>, Allied, Associate, Individual</del> and Emeritus) when appointments are made. Advisory Group activities should be planned and undertaken in consultation with the President. Advisory Groups shall have a chair appointed by the President, and a vice chair appointed by the President-Elect. In its area of responsibility, an Advisory Group may make recommendations for items to consider to the Board of Directors.

Section 2. The Advisory Groups of the Association shall be:

Appraisal
Auction
Home Inspection
Mortgage
Real Estate Practices
Timeshare

**Section 3.** The Appraisal Advisory Group should ensure adequate communication between the Association and other entities involved in appraisal activities and regulation. The advisory group should respond to and consider policy recommendations concerning appraisal issues and make appropriate, corresponding recommendations to the Board of Directors. The group may conduct, as necessary, in coordination with the Chief Executive Officer, and the Program Committee an "regulatory roundtable" or educational-session on real estate appraisal issues to be held in conjunction with the Annual Conference.

Section 4. The Auction Advisory Group should ensure adequate communication between the Association and other entities involved in auction activities and regulation. The advisory group should respond to and consider policy recommendations concerning auction issues and make appropriate, corresponding recommendations to the Board of Directors. The group may conducts, as necessary, in coordination with the Chief Executive Officer, a "regulatory roundtable" or -educational program on real estate auction issues to be held in conjunction with the Annual Conference.

Section 5. The Home Inspection Advisory Group should ensure adequate communication between the Association and other entities involved in home inspection activities and regulation. The advisory group should respond to and consider policy recommendations concerning home inspection issues and make appropriate, corresponding recommendations to the Board of Directors. The group may conduct, as necessary, in coordination with the chief Executive Officer, a "regulatory roundtable" or educational program on home inspection issues to be held in conjunction with the Annual Conference.

Section 6. The Mortgage Advisory Group should ensure adequate communication between the Association and other entities involved in mortgage brokerage/lending activities and regulation. The advisory group should respond to and consider policy recommendations concerning mortgage brokerage/lending issues and make appropriate, corresponding recommendations to the Board of Directors. The group may conduct, as necessary, in coordination with the chief Executive Officer, a "regulatory roundtable" or educational program on mortgage brokerage/lending issues to be held in conjunction with the Annual Conference.

**Section 7.** The Real Estate Practices Advisory Group should ensure adequate communication between the Association and other entities involved in real estate. The advisory group should monitor new developments in real estate practice and share such information with member jurisdictions. The advisory group should respond to and consider

policy recommendations concerning real estate practice issues and make appropriate, corresponding recommendations to the Board of Directors. The group may conduct, as necessary, in coordination with the Chief Executive Officer, a "regulatory roundtable" or educational program on real estate practice issues to be held in conjunction with the Annual Conference.

Section 8. The Timeshare Advisory Group should ensure adequate coordination and communication between the Association and other entities involved in timeshare activities and regulation. The advisory group should respond to and consider policy recommendations concerning timeshare issues/products and make appropriate, corresponding recommendations to the Board of Directors. The advisory group shall work to maintain, update and promote any models, positions or other resources relating to timeshare that have been approved by the Board of Directors. The advisory group shall explore initiatives designed to promote uniformity, standardization and/or recognition relating to timeshares among regulatory jurisdictions. The group may conduct, as necessary, in coordination with the Chief Executive Officer, a "regulatory roundtable" or educational program on timeshare issues to be held in conjunction with the Annual Conference.

#### **PROCEDURE 9**

#### GENERAL MEETING PROCEDURES

**Section 1.** The ARELLO® President shall send an official letter to each Member Jurisdiction no fewer than 90 days before each meeting of the Board of Directors to encourage participation and assist jurisdictions in securing approval for funding to attend by outlining valuable components of the conference program.

Section 2. Revenue and expenses for Association meetings should be managed in such ways as to make every effort to cover costs of producing a set of events that meets Association goals for such meetings, including budgeted net revenue goals. Members serving as prog advisors, Finance Committee members, Directors and staff shall not set fees and plan expenses for Gguest registrants fees will not be set in such a way to attempt to derive surplus net revenue from their registration fees. The Chief Executive Officer shall be authorized to establish per-event registration fees for non-registered guests if the Chief Executive Officer deems such a system practical for any particular meeting. There shall be no refund of conference registration fees for any registrant or guest for non-attendance when such refund request is received after the end of the fiscal year in which the meeting occurred. Section 3. All working groups, including the Board of Directors, may utilize a "consent agenda" as a method for making the best use of in-person meeting opportunities by minimizing the time spent on administrative matters and maximizing the time available for meaningful discussion. The presiding officer may place agenda items that are noncontroversial and/or of a routine nature together on the consent agenda for the group to consider as one, single action item. Upon presentation of the consent agenda, any voting member of that particular body may remove any item from the consent agenda and move it to the regular agenda by notifying the presiding officer of his or her desire to do so. The presiding officer must allow an opportunity for any voting member to do so before calling for a vote to approve the consent agenda. The need to ask for clarification or basic questions should not automatically necessitate the transfer of an item from the consent agenda to the regular agenda. However, if a voting member has substantial questions about an item and/or feels an individual debate on an item is necessary, he or she should act to move it from the consent agenda to the regular agenda. Approval of the motion to approve the consent

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agenda shall be fully equivalent to approval, adoption or enactment of each motion exactly as if each had been acted upon individually.

## **PROCEDURE 10**

#### **SPONSORSHIPS**

Section 1. The Chief Executive Officer, any District Vice President, or any other authorized ARELLO® representative shall include a disclaimer statement in any and all communication regarding the possible solicitation and/or acceptance of any funds, goods, or services in support of an ARELLO® activity and shall include on all agendas or program documents for all ARELLO® conferences and meetings where a vendor or regulated entity contributes any kind of support, the following statement: "Sponsorship of activities by vendors or regulated entities at this conference or meeting shall not be construed as an endorsement by ARELLO® or its Member Jurisdictions of the sponsoring entity or of the products, services, policies or positions. The sponsorship is not intended by the vendor or regulated entity, nor should it be construed by anyone, to influence the decisions of ARELLO® or its Member Jurisdictions and their representatives."

**Section 2.** The Chief Executive Officer, any District Vice President, or any other authorized ARELLO® program organizer shall specifically, in the most economical and conspicuous manner, denote at all conferences and meetings of ARELLO® those activities or portions of activities that are sponsored or supported by a vendor(s) or a regulated entity(ies).

## **PROCEDURE 11**

## ANNUAL CONFERENCE

After considering recommendations from the Chief Executive Officer, the Board of Directors shall select the time and place for the Annual Conference of the Association as provided for in the Bylaws. The Board of Directors should endeavor to assure that the location of the Annual Conference rotates among the Districts of the Association.

#### **PROCEDURE 12**

#### OTHER BOARD MEETINGS

After considering recommendations from the Chief Executive Officer, the Board of Directors shall select the time and place for a second yearly meeting of the Board of Directors and selected working groups. The Board of Directors should endeavor to assure that the location of this additional meeting also rotates among the Districts of the Association. Additional meetings of the Board of Directors may be called as set forth in the Bylaws.

## **PROCEDURE 13**

# DISTRICT MEETINGS

**Section 1.** The requirements listed in this section shall apply to any meeting or portion of a conference where any number of ARELLO® jurisdictions propose official action for the Association in the name of the District, including, but not limited to, the election of District representatives for official ARELLO® positions, the nomination and/or endorsement of persons for ARELLO® officer positions, the recommendation of changes to the Association's governing documents, or the recommendation of a policy statement for

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adoption by ARELLO<sup>®</sup>. Minutes shall be kept at such District conferences and copies shall be forwarded to the President and Chief Executive Officer of the Association. <u>ARELLO'S Simple Rules of Procedure for Occupational Licensing Agencies</u>, *The Standard Code of Parliamentary Procedure* by Alice Sturgis, latest edition, shall prevail at such District conferences and meetings in the absence of specific guidance in the Bylaws. Any items requiring a vote at a District meeting shall be voted on by the voting delegate of each Member Jurisdiction. The selection of voting delegates shall be the same as previously set forth in the Bylaws and Policies and Procedures. Only votes in contested elections shall be by secret ballot by the voting delegates.

Section 2. The planning of any District conference shall be the responsibility of the District's Vice President in consultation with the Chief Executive Officer. In planning such conferences, the District Vice President and the Chief Executive Officer shall: (1) avoid committing to have speakers and/or events whose cost cannot be canceled without paying more than a nominal cost or whose costs exceed advances allowed by this section for planning the conference; (2) open a special bank account for the conference as approved by the Chief Executive Officer for deposit of all receipts and any funds advanced by the Association, which shall not exceed US\$1,500.00; (3) at least 60 days prior to the conference, create a proposed budget and program for the conference, which includes estimated costs for program participants, meeting space, meals, receptions, and other incidentals; (4) base the proposed conference budget on the average number of participants at preceding conferences held in the District; (5) set a registration fee which can reasonably be expected to cover all budgeted expenses; and (6) rely on the organization's past experiences and any current data available in determining attendance guarantees for meals and other events whose costs are included in registration fees.

