

Northeast Central Association of REALTORS®



Policy Manual

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The purpose of this manual is to have on record basic policies and guidelines for members and board staff. Changes to this policy manual can be made by a majority vote of the Northeast Central Association of REALTORS® board of directors. This policy manual in no way supersedes or circumvents the bylaws of the Northeast Central Association of REALTORS®.



Financial Policies

Financial Reports & CPA Review

Financial reports reflecting the financial condition of Northeast Central Association of REALTORS® (NECAR) will be maintained by the Association Executive (AE) and presented to the Board of Directors by the treasurer at the board of directors meetings. The financial reports shall include a statement of assets, liabilities and fund balance, and statements of revenue with a comparison of the overall annual budget.

The Finance Committee shall audit the financial records of NECAR on a quarterly basis. The Finance Committee shall present an administrative report to the NECAR board of directors.

At the end of each fiscal year the board of directors shall contract with a certified public accounting firm who shall review the financial statements of NECAR and complete necessary federal and state tax returns, and provide general financial advice as requested. The AE will prepare 1099 forms, file the annual state registration report and provide and retain financial information as needed.

To meet the Core Standards required by the National Association of REALTORS®, this association must have an annual audit or review conducted by a CPA. If the association's annual gross revenue is below \$200,000 only a compilation report will be required. If the need arises, the Board of Directors can call a full audit by an independent CPA firm.

Account & Contract Signatories

The AE, President, Vice President and Treasurer shall serve as signers on all financial accounts regarding NECAR. The AE, President, Vice President, and Treasurer shall serve as signers on all financial accounts regarding NECAR MLS. Two signatures are necessary on checks or withdrawals. The Association Executive and Board President shall have joint signature authority for contract agreements entered into on behalf of NECAR. (rev. 6/2019)

Unauthorized Expenditures

The Association Executive (AE) is authorized to spend up to \$500 for board expenditures without prior approval. With the board president's approval, the AE may spend up to \$1,000 for board expenditures. Any expenditure exceeding \$1,000 requires prior approval from the board of directors.

Reserve Policy

The reserve policy of the NECAR is to maintain sufficient funds in reserve account to allow the Board Leadership team and staff to manage the finances of the Board prudently and with the flexibility necessary to accommodate unprecedented changes in income levels.

It is the intention of the Board to fund the reserve account to the cap maximum, though such funding may take place over more than one year. Once the reserve fund has reached its cap, funding will cease and additional interest earned will be treated as general income.

Operating Reserve (Restricted)

- Allocation: \$100 a year until fully funded to three full months of the current year's average budgeted expenses.

- Purpose: To maintain funds to be used in the event of an emergency that would curtail the normal income of the board or require unbudgeted expenditure of the board.
- In the event of an annual operating surplus, the Finance Committee may make recommendations to the Board of Directors to add additional funds to the reserve fund account. These funds would be in addition to the annual required allocation.
- The Finance Committee shall have the authority to approve withdrawals from the Operating Reserve Fund in furtherance of the stated purpose and shall provide notification to the Board of Directors that such withdrawal was made.
- Funds may be withdrawn from the Operating Reserve Fund for purposes other than those specified in this policy upon recommendation by three-fourths (3/4) vote of the Finance or Executive Committee and a two-thirds (2/3) vote of the Board of Directors.

Unrestricted Funds

- Any funds collected over the annual budget amount that are not designated to a particular use or restricted for a specific purpose.

Financial Institution and Investment Policy

The Board of Directors will designate the financial institutions for all funds. The finance committee will research and recommend to the board of directors, investment avenues for all reserve accounts, operating accounts, and unrestricted funds.

Annual Dues Billing

Annual REALTOR® dues, which include NAR, MAR & NECAR, will be invoiced out the first week in October and will be due on or before January 1st of the following year.

Annual MLS dues will be invoiced out the last week of March and will be due on June 1st of that same year.

IDX billing will be invoiced out the last week of March in conjunction with the MLS dues and will be due on June 1st of that same year.

Invoices will be mailed and/or emailed to the address filed with the NECAR office.

Late Fee

- A late fee of \$100 each month delinquent will be assessed not to exceed 3 months on all membership dues invoices.
- In the event that a member does not meet the 60 day new member orientation requirement, the new member application will be brought to the Board of Directors for review. In the event that the review allows a grace period of 5 business days to complete the New Member Orientation Training, the new member will pay the Northeast Central Association a late fee of \$100.00.
- In the event that the Board of Directors review allows a grace period of 5 business days to complete the New Member Code of Ethics Training, the new member will pay the Northeast Central Association a late fee of \$100.00.