Section 3. Whenever a District elects to hold a conference for which members will be charged a registration fee to defray the expenses of the conference, the District Vice President shall cause a full and complete accounting of all receipts and expenditures to be made for the conference. The format shall be as determined by the Finance Committee. Copies of the report shall be forwarded to each jurisdiction participating in the conference, to the Executive Committee and to the Chief Executive Officer of the Association within 60 days of the conclusion of the conference. Any receipts not expended at the conference shall be forwarded with a report to the Chief Executive Officer who shall maintain those funds in an account owned by the Association for use as determined by the Board of Directors. Section 4. The President, President-Elect and Chief Executive Officer shall represent the Association at each District conference, if possible.

# PROCEDURE 14

TRAVEL

**Section 1.** The Association recognizes that in-person interaction is one of the most effective ways to develop and maintain relationships, to communicate information, to learn about others and to participate in the policy-making process. Thus, the Board of Directors shall set aside a portion of its operating budget each year to ensure that Association representatives have the means to further the association's strategic and management objectives through activities that may require expenditures for travel costs, registration fees and other related expenses.

**Section 2.** The Association, preferably through District conference revenue, shall budget for and pay the reasonable expenses of the President, President-Elect and the Chief Executive Officer to attend District conferences. The President may also authorize expenses to be paid

for an Association representative or representatives to attend other regulation-related gatherings developed by ARELLO® members and/or potential members as the President deems appropriate to further the Association's objectives.

Section 3. The Association shall budget for and pay the reasonable expenses of Association representatives to participate in activities not organized by ARELLO® members or potential members, where such activities advance the Association's objectives. The Chief Executive Officer may provide a list of known potential activities and cost estimates as part of the annual budgeting process and advise the President of other opportunities as they become known. The President, in consultation with the Chief Executive Officer, shall designate participants and authorize participation for those activities that are set to occur during his or her term. The President-Elect shall do likewise for those that are set to take place during the next term.

**Section 4.** The Association shall budget for and pay the reasonable expenses of Association member representatives to travel for the purpose of managing the association and its programs as the Chief Executive Officer deems appropriate to further the Association's objectives. The Association shall budget for and pay the reasonable expenses of the Chief Executive Officer and other non-volunteers to travel for the purpose of managing the association and its programs and for professional development as the Chief Executive Officer deems appropriate to further the Association's objectives.

**Section 5.** Decisions regarding travel should be made with consideration for their financial impact. The expenses for travel must not exceed the amounts approved in the appropriate line item(s) in the Association's overall budget, unless such additional expenditures are authorized by vote of the Executive Committee.

## **PROCEDURE 15**

BUDGET

**Section 1.** The Board of Directors shall adopt an annual budget based on a fiscal year of July 1 through June 30. A schedule of fees should be adopted along with each budget.

**Section 2.** The Chief Executive Officer shall manage expenditures so that the total of all expenditures does not exceed the total dollar amount budgeted for expenses each fiscal year. The Chief Executive Officer may not exceed budgeted limits for an expense line item by more than 10 percent, except for personnel services line items, which may not be exceeded by any amount.

Section 3. Should circumstances make budgeted limits for expenses or budgeted goals for income unmanageable, the Executive Committee shall make appropriate recommendations to the Board of Directors. The Executive Committee may transfer funds up to US\$10,000.00 within budgeted categories and may create new budget categories up to that amount to allow for the expenditure of funds for any projects or expenses not envisioned at the time of the approval of the annual budget.

Section 4. Any request for financial information not already routinely distributed, and/or any request for financial information presented in greater detail than already routinely made available to members shall go before the Executive Committee for consideration. The Executive Committee will assess the request toward the accomplishment of the Association's objectives and priorities, as well as the administrative burden of researching and preparing such information, and will approve or deny any such request(s) on the basis of those factors.

# **PROCEDURE 16**

## OPERATING, RESERVE AND OTHER FUNDS

Section 1. The Board of Directors may adopt policies for the holding and/or investment of Association monies, including operating funds, reserve funds, "research and education" grant funds and "endowment" funds. The Board should see that these policies are reviewed periodically to ensure that they are appropriate for the Association's needs and the financial marketplace of the time. The Chief Executive Officer shall be authorized to place Association monies in accordance with these policies, and the Board shall designate the Treasurer or other officer or Board member to fulfill those duties if the position of Chief Executive Officer is vacant or if he or she is unable to complete his or her duties. Section 2. The Chief Executive Officer shall assess the cash-flow cycles of Association business and identify various segments of Association funds as "operating funds" and "reserve funds" for the purposes of selecting the appropriate method of stewardship for the funds in accordance with adopted policies. The Association should endeavor to accumulate and maintain fund balances (to include operating funds and reserve funds) using as a benchmark the average of the previous three fiscal years' expenses in order to withstand unforeseen budget shortfalls, provide start-up capital, to allow for replacement of furniture and equipment and/or to weather any other emergency need for funds. The Association should endeavor to build reserve funds beyond that amount to capitalize the Association in order to ensure a stream of income from investments, which will help fund Association programs and services beyond current membership dues and other income sources.

## **PROCEDURE 17**

## EDUCATION AND RESEARCH FUND

Funds may be set aside from general operating funds into a separate, interest-bearing account called the "Education and Research Fund." The account shall exist to make funds available for educational research, course development, educational offerings, materials or for other education-related projects as approved by the Board of Directors. No expenditure shall be authorized from this Fund for general operating expenses. Before expenditures are authorized from the Fund, strong consideration should be given to the uniform applicability and benefit to all Member Jurisdictions. Consideration also should be given to the revenue potential of such projects. Contributions to the Fund may be made at any time by Member Jurisdictions or by the Board of Directors from general operating funds.

# **PROCEDURE 18**

## ENDOWMENT FUND

**Section 1.** The Association may establish a fund separate from general operating funds and the Education and Research Fund known as the "Robert W. Semenow Real Estate Policy Resource Endowment Fund."

Section 2. The Endowment Fund's purpose is to help enable the Association to research real estate law and policy issues and to participate with the appropriate organizations in discussions of real estate regulation. The Endowment Fund shall exist to provide a growing and continuous flow of funds to the Association to support the current programs and to allow expanded services and outreach -- through funding of meetings, travel, materials, research and staff or consultant assistance -- while reducing the Association's reliance on dues revenue and surplus income from its various meetings.

**Section 3.** The Endowment Fund shall contribute one-half of all interest, dividends or other gains on its principal to the general operating budget of the Association. All other interest, dividends or other gains on its principal shall remain in the Endowment Fund to ensure that

the Endowment Fund grows. All withdrawals from the Endowment Fund shall go directly to the general operating budget, and no grants or loans should be made from the Endowment Fund, except by special emergency action by a two-thirds vote of the Board of Directors. Direct deposits to the Endowment Fund unrelated to interest or a dividend on the principal shall be added only to the principal, and not split between the Endowment Fund and the general operating budget of the Association.

Section 4. The Endowment Fund may solicit and accept contributions from any ARELLO® member jurisdiction or any non-member organization. Member donations may be made as jurisdictions or individuals choose, or may be added to annual dues invoices as directed by member jurisdictions. Non-member individuals or organizations may contribute to the Endowment Fund with the understanding that such contribution is not intended by the vendor or regulated entity, nor should it be construed by anyone, to influence the decisions of ARELLO® or its member jurisdictions and their representatives and shall not be made in exchange for any consideration of any kind other than the benefit that consumers and the real estate industry might receive through increased ARELLO® participation in research, discussion and establishment of policy. The Association may recognize donors in an appropriate manner and encourage contributions from any individual or entity.

#### **PROCEDURE 19**

HIRING OF LEGAL COUNSEL

**Section 1.** Upon an affirmative vote of two-thirds of the quorum of the Board of Directors, legal counsel may be employed to handle a specific legal problem confronting the Association, provided said employment contract is set forth in written form; except that the Chief Executive Officer, with approval of the Executive Committee may hire legal counsel to represent the Association in unforeseen or emergency situations. Any such action shall be reported to the Board of Directors at its next meeting.

**Section 2.** The Chief Executive Officer may seek legal counsel on various administrative and planning issues at any time throughout the year, as the Chief Executive Officer deems necessary and as the current year's budget allocation for legal services permits.

**Section 3**. The Board of Directors may authorize the Association's entering a pending court case as *amicus curiae* if the following conditions are met:

- 1. the issue litigated affects at least five of the Association's Member Jurisdictions;
- 2. the case is on appeal from the initial stage;
- 3. the jurisdiction(s) requesting the Association's support agree(s) to pay a portion of the expenses for preparing a brief and for appearing for oral arguments;
- 4. a government attorney prepares the brief, represents the Association, and is paid a token remuneration; and any private attorney who consults with the Association on the brief does not officially represent the Association.

### **PROCEDURE 20**

SPOKESPERSON FOR THE ASSOCIATION

**Section 1.** No member, person, or group of members or persons, except the President, the President's designee, or the Chief Executive Officer shall represent or speak for as having the endorsement of the Association.

**Section 2.** Upon an affirmative vote of three-fourths of the Executive Committee, the Executive Committee, may between meetings of the Board of Directors, take positions on issues related to license law or regulatory law matters. If such positions are publicized, they

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must clearly indicate that the position represents only the views of the Executive Committee and the date on which the Board of Directors will review that position.

**Section 3.** Any Active-Regulatory Member of the Association may, at any time, petition the Executive Committee or the Board of Directors to take a position on real estate license law and regulatory matters by making a written request reciting the position desired and the rationale for the position. Such written request shall be delivered to the Chief Executive Officer who shall promptly distribute said request to the appropriate parties, including all Member Jurisdictions.

#### **PROCEDURE 21**

#### COMMUNICATION AWARDS

Section 1. When reviewing the current status of real estate regulation within ARELLO® Member Jurisdictions, specific communication-delivery systems emerge as being worthy of recognition. The purpose of the communication systems recognition awards program is (1) to recognize on an annual basis outstanding communication systems that contribute to the real estate industry and promote the protection of the public, and (2) to increase the awareness of other Member Jurisdictions to outstanding communication systems that might be adapted on behalf of that jurisdiction's own licensees and members of the public.

Section 2. The Chair of the Education Certification Committee shall appoint a Chair of an awards subcommittee to administer this Procedure, and may utilize the same subcommittee to evaluate both communication and education award submissions. The subcommittee will review submissions for the awards and will make the final determination as to who may receive the awards based on the criteria established in these Policies and Procedures. Awards may be presented at the Annual Conference.

**Section 3.** Communication awards may be awarded in the following categories:

- I. Newsletters
- II. Web Sites

If it is determined that a submission would be more appropriately considered under a different category than that under which it is submitted, the subcommittee Chair, upon obtaining approval from the Chair of the Education Certification Committee, may recategorize the submission accordingly.

**Section 4.** Submission for awards will be evaluated on the basis of the following criteria: (a) Program design - Has a need been identified? Is the communication tool designed to effectively meet clearly identified goals? Is the communication tool timely and current in concept? Is the tool organized in a user-friendly manner? Does the tool enhance the professional image of the regulatory body?

- (b) Communication System Standards Have effective methods of quality control been established? Are appropriate gathering/verification methods utilized? Are the rights of the individual respected?
- (c) Innovation Does the program involve the effective use of innovative technology or construction in communicating? Was the program creative in its concept? Are the aesthetics of the tool complementary or distracting?
- (d) Resources Does the program make effective and efficient use of available funds, personnel and other resources? Do the benefits justify the costs incurred?
- (e) Benefit How did the program benefit the target group? Were the goals of the program realized? How was the effectiveness of the program evaluated?

**Section 5.** No less than 90 calendar days before the start of the Annual Conference, the Chair of the Education Certification Committee or his or her appointee will send a letter to

all ARELLO® jurisdictions soliciting submissions for communication systems awards in the above-mentioned categories. Any authorized person from the jurisdiction may submit a narrative, consisting of no more than four single-spaced, typed pages, describing the communication system in relation to the outlined criteria. Inasmuch as the judges rely heavily on the jurisdiction's description of the program, great emphasis will be placed on the narrative for judging the awards. The submission must be made by a date established by the Chair or his or her appointee. If the jurisdiction considers it appropriate to submit a sample of the described submission (newsletter, etc.) or other supporting materials, sufficient copies must be provided for all subcommittee members plus one for ARELLO® files. Web site entries must include the web site address and any necessary password(s) for access by subcommittee members.

**Section 6.** A jurisdiction may submit for and receive awards in more than one category each year.

**Section 7.** Eligibility and scoring procedures for communication awards shall be the same as those followed for the education awards.

#### **PROCEDURE 22**

#### **EDUCATION AWARDS**

Section 1. When reviewing the current status of real estate education within ARELLO® Member Jurisdictions, specific educational programs emerge as being worthy of recognition. The purpose of the education recognition awards program is (1) to recognize on an annual basis outstanding educational programs that contribute to the real estate industry and promote the protection of the public, and (2) to increase the awareness of other Member Jurisdictions to outstanding educational programs that might be adapted on behalf of that jurisdiction's own licensees and members of the public.

Section 2. The Chair of the Education Certification Committee shall appoint an awards subcommittee consisting of five members. The subcommittee will review submissions for the awards and will make the final determination as to who may receive the awards based on the criteria established in these Policies and Procedures. Awards may be presented at the Annual Conference.

**Section 3.** Awards may be awarded in the following categories:

- I. Pre-licensing Education Program or Course (May be the entire program or a particular pre-licensing course.)
- II. Post-licensing/Continuing Education Course (A single course or seminar that may be recurring, non-recurring, mandatory or voluntary.)
- III. Post-Licensing/Continuing Education Program (Overall program or a series of courses that may include either mandatory or voluntary education or both.)
- IV. Consumer Education Program or Course
- V. Total Education Program (Submission must address, at a minimum, the jurisdiction's prelicensing and post-licensing/continuing education programs to be considered in this category.)
- VI. Miscellaneous (Videos, books, series of educational brochures, instructor development training programs, instructor newsletters, etc. that do not fall within another category and that are not eligible for some other ARELLO® award.)
- If it is determined that a submission would be more appropriately considered under a different category than that under which it is submitted, the subcommittee Chair, upon obtaining approval from the Chair of the Education Certification Committee, may recategorize the submission accordingly.

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- **Section 4.** An awards submission will be evaluated on the basis of the following criteria: (a) Program Concept How well is the program concept supported by clearly identified educational needs and goals? Is the information being conveyed appropriate for the target audience? Is the program timely and current in concept? Is the program especially creative in concept?
- (b) Program Methodology How well does the program's design and method of delivery/presentation contribute to accomplishment of the program's goals? How well does the program's design utilize generally accepted methodology for effective instructional delivery? Does the program effectively utilize innovative instructional methods?
- (c) Program Quality Is the information accurate and complete? Is the information presented in a logical and well-organized manner? How well does the program's design assure consistency in the presentation of information? Are the educational materials of high quality? Does the program utilize effective methods of quality control?
- (d) Program Resources Has the submitting ARELLO® agency committed significant resources (personnel or funds) to the program? Does the program make effective and efficient use of available funds, personnel and other resources? Do the program's benefits justify the resources committed?
- (e) Program Benefit How does the program benefit the target audience? How many persons (and what proportion of the target audience) have benefited or will benefit from the program? How effective has the program been in accomplishing program goals? How is such effectiveness evaluated?

Section 5. No less than 90 calendar days before the start of the Annual Conference, the Chair of the Education Certification Committee or his or her appointee will solicit from all ARELLO® jurisdictions submissions for education awards in the above-mentioned categories. Any authorized person from the jurisdiction may submit a narrative, consisting of no more than four single-spaced, typed pages, describing the education program in relation to the outlined criteria. Each of the evaluation criteria should be clearly and separately addressed in the narrative. Inasmuch as the judges rely heavily on the jurisdiction's description of the program, great emphasis will be placed on the narrative for judging the awards. The submission must be made by a date established by the Chair or his or her appointee. If the jurisdiction considers it appropriate to submit a sample of the described submission (course materials, booklet, videotape, etc.) or other supporting materials, sufficient copies must be provided for all subcommittee members, the Education Certification Committee Chair plus one for ARELLO® files (a total of seven copies). Section 6. The subcommittee and the subcommittee Chair will vote on each award submission. A subcommittee member may not vote on any of the submissions in a particular category if his or her jurisdiction has submitted for an award in that category. Should there be less than the full number of subcommittee members required to be on the subcommittee in Section 2 of this Procedure eligible to vote, the Chair of the Education Certification Committee will either vote or designate another Committee member(s) to vote in order to assure that the full number of members vote in each category. A submission can receive a maximum of 50 points from each subcommittee member, with each of the five criteria being judged on a basis of one to 10 points. The points awarded by each subcommittee member will be averaged to determine the award recipient. A minimum average of 35 points must be received for a submission to be considered award worthy. There will be only one award made in each category per year unless there is a tie score or multiple submissions have an average score of 45 points or higher. A difference in average points of less than one point shall be considered a tie score. More than one award can be made by the subcommittee in

the category of "Miscellaneous." A jurisdiction may submit for and receive awards in more than one category each year. A jurisdiction may not receive an award in the same category for the same program more than once in any three-year period, even if the program has been significantly changed.