Reactivation Fee

In the event that invoices are not paid in full by the due date listed on the invoice, members will be directly inactivated from the NRDS system and the MLS system if applicable. Subsequently if a member becomes inactivated from the system, and upon written request to be reactivated, the member shall be responsible to pay all unpaid dues and a reactivation fee equal to the late fees accrued for each month delinquent, with the reactivation fee not to exceed \$300.

Application Fee

- A one-time \$55 application fee will be assessed for each new member regarding NECAR membership.
- A one-time \$50 application fee will be assessed for each new member regarding MLS membership.
- A one-time \$300 Office fee will be assessed for each new office joining the MLS membership.

Returned Checks

Any bank service charge that is a result of a member's returned check due to insufficient funds will be charged to the member plus a \$25 processing fee.

Cybersecurity Policy

This policy applies to all members, employees, contractors, and third-party vendors who have access, even temporarily, to NECAR information systems and data. It covers all digital assets including hardware, software, networks, and data stored or transmitted in any form.

Confidential Data: Confidential data is information for which unauthorized use, access, disclosure, acquisition, modification, loss, or deletion could result in severe damage to the organization, employees, affiliates, and members. Confidential data includes, but is not limited to:

- Unpublished financial information
- Data of members, partners, and vendors
- Member records and personnel files
- Credit Card Numbers

Data security is the responsibility of all employees.

Securing Personal and Company Devices:

- Regularly update operating systems, applications, and antivirus software to patch vulnerabilities and defend against cyber-attacks or threats.
- Set strong, unique passwords for all accounts and devices. Avoid using easily guessable passwords or sharing them with others.
- Activate encryption features on devices to safeguard data in case of theft or unauthorized access. Encrypt hard drives or utilize built-in encryption tools.
- Exercise caution when opening emails from unknown senders or clicking on suspicious links. Report phishing attempts to the IT department immediately.
- Only install company-endorsed antivirus software on personal and company devices to detect and remove malware, ransomware, and other malicious software. Do not download antivirus software that hasn't been approved by the association.
- Enable firewalls on devices to monitor and control incoming and outgoing network traffic, providing an additional layer of defense against cyber threats.
- Connect to secure Wi-Fi networks and avoid using public or unsecured networks whenever possible. Use virtual private networks (VPNs) for added security when accessing company resources remotely.
- Implement two-factor authentication (2FA) on accounts and devices to add an extra layer of security beyond passwords. This helps prevent unauthorized access even if passwords are compromised.
- Regularly back up important data regularly to external drives or secure cloud storage services. In the event of device loss or data corruption, backups ensure data recovery.
- Immediately report lost or stolen personal or association devices to the Association Executive or President to initiate remote wiping procedures and prevent unauthorized access to sensitive information.

Email Security:

- Be cautious of emails requesting sensitive information, urging immediate action, or using urgent language. Verify the sender's email address and scrutinize unexpected requests for personal data or financial information.
- Exercise caution when clicking on links or downloading attachments from unknown or unexpected sources or when the content is not adequately explained. Hover over links to verify the URL's legitimacy, and only open attachments from trusted senders. When in doubt, verify with the sender through a separate communication channel.
- Be suspicious of clickbait titles (e.g. offering prices, advice)
- Look for inconsistencies or giveaways (e.g. grammar mistakes, capital letters, excessive number of exclamation marks).
- Enable spam filters and email filtering mechanisms provided by your email service provider to automatically identify and divert suspicious or malicious emails to the spam or junk folder. Regularly review the spam folder to ensure legitimate emails are not mistakenly flagged.

Password Management:

- Use a combination of uppercase and lowercase letters, numbers, and special characters (!, @, #, \$, etc.) to increase the complexity of your password.
- Aim for a minimum password length of 12 characters or more to make it harder for attackers to crack.
- Use a long, nonsensical phrase (not song lyrics or famous quotes), with each word separated by a space.
- Avoid using dictionary words or common phrases, as these are easily guessable by attackers using automated tools.
- Generate random passwords using a mix of characters to enhance security. Avoid using easily guessable patterns or sequences.
- Ensure each password is unique and not reused across multiple accounts. This prevents a single compromised password from compromising multiple accounts.
- While regular password changes were once recommended, recent guidelines suggest focusing more on creating strong, unique passwords rather than frequent changes. However, it's still good practice to change passwords periodically, such as every three to six months, especially for critical accounts or in response to security incidents.
- Enable multi-factor authentication where available for an extra layer of security. This typically involves verifying your identity using a second factor, such as a code sent to your mobile device.