**Section 7.** Amendments to this Procedure maybe proposed by a majority vote of the members of the Education Certification Committee present at the Mid\_Year meeting or Annual Conference. Amendments must then be approved by the Board of Directors of the Association prior to implementation.

#### **PROCEDURE 23**

#### INVESTIGATOR RESOURCE COMMITTEE

Section 1. The ARELLO® Board of Directors shall be the policy making body for the Investigator/Auditor Resource Committee. The Investigator/Auditor Resource Committee (hereinafter referred to in this Procedure as the "Committee") shall be responsible for adopting guidelines for development and implementation of investigator/auditor training programs, and for developing training materials. The Committee shall administer the program in cooperation with the Chief Executive Officer.

Section 2. The President shall appoint the committee, consisting of nine voting members. The President shall give consideration to member background to ensure that the committee possesses appropriate expertise to perform assigned tasks. If possible, a minimum of five committee members shall be actively involved in conducting or supervising the conducting of audits and investigations. All committee members must be active ARELLO® members. Each committee member shall serve a one-year term or until termination of ARELLO® membership, whichever comes first. A committee member whose term has expired may continue to serve until a replacement is appointed. Committee members and officers may be reappointed. The committee shall meet at such times as may be required to conduct the business of the committee.

**Section 3.** In addition to the nine appointed voting members as provided for in Section 2, the President may appoint additional voting members to a one-year term to coincide with the President's term of office.

**Section 4.** The committee may utilize the contributions of any person or company to develop training materials. Any materials developed for use by the committee shall remain the property of ARELLO<sup>®</sup>. Individuals who contribute in any way to the development of materials shall assign any copyright ownership of those materials to ARELLO<sup>®</sup>.

#### **PROCEDURE 24**

## INVESTIGATOR OF THE YEAR AWARD

**Section 1.** The Investigator/Auditor Resource Committee may select as "Investigator of the Year" one auditor or investigator who is currently serving an ARELLO® Member Jurisdiction based on the guidelines within this Procedure.

**Section 2.** The Chair of the Investigator/Auditor Resource Committee shall appoint an awards subcommittee consisting of at least three members of the committee, which will serve for one year. The subcommittee will review submissions for the award and will make the final determination as to who may receive the award based on the criteria established herein. The award may be presented at the Annual Conference or at any other ARELLO® conference the subcommittee and the Chair may select.

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Section 3. Submission for the award will be evaluated on the basis of the following criteria:

- (a) Audit/Investigative Techniques
- (b) Innovation
- (c) Use of Resources
- (d) Jurisdictional Violations Discovered
- (e) Complexity of Case
- (f) Documentation of Evidence
- (g) Interview Skills
- (h) Creativity
- (i) Report Writing Skills

**Section 4.** An award selected by the Chief Executive Officer shall be presented to the honoree and a certificate to the "runner up" if the subcommittee designates such in any given year.

## **PROCEDURE 25**

BASIC INVESTIGATOR TRAINING PROGRAM The Investigator/Auditor Resource Committee may develop a basic program for the purpose of training new real estate investigators and compliance auditors. This program will consist of a Real Estate Investigator Training Manual to facilitate self-study under the supervision of a supervisor or may utilize other formats and/or materials appropriate for training.

## **PROCEDURE 26**

## INVESTIGATOR WORKSHOP

The Investigator/Auditor Resource Committee may also develop a workshop for the purpose of developing real estate auditors'/investigators' knowledge, skills and techniques. Such workshop shall be conducted at a location to be determined by the Committee Chair in conjunction with the Chief Executive Officer. A registration fee shall be charged as set by the ARELLO® Board of Directors. The Chief Executive Officer, in consultation with the Chair of the Investigator/Auditor Resource Committee, may provide for a discount of the registration fee to any jurisdiction for volume participation in a workshop.

# PROCEDURE 27

# CERTIFIED REAL ESTATE INVESTIGATOR DESIGNATION

**Section 1.** The Investigator/Auditor Resource Committee may grant the designation of "Certified Real Estate Investigator" (CREI) to a real estate auditor/investigator or any other enforcement personnel who currently serve an ARELLO® Member Jurisdiction and who meet the requirements set forth within this Procedure.

**Section 2.** CREI applicants must forward the following to ARELLO® headquarters to the attention of the current Chair of the Investigator/Auditor Resource Committee:

- (a) A statement from the applicant's supervisor that the applicant has accumulated one year's experience in real estate compliance auditing and/or real estate investigating;
- (b) A statement from the applicant's supervisor that the applicant has completed the ARELLO® Basic Investigator Training Program to the satisfaction of that supervisor, or has completed the NCIT Basic Program of the Council of Licensure, Enforcement and Regulation;
- (c) A statement from the applicant's supervisor that the applicant has completed 50 real estate compliance audits and/or investigations;
- (d) Proof of attendance at an ARELLO® Investigator Workshop;

- (e) Appropriate documentation of an actual real estate compliance audit/investigation that the applicant performed that would demonstrate the applicant's ability as an auditor/investigator; and
- (f) Payment of the certification fee as set forth by the ARELLO® Board of Directors. **Section 3.** The Chair of the Investigator/Auditor Resource Committee shall review the application materials and utilize such other members of the Committee as he or she sees fit to assist in that review. The Chair may request additional information from the applicant, if necessary. The Chair would then either direct the Chief Executive Officer to grant certification with a letter and certificate, or notify the applicant of a denied application once the review process was complete.

**Section 4.** The Investigator/Auditor Resource Committee may grant the designation of "Senior Certified Real Estate Investigator" (SCREI) to a real estate auditor/investigator or any other enforcement personnel who currently serve an ARELLO® member jurisdiction and who meet the requirements set forth within this procedure.

**Section 5.** Senior CREI applicants must forward the following to ARELLO® headquarters to the attention of the current Chair of the Investigator/Auditor Resource Committee.

- a) A statement from the applicant's supervisor that the applicant has accumulated five year's experience in real estate compliance auditing and/or real estate investigating and that the applicant has testified before the jurisdiction's governing body or an administrative tribunal.
- b) Proof that applicant has obtained the CREI designation.
- Proof of completion of the NCIT Basic and Advanced Programs of the Council of Licensure, Enforcement and Regulation.
- d) Payment of the certification fee as set forth by the ARELLO<sup>®</sup> Board of Directors. **Section 6.** The Chair of the Investigator/Auditor Resource Committee shall follow the procedures in Section 3 of this procedure to grant or deny the Senior CREI<sup>22</sup> designation.

# **PROCEDURE 28**

#### FAIR HOUSING AWARDS

**Section 1.** The purpose of the Fair Housing Awards program is: (1) to recognize outstanding fair housing programs that benefit the real estate industry in the promotion of, and compliance with, fair housing; (2) to increase the awareness of outstanding fair housing programs; and (3) protect the public through honoring and promoting excellence in fair housing education programs.

Section 2. The Chair of the Fair Housing Committee shall appoint a Chair of an awards subcommittee and shall appoint one Committee member from each ARELLO® District to form a subcommittee, which will serve for one year. If subcommittee membership absolutely cannot include a member of each District then the Fair Housing Committee Chair shall appoint members to include the greatest representation possible. The subcommittee will review submissions for the awards and will make the final determination as to who may receive the awards based on the criteria established in these Policies and Procedures. Awards may be presented at the Annual Conference.

**Section 3.** Awards may be presented to members and non-members in the following categories:

- I. Pre-licensing Education (includes non-recurring education required within the first three years after licensing)
- II. Post-licensing Education (non-recurring, voluntary)
- III. Continuing Education (mandatory)

IV. Consumer Education

V. Research

VI. Instructor Development Education

VII. Total Education Program

VIII. Miscellaneous (videos, books, etc.)

If it is determined that a submission would be more appropriately considered under a different category than that under which it is submitted, the subcommittee Chair, upon obtaining approval from the Chair of the Fair Housing Committee, may re-categorize the submission accordingly.

**Section 4.** Submission for awards will be evaluated on the basis of the following criteria: (a) Program design - Has a need been identified? Is the program designed to effectively meet clearly identified goals? Is the program timely and current in concept?