Data Transfer Security: Transferring data introduces security risk. Employees must:

- Avoid transferring sensitive data (e.g. customer information, employee records) to other devices or accounts unless necessary.
- Share confidential data over the company network/system and not over public Wi-Fi or private connection.
- Ensure that the recipients of the data are properly authorized people or organizations and have adequate security policies.
- Report scams, privacy breaches and hacking attempts to the Association Executive or President.

Insurance: Annually review the Association's cybersecurity insurance coverage provided by the National Association of REALTORS®.

Cybersecurity Tips:

- Never click on unknown attachments or links, as doing so can download malware onto your device.

- Use encrypted email, a transaction management platform, or a document-sharing program to share sensitive information.
- Carefully guard login and access credentials to email and other services used in the transaction.
- Regularly purge your email account and archive important emails in a secure location.
- Use long, complicated passwords such as phrases or a combination of letters, numbers, symbols.
- Do not use the same password for multiple accounts.
- Use two-factor authentication whenever it is available.
- Avoid doing business over public, unsecured Wi-Fi.
- Keep antivirus software and firewalls active and up to date.
- Keep your operating system and programs patched and up to date.
- Don't download apps without verifying that they are legitimate and won't install malware or breach privacy.
- Don't click on links in emails and texts from unknown senders.

Meeting Policies

Member and Guest Attendance at Meetings

All meetings, except Credentials and Elections Committee, AE Evaluation Committee, AE Search Committee, Grievance Committee, and Professional Standards Committee, are open to the Members (and guests invited by the chair), unless specifically closed by the chair for Northeast Central Association of Realtors Executive Session. In order to facilitate meetings, each Member or guest will be allowed to address the meeting after first stating his/her name, membership status or guest affiliation, and general topic of his/her comments. Any such speaker who wishes to make comments will do so at the designated time at the beginning of the meeting prior to the business portion of the meeting. Each speaker will be provided up to three (3) minutes per meeting.

Member Attendance at BOD Meetings

Regularly scheduled BOD meetings are open to Members who wish to observe the proceedings, unless the meeting is closed for Executive Session. Any Member who wishes to address the BOD may do so in the Member Forum portion of the meeting. After identifying themselves, the Member may take up to three (3) minutes to address the BOD. Non-BOD Members in attendance are not eligible to participate in BOD discussions.

General Operational Procedures

Leadership Orientation

NECAR will provide annual training of at least one hour on key leadership policies, including the Code of Conduct, confidentiality, conflicts of interest, harassment, antitrust, and whistleblower policies. This training will be in addition to leadership reviewing and signing the annual commitment form as part of the orientation process.

Performance Reviews

The President will conduct an annual review of the AE's performance.

Fiduciary Duties

Service as an officer or director for the Association gives rise to certain ethical and legal obligations to the Northeast Central Association of REALTORS®. One such obligation are fiduciary duties, which are owed to the Association by the Leader and not to the association's members. In general, fiduciary duties require

Association Leaders to act in good faith, in the best interest of the association at all times, and to never make decisions based on furthering a personal or outside business interest.

Duty of Care requires leaders to use reasonable care and good judgment in making their decisions on behalf of the interests of the Association.

Duty of Loyalty requires leaders to be faithful to the Association, avoiding conflicts of interest.

Duty of Obedience requires leaders to comply with governing documents (e.g. bylaws, articles of incorporation, policies, procedures, board decisions, etc.)

A fiduciary duty breach nullifies the Director & Officer insurance provided by the National Association of REALTORS®.

Code of Conduct

Confidentiality: Board members, committee members, and staff will have access to information that if revealed to outsiders could be damaging or sensitive to other members or staff; harmful to the best interests of the organization; or even create legal liability. Information provided to the Board, committees, and staff may concern personnel, financial, contractual, membership or legal matters. It will often be confidential and is intended for use in decision-making and governance. Information shall be held in the strictest of confidence and shall not be divulged to any outside party, including other members, without authorization of the Board President.

Executive Session: Executive Session, per Robert's Rules of Order is, "in general parliamentary usage has come to mean any meeting of a deliberate assembly, or a portion of a meeting, at which the proceedings are secret."

"Whenever a meeting is being held in executive session, only members of the body that is meeting, special invitees, and such employees or staff members as the body or its rules may determine to be necessary are allowed to remain." Per NECAR Bylaws, the Association Executive shall be a non-voting ex-officio member of the Board of Directors and all Committees, standing or specially appointed.