- (b) Program Standards Have effective methods of quality control been established? Are appropriate instructional/research methods and materials utilized?
- (c) Innovation Does the program involve the effective use of innovative technology or methods in instruction, communications or delivery? Was the program creative in its concept?
- (d) Resources Does the program make effective and efficient use of available funds, personnel and other resources? Do the benefits justify the costs incurred?
- (e) Benefit How did the program benefit the target group? Were the goals of the program realized? How was the effectiveness of the program evaluated? Section 5. No less than 90 calendar days before the start of the Annual Conference, the

Chair of the Fair Housing Committee or his or her appointee will send a letter to all ARELLO® jurisdictions and interested parties, soliciting submissions for fair housing awards in the above-mentioned categories. Any authorized candidate may submit a narrative, consisting of no more than four single-spaced, typed pages, describing the fair housing program in relation to the outlined criteria. Inasmuch as the judges rely heavily on the candidate's description of the program, great emphasis will be placed on the narrative for judging the awards. The submission must be made by a date established by the Chair or his or her appointee. If the candidate considers it appropriate to submit a sample of the described submission (booklet, videotape, etc.) or other supporting materials, sufficient copies must be provided for all subcommittee members plus one for ARELLO® files. A candidate may submit for and receive awards in more than one category each year. Section 6. The subcommittee members and the subcommittee Chair will vote on each award submission. A subcommittee member may not vote on any of the submissions in a particular category if his or her jurisdiction has submitted for an award in that category. Should there be fewer than the full number of subcommittee members required to be on the subcommittee in Section 2 of this Procedure eligible to vote, the Chair of the Fair Housing Committee will either vote or designate another Committee member(s) to vote in order to assure that the full number of members vote in each category. In the event that the submissions from two or more candidates each receive the same number of points, the Chair of the Fair Housing Committee will decide which candidate receives the award, provided there are sufficient points to justify an award. A submission can receive a maximum of 50 points from each subcommittee member, with each of the five criteria being judged on a basis of one to 10 points. The points awarded by each subcommittee member will be averaged to determine the award recipient. A minimum average of 35 points must be received to be considered award worthy. A candidate may receive more than one award per year. There will be only one award made in each category per year unless the subcommittee

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determines that extenuating circumstances exist which warrant the giving of more than one award in particular category. More than one award can be made by the subcommittee in the category of "Miscellaneous." A candidate may not receive an award in the same category for the same program more than once in any three-year period, even if the program has been significantly changed.

**Section 7.** Amendments to this Procedure may be proposed to the Board of Directors by a majority vote of the members of the Fair Housing Committee present at the Mid-Year meeting or Annual Conference.

#### **PROCEDURE 29**

#### DISCIPLINARY ACTION DATA BANK

**Section 1.** The Disciplinary Action Data Bank Program is established to assist real estate regulatory authorities in their processes for evaluating the honesty, trustworthiness, and competency of applicants to practice by providing them a mechanism to help determine whether an applicant has had disciplinary action imposed by a real estate regulatory authority in another jurisdiction.

**Section 2.** For the purposes of this procedure the terms "license" and "licensure" are intended to cover "registration" or any other procedure by which a real estate regulatory body issues authority to practice. Also, the term "licensee" covers "registrant" or "member" or any other applicable term designating any real estate practitioner authorized by an ARELLO® member.

Section 3. ARELLO<sup>®</sup> members can report to ARELLO<sup>®</sup> on a regular and ongoing basis any "disciplinary actions" taken during the reporting period. Members should report: (1) any license revocation, suspension, fine, reprimand, censure, surrender or other action imposed against one of their licensees (individual, partnership, corporation, or other entity) for violating the laws and rules governing real estate brokers and salespersons, time-share salespersons, or other regulated real estate practitioners; (2) any denial of a real estate license due to matters relating to the applicant's character; and (3) any criminal conviction or civil injunction imposed upon a person or entity for acting as a real estate broker, salesperson, timeshare salesperson, or other regulated practitioner without the required license. Sanctions imposed by governmental regulatory bodies are generally matters of public record. However, a member should consult its legal counsel to determine whether it should not submit some of its disciplinary actions to ARELLO®. Members report only those final disciplinary actions taken against a licensee following a hearing, by consent, or through some other formal administrative process for violations of the member's real estate, or related, license law or rules. Therefore, although some members consider licenses "revoked" when licensees fail to renew their licenses or to complete required continuing education, these types of actions are not "revocations" for purposes of the Data Bank. Likewise, license ""surrenders" are not reported for entry in the Bank unless the member considers them formal disciplinary actions. Members report disciplinary actions on ARELLO®-developed reporting formats that request: (1) the name and any other unique identifying information that the member may have concerning the disciplined licensee; (2) the licensee's license number and type of license held (such as broker, salesperson, timeshare salesperson, property manager); (3) the date the sanction was imposed; (4) the case or file number or other identification number identifying the disciplinary action taken; and (5) whether the action is on appeal or is within the time period allowed for appeal of the decision. Members do not report the specific disciplinary action taken or any other particulars concerning the action.

**Section 4.** Any member or its designee can submit to ARELLO<sup>®</sup> names of persons or entities that have applied for licensure, registration or other applicable and recognized system for enforcement. ARELLO®, or its designee, will electronically compare those names and other unique identifying information to the information in the Disciplinary Action Data Bank. If, based upon the data submitted, information concerning a license applicant "matches" information concerning a person or entity in the Disciplinary Action Data Bank, ARELLO®, or its designee, will notify the member in which the applicant is seeking licensure of the "match." That member should then contact the member licensing authority that reported the disciplinary action to obtain specific information regarding the disciplinary action. For a member or its designee to check license applicants against the Disciplinary Action Data Bank, it must furnish ARELLO<sup>®</sup>, or its designee, the applicant's full name and any other unique identifying information available. ARELLO<sup>®</sup>, or its designee, will then compare this information to the disciplinary data in its Bank in a variety of combinations to attempt the most thorough comparison possible based upon the information submitted. If the member does not maintain any identifying information other than the applicant's name, ARELLO®, or its designee, will perform the comparison on a "name-only" basis. Section 5. ARELLO<sup>®</sup>, or its designee, must establish a process with this Program to ensure that the service makes and reports comparisons within 10 business days for a fee to be set by the Board of Directors. For an individual search and/or an "emergency," the system may make more rapid comparisons for an additional reasonable fee to be set by the Chief Executive Officer.

Section 6. ARELLO® restricts access to applicant and Disciplinary Action Data Bank information to real estate licensing authorities in ARELLO's membership or their designees. Section 7. The Executive Committee may approve contracts to offer this service, but not content, to other regulatory entities, provided such contracts are structured to reasonably assure that ARELLO® will accrue revenue over expenses.

# PROCEDURE 30

## EXAMINATION ACCREDITATION PROGRAM

Section 1. The purpose of the ARELLO® Examination Accreditation Program is to promote the welfare, interests, and development of licensing through evaluation and accreditation of licensing examination programs administered by jurisdictional licensing agencies. The specific objectives of the program are to: (1) promote licensure recognition through increased recognition of examination scores among jurisdictions and (2) validate or improve examination quality. The Board of Directors of ARELLO® shall be the policy-making body for the Program. The Examination Accreditation Committee of ARELLO<sup>®</sup>, hereinafter referred to in this Procedure as the "committee," shall be responsible, along with the Chief Executive Officer (CEO), for overall operation of the program in accordance with policies established by the Board of Directors. The committee shall adopt and utilize appropriate internal operating procedures and guidelines for accreditation of entities seeking accreditation and shall act on applications for accreditation as authorized in these policies. The committee shall also recommend amendments to program policies to the Board when the committee determines such amendments are appropriate. The CEO is empowered to take all steps necessary to administer the Examination Accreditation Program. With the consent of the Executive Committee, the CEO may implement services or programs ancillary to existing programs and may engage the services of a program administrator and other consultants to effectuate program development, implementation, and on-going administration. A program administrator shall possess such qualifications and expertise sufficient to administer program operations and to perform reviews of sample examinations for

compliance with examination content specifications and with basic item writing principles relating to the relevance, appropriateness and accuracy of items. The CEO shall seek the advice and counsel of the committee prior to submitting a proposal for any additional or expanded examination accreditation program to the Executive Committee.

Section 2. The committee, which shall consist of seven voting members, shall be appointed by the President. In appointing these members, the President shall give consideration to representation of jurisdictions that prepare their own examinations and jurisdictions that contract for their examinations to be prepared by professional examination organizations. more than three members shall represent jurisdictions that use the services of any single professional examination provider as of the time of member appointment. The President shall also give consideration to appointing members with various backgrounds relating to education and licensing, and shall assure that the committee members individually and the committee as a whole possess appropriate expertise to perform the committee's assigned tasks. In this regard, the President shall assure that the committee includes at all times members who possess expertise that is sufficient to enable them to make decisions and determinations based on recommendations of the program administrator and consultants pertaining to submissions from jurisdictions and examination organizations for accreditation of their examination program. Members shall represent a variety of ethnic, racial, cultural, and geographic backgrounds to the extent possible. Each committee member shall serve a one-year term or until termination of his or her ARELLO® membership, whichever comes first. If the term of a committee member expires and a replacement is not named in a timely fashion, then the member shall continue to serve until a replacement is appointed. If a committee member becomes incligible for continued service due to termination of his or her ARELLO membership, the committee shall operate with a vacancy until a replacement is named. The term of each committee member shall coincide with the term established for ARELLO® officers. A member can be re-appointed to consecutive terms. The committee shall meet in conjunction with the meetings of the ARELLO® Board of Directors or as often as is necessary. The committee Chair, in consultation with program administrator, or in the absence of a program administrator, the ARELLO® Chief Executive Officer, may authorize the review of examinations to be performed by a delegate of a committee reviewer. Such delegate must be an ARELLO® member and meet the expertise criteria established herein, as well as adhere to ARELLO® Procedures and the program policies adopted by the committee relating to the confidentiality of application materials and the handling of such materials.

Section 23. The Committee shall take reasonable action to protect against conflict of interest in the review process. Each Committee member, delegate or consultant reviewer, shall sign a written statement pledging to respect the confidential nature of proprietary materials and information provided to the Committee by any jurisdiction or examination organization in connection with an application for accreditation or otherwise, and to strictly adhere to Program policies and Committee procedures relating to the confidentiality of application materials and the handling of such materials. Members who recuse themselves because of a perceived conflict of interest shall not affect the computation of a quorum.

Section 34. The Program shall engage the services of a Measurement Consultant, who shall serve as an ex officio member of the Committee. The Measurement Consultant must possess a Ph.D. degree in Educational Psychology or a closely related field with significant coursework in education measurement/psychometrics; must demonstrate familiarity with the Standards for Educational and Psychological Testing published by the American Educational Research Association, the American

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Psychological Association, and the National Council on Measurement in Education; must possess experience in the development and implementation of licensure/accreditation examinations; must be judged by at least three professional references to have demonstrated expertise in psychometrics; and must demonstrate excellent written communication skills. Further, the Measurement Consultant must not be affiliated with an organization that offers licensing examination services. The Measurement Consultant shall be selected by majority vote of the members of the Committee and approved by the ARELLO® Chief Executive Officer. The Measurement Consultant shall be an independent contractor. The consulting agreement shall be for a period not to exceed one fiscal year and compensation shall not exceed that authorized by the Board of Directors. The Measurement Consultant shall assist the Committee in maintaining appropriate accreditation standards and guidelines, shall evaluate submissions from jurisdictions and examination organizations for accreditation of their examination program and submit recommendations for action to the Committee, shall assist the Committee in communicating with prospective or accredited examination providers on psychometric issues, and shall advise the Committee on psychometric issues.

Section 45. The committee may, in lieu of utilizing committee members to perform content reviews of sample examinations submitted to the committee by an accredited examination provider or applicant for accreditation, utilize a consultant(s) to perform such reviews when the committee chair, in consultation with the Program Administrator and Chief Executive Officer, determines that such consultant services are necessary to properly accomplish the necessary examination reviews. The CEO may contract with a consultant(s) selected by the committee based on criteria the committee shall establish to assure that the consultant(s) possesses the qualifications necessary to perform the examination reviews. Any such contract shall require the consultant to fully comply with program policies and procedures, especially those intended to protect the confidentiality of application and examination materials.

Section 56. Actions taken by the Committee with regard to the Accreditation Program shall be reported in writing to the Program Administrator, who will communicate with the applicant regarding committee actions. If an application for accreditation is denied, specific, written reasons for the denial shall be given to the applicant. Neither the Committee nor any individual or group acting on behalf of ARELLO® shall release the identity of any applicant nor publish negative accreditation results, except with express, written authorization of the applicant to do so. Prior to taking final action to deny or withdraw accreditation or to impose criteria which must be satisfied in order to be granted or maintain accreditation, the Committee shall afford the applicant a reasonable opportunity to address the Committee's questions and concerns about the applicant's examination program. The actions by the Examination Accreditation Committee, subject to appeal procedures provided for in this Procedure shall be final. The Chief Executive Officer of ARELLO® shall keep records of all applicants and Committee actions as directed by the Committee.

Section <u>6</u>7. The examination program administered under the auspices of any jurisdiction or developed by an organization for use by any jurisdiction for purposes of licensure examination may be accredited by ARELLO. Accreditation shall be for a period of five years. Accreditation of the examination program of a jurisdiction or examination organization under this Procedure constitutes accreditation of only the procedures and specifications followed in developing the examinations and the content basis for the examinations. Examination accreditation by ARELLO. All entitle a jurisdiction or examination organization to use the sentence, The licensing examination program offered by (name of exam provider) is accredited by the Association of Real Estate License Law Officials (ARELLO., on examination booklets or in any literature describing the examinations only while accreditation is current and in good standing. No other representation of ARELLO.

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Accreditation may be issued either: (1) without imposition of criteria or suggestions, (2) with criteria that must be satisfied within a specified period of time, and/or (3) with suggestions for examination improvement. Accreditation of a "single jurisdiction general" examination program shall apply only to the examinations of the particular jurisdiction involved. Accreditation of a "multi-jurisdiction general" examination program shall apply to such program's multi-jurisdiction general examinations in all jurisdictions where they are administered, and the multi-jurisdiction license examination provider shall be obligated, as provided in this Procedure, for fees per candidate tested based on the examination administrations in all such jurisdictions.

Section 78. The identity of an applicant for accreditation, as well as all applications and supporting materials, shall be kept absolutely confidential by ARELLO<sup>®</sup> and access to such information shall be restricted to those directly involved in the examination program accreditation process. For the purposes of this Procedure, those directly involved in the examination accreditation process shall include the members of the Committee, or delegate acting pursuant to Section 2, the President, the President-Elect, the Appeals Board (when appropriate), employees of ARELLO®, the Measurement Consultant (and its employees), and any other consultant (and its employees) engaged by ARELLO® for accomplishing the examination accreditation process. Upon accreditation of an applicant's examination program, the identity of the jurisdiction or examination organization to which accreditation has been granted shall then become a matter of public record, but any examinations or related confidential material shall remain confidential. Similarly, any imposed criteria or suggestions that may be required or issued with accreditation shall remain confidential unless the release of such information is specifically authorized in writing by the jurisdiction or examination organization granted accreditation. If the Committee finds that an applicant's examinations do NOT substantially comply with the requirements for accreditation, the identity of the applicant, as well as the application, supporting materials, and records of Committee actions, shall remain confidential. Any comments provided by the Committee in connection with the denial or withdrawal of accreditation shall also remain confidential unless the release of such information is specifically authorized in writing by the applicant. If an applicant advises a party other than ARELLO® officials directly involved in the examination accreditation process that the applicant has submitted its examinations for ARELLO® accreditation, then ARELLO® officials may acknowledge to such party that the applicant has a pending application. ARELLO® officials may also, upon request of the party, advise the party of the approximate date a decision is expected on the application, and may subsequently advise the party whether or not accreditation was granted; however, any criteria, comments or suggestions made in connection with the Committee's action shall be kept confidential unless the release of such information is specifically authorized in writing by the applicant. The examinations of a jurisdiction or examination organization seeking accreditation must be found by the Committee to be in "substantial compliance" with the requirements described, or referred to, in this

Section 89. The requirements for accreditation shall be as summarized below. Specific guidelines for evaluation of examination submissions shall be published separately by the Committee. Each jurisdiction or examination organization seeking accreditation must complete, in full, the application form supplied by ARELLO® and submit the fees prescribed by ARELLO®. For each examination for which an applicant is seeking accreditation, the applicant shall submit documentation including, but not limited to, sample examinations and related statistical performance data in accordance with procedures established by the Committee. The security of the examinations submitted by applicants shall be maintained by ARELLO® and access to such examinations shall be restricted to individuals directly involved in the Examination Accreditation Program, as described elsewhere in these policies. Examinations shall reflect generally accepted principles of good testing practice such as, but not limited to, those set forth in *The Standards for Educational and Psychological Testing*, and to the degree possible within

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the context in which the licensure examination takes place. Such principles shall be applied in all aspects of examination development, including examination specifications, selection and training of item writers, item writing, selection and training of item reviewers, item review, item banking, examination assembly, examination production, and ongoing analysis of item and examination adequacy for the purpose intended. The applicant shall demonstrate attention to all aspects of record maintenance necessary to fulfill a basic responsibility to candidates, including retrieval capability and. confidentiality, and to maintenance of appropriate security and confidentiality. To be eligible for examination program accreditation, examinations must be either (1) "multi-jurisdiction general" examinations that test general principles and practices and that are appropriate for use in more than one jurisdiction or (2) "single jurisdiction general" examinations that test principles and practices but which are used or intended for use in only one jurisdiction.. Also, examination programs submitted for accreditation as "single jurisdiction general" examinations by an organization that provides or offers such license examination services in more than one jurisdiction must (1) utilize examination content specifications unique to that particular jurisdiction and (2) be substantially different in content from similar examinations provided in other jurisdictions by the same organization. Examinations on general principles and practices provided by a multi-jurisdiction license examination provider will be presumed to be "multi-jurisdiction general" examinations unless the provider can show by clear and convincing evidence that the examinations satisfy the above-stated tests for "single jurisdiction general" examinations. When faced with the question of whether or not an applicant's examinations are "single jurisdiction general" examinations for a particular jurisdiction, the Committee may require the applicant to submit examination content specifications, sample examinations and other relevant information on examinations provided by the applicant in other jurisdictions in order that the Committee may make an informed decision on the

Section 940. Jurisdictions and examination organizations granted accreditation under this Program shall agree to assure that their examination programs continue to comply with the requirements and/or criteria imposed for accreditation during the term of accreditation and to advise ARELLO® of any significant changes (as defined by the Committee) planned with regard to the content of the examinations or procedures relating to examination development under the accredited examination program. An examination organization granted accreditation shall provide ARELLO®, within 90 calendar days of accreditation, a list of client jurisdictions currently under contract for license examination services and using the examinations for which accreditation was granted. For each such jurisdiction the examination organization should provide the date that the per-candidate-tested fees would begin to accrue in accordance with program policies.