"A member can be punished under disciplinary procedure if he/she violates the secrecy of an executive session. Anyone else who is present is honor-bound not to divulge anything that occurred." Violations of executive session are breach of fiduciary duty.

Any action to come from the executive session will be taken when the meeting has come out of session.

Any documentation provided for the executive session must be returned to the Association Executive immediately following the closing of the executive session. Any notes taken during the executive session must be turned into the Association Executive immediately following the closing of the executive session.

Obligation of Directors to Maintain Confidentiality: If any Director of the Northeast Central Association of REALTORS® (NECAR) reveals any confidential information received from Board of Directors' meetings, when in executive session, without prior authorization from the President of the Association, this dissemination of confidential information shall be considered cause for removal from membership of the Board of Directors. Proper notification shall be given to such Director, and a hearing shall be held in accordance with the Bylaws of NECAR.

Conflicts of Interest: Board members, committee members, and staff members owe a high fiduciary duty to the organization. Thus, no Board member, committee member or staff shall maintain any business enterprise

or other activity that directly conflicts with the interests of the organization. Staff members shall not solicit members for any reason that is not directly related to official business.

Violations: Violations of the Code of Conduct may result in disciplinary action in accordance with the governing documents. Discipline may include the removal of a board or committee member from office or termination of a staff member.

Conflicts of Interest

Service as an officer or director or a volunteer committee chair for the Association gives rise to certain ethical and legal obligations to the Northeast Central Association of REALTORS®. One such obligation is fiduciary duty, which is owed to the Association by the Leader. This fiduciary duty requires the exercise of reasonable care in performing functions for the Association, exhibiting honesty and good faith and includes the responsibilities of both care and loyalty to the Association. The duties of good faith and loyalty require Leaders to avoid Conflicts of Interest and to safeguard the Association's best interests, not those of the individual Leader.

A Conflict of Interest may exist when the Leader participates in the decision-making process on an issue for the Northeast Central Association of REALTORS® while, concurrently, having other business, professional or personal interests that could tend the Leader toward bias or predisposition on the issue. The fiduciary duty of a Leader also requires the Leader to avoid the appropriation of programs and activities, particularly business prospects that properly belong to the Association.

A Leader will be considered to have a Conflict of Interest whenever the Leader is a principal, partner, officer, director, member, manager, agent, associate, trustee, personal representative, receiver, guardian, custodian, conservator, consultant to, legal representative of or owner of, a) any interest in a business providing products or services to, or competing with the Association; b) any interest in a business being considered as a provider of products or services to, or competing with the Association; c) holds any other unique, substantial or familial interest in any business providing or under consideration as a provider of products or services to, or competing with the Association.

Association Leaders with actual or potential Conflicts of Interest must immediately disclose all facts material to the actual or potential Conflict of Interest at the outset of any discussion by the Association pertaining to the Business. Such Leaders shall be excused from such discussions unless otherwise requested by the Board of Directors and shall respond to all questions asked of them. They shall not participate in or be permitted to hear the discussion of the matter except to disclose all facts and respond to questions. Such Leaders shall not attempt to exert any personal influence with respect to the matter, either in or outside of the meeting.

Furthermore, no Leader with a Conflict of Interest may vote on any matter in which the Leader has a Conflict of Interest and will not be permitted to be present in the meeting room when any vote is taken on the matter. Minutes of the meetings shall reflect that any such disclosure was made, shall contain the facts material to the Conflict of Interest, that the Leader was excused from the discussion on the matter and that the Leader did not vote on the matter.

In the event it is not entirely clear that a Conflict of Interest exists, the Leader with the potential Conflict of Interest shall disclose the circumstances at the onset of any discussion and the decision-making body will determine whether there exists a Conflict of Interest that is subject to this policy.

Anti-Trust

The Northeast Central Association of REALTORS® (NECAR) complies strictly with the Federal anti-trust laws. Discussions of individual company prices or the related types of sensitive information listed below will

not be allowed during any membership, committee, or Board of Directors meeting, or any other gathering of members of the Board. Membership in the Northeast Central Association of REALTORS® is open to any individual or entity, which meets the membership qualifications set forth in the Bylaws and the MLS Rules and Regulations. Statistical reporting by the Board office will be voluntary and limited by the MLS Rules and Regulations governing the distribution of MLS compilations. All reasonable care will be taken to avoid anti-competitive effects.