Section 1044. If the Committee determines that a special review of the accredited examination program of a jurisdiction or examination organization is warranted prior to the expiration of any term of accreditation, the Committee may require such special review. Re-accreditation shall take place every five years. Application for re-accreditation shall be submitted 120 calendar days prior to expiration of the current accreditation period. If the Committee needs additional time to consider and take final action on an application for re-accreditation, the Committee may extend the current accreditation period for up to 150 calendar days. Requirements for re-accreditation shall be the same as the requirements for initial accreditation.

Section 1142. The actions taken by the Examination Accreditation Committee, subject to the appeal procedures as provided for in this Procedure, shall be final. Accreditation may be denied or withdrawn, as appropriate, by the Committee upon a finding by the Committee that the examination program does not substantially comply with the requirements or any criteria imposed for accreditation, and accreditation may be withdrawn if the jurisdiction or examination organization does not pay the per

candidate fees as set forth by ARELLO® in a timely manner. A jurisdiction or examination organization, which has received accreditation and is participating in the Program, may voluntarily withdraw from participation in the Program at any time upon provision of 90 calendar days' written notice to ARELLO®. Per candidate fees shall continue to accrue up to the effective date of withdrawal.

Section 1213. A jurisdiction or examination organization may request a review of an adverse decision of the Committee regarding compliance with application processes by filing a written request with the Chief Executive Officer. The President shall hear and act upon such written request within 30 calendar days or such later time as the applicant may agree. An applicant may appeal a decision of the President that is adverse to it to the Appeals Board as if it were a decision to deny or withdraw accreditation. A jurisdiction or examination organization may appeal a decision by the Examination Accreditation Committee to deny or withdraw accreditation (or the imposition of criteria for accreditation) by filing a written notice of appeal with the ARELLO® Chief Executive Officer within 30 calendar days of receipt of notice from ARELLO® of the denial or withdrawal of accreditation and the reasons for denial or withdrawal. The notice of appeal shall state the grounds for the appeal. An appeal of an Examination Accreditation Committee decision to deny or withdraw accreditation (or the imposition of criteria for accreditation) shall be heard by an Appeals Board consisting of the ARELLO® Executive Committee. Any appeal hearing shall be scheduled in conjunction with the next scheduled ARELLO® Board of Directors meeting following receipt of the notice of appeal, provided that the Appeals Board may delay such hearing until the second regularly scheduled meeting of the ARELLO® Board of Directors following receipt of the notice of appeal if such notice is received within 30 calendar days of a regularly scheduled Board of Directors meeting. The Appeals Board shall take reasonable action to protect against conflict of interest in the appeal process. Appeal hearings shall be conducted under rules and procedures established by the Appeals Board. At least 20 calendar days before the time set for the hearing of such an appeal, the ARELLO® Chief Executive Officer must cause notice of the time and place of the hearing to be mailed by registered or certified mail, return receipt requested, to the administrative head of the jurisdiction's regulatory agency or examination organization. Proof of notice must be made at the hearing. Subject to limitations set forth below, representatives of the jurisdiction or examination organization will have an opportunity to present written documents, other evidence on the jurisdiction's or organization's behalf, oral testimony, and arguments. The Chair of the Examination Accreditation Committee, the Program's Measurement Consultant and other ARELLO® consultants involved in review of the examination program in question will have a similar opportunity to present evidence, oral testimony, and arguments on the Program's behalf. The Appeals Board, in addition to considering evidence adduced at the hearing, will also consider all other material relied upon by the Examination Accreditation Committee in reaching the decision, which is being appealed. The appeal shall be based on one or more of the following grounds: (1) There were errors or omissions in carrying out prescribed procedures on the part of the Examination Accreditation Committee; (2) There was demonstrable bias or prejudice on the part of one or more members of the Examination Accreditation Committee or an ARELLO<sup>®</sup> consultant which materially affected the decision; (3) The evidence before the Examination Accreditation Committee prior to and on the date when the Committee made the decision which is being appealed was materially in error; or (4) The decision of the Examination Accreditation Committee was not adequately supported by the facts before the Committee at the time. The Appeals Board shall make its decision by a vote of the majority present at the meeting on the basis of the relevant evidence, materials, and arguments presented it at the hearing. If the Appeals Board finds for the jurisdiction or examination organization on one or more of grounds (1) through (3) of this Procedure, the Appeals Board shall remand the case to the Examination Accreditation Committee for reconsideration. If the Appeals Board finds for the jurisdiction or examination organization on ground (4) of this document, it shall grant the appeal and direct the Examination Accreditation Committee to

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take appropriate action. If the Appeals Board finds against the jurisdiction or examination organization on any of the four grounds in this Procedure, it shall deny that portion of the appeal, which is based on that ground. Following the appeal hearing, the Appeals Board shall issue its decision and the reasons therefore within 90 calendar days and notify in writing the Chair of the Examination Accreditation Committee, the administrative head of the jurisdiction's regulatory agency or of the examination organization, and the Chief Executive Officer of ARELLO<sup>®</sup>. Such decision shall be final.

Section 1314. The Examination Accreditation Committee will periodically recommend and the Board of Directors of ARELLO® will establish initial accreditation and re-accreditation fees to be charged at the time of application, a "per-candidate tested fee," and appropriate fees as authorized in these procedures. A jurisdiction or examination organization that is granted accreditation for its license examination program shall pay to ARELLO® a per-candidate tested fee as established by the Board of Directors during the accreditation period for each candidate tested in every jurisdiction using an examination that is part of the accredited program. ARELLO® shall provide jurisdictions and examination organizations participating in the Program with notice of any changes in the per-candidate tested fee. Any change in the per-candidate tested fee shall be effective and accrue to an accredited jurisdiction or an accredited examination organization no later than the earlier of: 1) one year from the date of approval of the change in the per-candidate tested fee by the Board of Directors; OR 2) the effective date of any initial renegotiated or renewed contract between an accredited examination organization and a jurisdiction. An accredited jurisdiction or examination organization that is unable to comply with a change in the per-candidate tested fee in accordance with the effective date of the change indicated previously may make written application to the Board of Directors for approval of an appropriate extension of time for compliance. Said written application should include a specific reference to the reason(s) for said approval, including statutory and contractual restrictions. The initial application fee covers multi-license level examinations and is non-refundable. If accreditation is granted, this fee shall be credited during the five-year accreditation period toward the per-candidate tested fees as the latter become due and payable. If after review by Committee reviewers, the documentation submitted with the application for accreditation is found not to be in compliance with the criteria as set forth in the application instructions, an additional fee equal to one-half that of the initial application fee must be paid with the subsequent submission of documentation. Fees charged for an incomplete application shall not be credited toward the per candidate tested fees. If accreditation is denied, this fee shall be considered forfeited and an additional application fee equal in amount to that of the initial application fee must be submitted with any subsequent application. In no event shall the credit toward the per-candidate tested fees for any applicant exceed the amount of the initial application fee required by ARELLO® The per-candidate tested fees shall begin to accrue as of the first examination administration following issuance of the accreditation and shall continue to accrue and be payable for the full accreditation period plus any period during which accreditation is extended pending consideration of an application for re-accreditation. These fees shall be paid to ARELLO® monthly or on such other schedule as may be negotiated with the Chief Executive Officer, and a report of the number of candidates tested shall accompany each payment. The re-accreditation fee is nonrefundable. If re-accreditation is granted, this fee shall be credited during the five-year accreditation period toward the per-candidate tested fees as the latter become due and payable. If after review by Committee reviewers, the documentation submitted with the application for re-accreditation is found not to be in compliance with the criteria as set forth in the application instructions, an additional fee equal to onehalf that of the application fee must be paid with the subsequent submission of documentation. Fees charged for incomplete applications shall not be credited toward the per candidate tested fees. If accreditation is denied, this fee shall be forfeited and an additional re-accreditation fee equal in amount to the original re-accreditation fee must be submitted with any subsequent application for re-

accreditation. In no event shall the credit toward the per-candidate tested fees for any applicant for reaccreditation exceed the amount of the re-accreditation fee required by  $ARELLO^{\otimes}$  Payment of fees shall be by check payable to  $ARELLO^{\otimes}$ , c/o Examination Accreditation Program.

#### **PROCEDURE 31**

## EDUCATION CERTIFICATION COMMITTEE

Section 1. The Education Certification Committee (hereinafter "Committee") promotes improving the quality of real estate education through evaluation and certification of education courses and programs. In carrying out this mandate, the Committee shall establish standards for ARELLO's Distance Education Program, Education Content Certification Program, and such other education certification or approval programs as ARELLO® may implement. The Committee may provide assistance to the Chief Executive Officer as requested on the operations of the International Distance Education Certification Center. The Committee shall also advise the Chief Executive Officer in the establishment of guidelines to determine compliance with any such standards and the establishment of ancillary programs or services, make recommendations to the Chief Executive Officer on new certification or approval programs it believes ARELLO® should undertake, determine the length of the period of a certification or approval (and for a re-certification or reapproval) in each authorized program, and encourage the Member Jurisdictions to accept ARELLO® certification or approval as meeting their education approval requirements. Section 2. Each member of the committee shall be an active member of the Association and the President shall give due consideration to appointing members with diverse backgrounds and reasonable expertise. If the term of a committee member expires or a committee member resigns before the end of the member's term, the President shall appoint a replacement to complete the vacating member's term. The committee shall meet to take actions in conjunction with regularly scheduled ARELLO® meetings and may hold other meetings in person or electronically when a majority of the members agree to do so. A majority of those present and voting shall constitute a quorum. Committee meetings shall be open to the public unless the nature of business calls for a closed session. Members who recuse themselves because of a perceived conflict of interest shall not affect the computation of a quorum.

Section 3. The Chief Executive Officer is empowered to take all steps necessary to administer each of ARELLO's education certification or approval programs. With the consent of the Executive Committee the Chief Executive Officer may implement services or programs ancillary to existing programs if they jointly determine reasonable resources exist to undertake them and they appear to be cost-effective. The Chief Executive Officer may engage the services of consultants for any of the committee's programs as the Chief Executive Officer deems necessary. The Chief Executive Officer or the Chief Executive Officer's designee shall evaluate submissions from providers for certification for distance education or other programs; act as primary liaison to providers and to the Committee; submit recommendations for actions to the Committee, make such periodic reports to the Executive Committee as the President may direct, establish procedures for administering recertification or re-approvals in each of ARELLO's education certification or approval programs, and shall perform such other functions as the Executive Committee may direct in order to effectuate such certification or approval programs.

**Section 4.** The Chief Executive Officer and the committee shall review and approve Program Policies and Procedures submitted by the committee members, ARELLO® staff, and/or consultants. The Program Policies and Procedures shall specify the necessary

operating and administrative policies and procedures used by the committee, the CEO, ARELLO® staff, consultants, and course providers in the administration of the application programs(s).

#### **PROCEDURE 32**

## INTERNATIONAL DISTANCE EDUCATION CERTIFICATION CENTER

**Section 1.** ARELLO<sup>®</sup> shall create a subsidiary program entitled the International Distance Education Certification Center (IDECC) for the purpose of offering participation in a distance education certification program (similar to ARELLO's official service for real estate) to regulatory agencies, industry associations and other appropriate groups or individuals outside the real estate industry and regulatory structure.

**Section 2.** The Chief Executive Officer may secure compensated assistance as he or she deems necessary to provide the services associated with the program, provided such expenses fall within budget parameters for IDECC.

Section 3. The Chief Executive Officer shall see that guidelines and policies are established in relation to each system of evaluating certification submissions against the IDECC Standards for Distance Education, hereafter in this Procedure referred to as the "Standards," and concerning the administrative process that accompanies any program. The Chief Executive Officer shall endeavor to establish an appropriate Policy Board or Advisory Board to serve each certification program. Policy Boards will set guidelines and policies regarding evaluation against the Standards. Advisory Boards will recommend such guidelines and policies to the individual or entity representing IDECC as designated by the Chief Executive Officer.

# **PROCEDURE 33**

# COMMUNICATION PROJECTS

Section 1. The Association shall compile, each calendar year, information and statistics from real estate licensing and enforcement agencies on various issues and produce a "digest" of the data for the use of the membership and non-members. The Chief Executive Officer shall oversee the collection of the contents as well as the printing, distribution and marketing of the publication. Each Member Jurisdiction shall receive one free copy of the printed publication and may purchase any additional number of printed copies at a price to be set by the Board of Directors. Non-members and Affiliate Members may purchase any number of printed copies at prices to be set by the Board of Directors.

Section 2. The Association shall compile, each calendar year, a "directory" of real estate licensing and enforcement agencies and other relevant real estate organizations from around the world. The Chief Executive Officer shall oversee the collection of the contents as well as the printing, distribution and marketing of the publication. Each Active Regulatory Member, Allied Member, Affiliate Member, Individual Member and Emeritus Member shall receive one free copy of the publication and may purchase any additional number of copies at prices to be set by the Board of Directors. Non-members may purchase any number of copies at a price to be set by the Board of Directors.

**Section 3.** The Association shall produce materials that outline basic issues for real estate regulator consideration to be sent at no cost to each new Active Regulatory Member who serves on a board, council or commission at the beginning of their term. Members may purchase additional copies of the materials at a price to be set by the Board of Directors. **Section 4.** The Association shall compile a "Commission Member Training Manual" to assist in the initial orientation and training of new Active Regulatory Members who serve on

a board, council or commission. Members may purchase copies of this Manual at a price set by the Board of Directors.

Section 5. The Association shall develop and maintain web sites to facilitate the dissemination of information to members and to the public as well as to facilitate the sharing of information among members. The ARELLO® Bylaws, the ARELLO® Policies and Procedures, the ARELLO® Code of Ethics, rosters of all ARELLO® working groups and some amount of historical information about the Association should be accessible to members on the Internet. The Chief Executive Officer shall oversee these sites, accepting input from the appropriate working groups. Each Active-Regulatory Member, Individual Member and Emeritus Member shall receive password access to certain resources posted in a "members only" section of the web site. Non-members, Allied Members and Affiliate Members may not have access to this section of the web site.

Section 6. The Association shall produce a periodic newsletter for Active Regulatory Members, Individual Members, Emeritus Members-, Allied Members and Affiliate Members that lists-various regulatory developments and contains-information on various ARELLO® activities. The Chief Executive Officer shall oversee the collection of the contents as well as any printing, distribution and marketing of the publications.

#### **PROCEDURE 34**

ARELLO® FOUNDATION

**Section 1.** ARELLO<sup>®</sup> Foundation is the supporting organization of ARELLO<sup>®</sup>, and ARELLO<sup>®</sup> is the supported organization of ARELLO<sup>®</sup> Foundation, within the meaning of Section 509(a)(3) of the Internal Revenue Code.

Section 2. As a supporting organization for ARELLO<sup>®</sup>, ARELLO<sup>®</sup> Foundation may perform fundraising, administrative, and program services to support the efforts of ARELLO<sup>®</sup>. Such services may include, but are not limited to, the following: fundraising, including prospecting for new members of ARELLO<sup>®</sup>; supplying administrative services, office space, and other facilities; and such other activities as the Board of Directors of ARELLO<sup>®</sup> Foundation may determine.

**Section 3.** The Board of Directors of ARELLO® has the power to appoint the governing body of ARELLO® Foundation. Such appointment shall be made in accordance with the policies and procedures promulgated by the Board of Directors of ARELLO®, or as the Board of Directors of ARELLO® shall otherwise decide.

## **PROCEDURE 35**

OTHER SERVICES

**Section 1.** The Chief Executive Officer shall be authorized to initiate other services, not mentioned in these documents, upon approval of the Executive Committee.

Section 2. The Chief Executive Officer may create a subsidiary to offer programs or services which ARELLO® has capability and capacity to provide. The purpose of these services may be to provide additional revenue sources to ARELLO®, to better utilize ARELLO's staff and/or equipment capacity or to promote use and adoption of various regulatory programs or standards. The customers of these services may be any organization or individual, whether regulator in nature or not. These services may incur unrelated business income tax liability.

**Section 3.** The Chief Executive Officer may secure compensated assistance as he or she deems necessary to provide these services, provided such expenses fall within budget parameters for those subsidiary offerings.

# PROCEDURE 36

NULLIFYING CLAUSE

These Policies and Procedures <u>supercede supersede</u> any Policies and Procedures previously adopted, whether written or unwritten.