The staff of the Northeast Central Association of REALTORS® will be versed in anti-trust matters. Both staff and membership should avoid raising improper subjects for discussion. This policy statement has been prepared to assure that participants in Board and committee meetings are aware of this obligation. Below are basic anti-trust principles. Members should consult counsel in all cases involving specific situations, interpretation, or advice.

DO NOT

Do not, in fact or appearance, discuss or exchange information regarding:

- Commission levels, fees, business expenses or other business information or policies which would allow or encourage price fixing or maintenance.
- Bids on contracts for particular properties or any information which would allow or encourage bid rigging.
- Actions relating to actual or potential competitors that might have the effect of excluding them from your market or of influencing the business conduct of customers towards such competitors.
- Plans for individual companies concerning proposed or existing territories or customers.
- A firm's competitive business decisions.
- The duration or types of listing agreements or the form of compensation accepted.
- The compensation offered or paid to a firm's agents or employees.
- Any other actions that might be construed as concerted attempts to restrain competition, including joint attempts to control or affect prices, market conditions, marketing practices, customer choice, etc.

Do not discuss or exchange information regarding the above matters during social gatherings incidental to the Northeast Central Association of REALTORS® sponsored meetings, even in jest. In addition, any general historical statistical data collected by the Board is for use and analysis by individual members and should not be discussed among competitors at organized functions or otherwise.

DO:

Adhere to prepared agendas for Board and committee meetings and offer corrections to any minutes which do not accurately reflect the matters which transpired. Protect against any meeting activities that appear to violate the anti-trust laws, do not take part in such discussions, and leave any meeting in which they continue.

Harassment

Any member of NECAR may be reprimanded, placed on probation, suspended, or expelled for harassment of an NECAR or MLS employee or NECAR officer or director after an investigation in accordance with the procedures of NECAR. As used in this Section, harassment means any verbal or physical conduct including threatening or obscene language, unwelcome sexual advances, stalking, actions including strikes, shoves, kicks, or other similar physical contact, or threats to the same, or any other conduct with the purpose or effect of unreasonably interfering with an individual's work performance by creating a hostile, intimidating or offensive work environment. The decision of the appropriate disciplinary action to be taken shall be made by the investigative team comprised of the president, and president-elect and/or vice president and one member of the Board of Directors selected by the highest-ranking officer not named in the complaint, upon consultation with legal counsel. Disciplinary action may include any sanction authorized in the association's

Code of Ethics and Arbitration Manual. If the complaint names the president, president-elect or vice president, they may not participate in the proceedings and shall be replaced by the immediate past president or, alternatively, by another member of NECAR directors selected by the highest-ranking officer not named in the complaint.

Whistleblower

A whistleblower is an employee, officer, director, or committee chair of the Northeast Central Association of REALTORS® (NECAR) who reports information that he/she has reasonable cause to believe discloses a violation of state or federal law to one or more of the parties specified in this policy.

If an employee has information that he/she reasonably believes discloses a violation of state or federal law, the employee should first contact the Association Executive, or if the Association Executive is implicated, contact the Association's General Counsel. Directors, officers, and other committee chairs should submit concerns in writing directly to the Association's General Counsel. Employees, officers, or Board of Director members are also permitted to contact the appropriate law enforcement or government agency. The employee or volunteer must exercise sound judgment to avoid baseless allegations. An employee or volunteer who intentionally files a false report of wrongdoing will be subject to discipline up to and including termination or dismissal from the volunteer position.

Insofar as possible, the confidentiality of the whistleblower will be maintained. However, identity may have to be disclosed to conduct a thorough investigation to comply with the law or to provide accused individuals with their legal rights of defense. The Association will not retaliate against a whistleblower or any employee who refused to participate in an activity that would result in a violation of state or federal law. This includes, but is not limited to, protection from retaliation in the form of an adverse employment action such as termination, compensation decreases, or poor work assignments and threats of physical harm. Any employee who believes he/she is being retaliated against must contact the Association Executive immediately or the Association's General Counsel if the Association Executive is the offender. The right of the whistleblower for protection against retaliation does not include immunity for any personal wrongdoing that is alleged and investigated, or disclosures that would constitute a violation of the attorney-client privilege.



New Agent Member Orientation and Code of Ethics Training Policy

1. Agent members will receive the New Agent Checklist, REALTOR® application, MLS application (if applicable), with a Membership Packet that indicates New Member Orientation, Fair Housing training, and the Code of Ethics training as a requirement of NECAR membership. They will also receive a copy of the NECAR By-Laws, (MLS Rules and Regulation if applicable) and NECAR Financial Policy.
2. All new members are required to complete an online New Member Orientation. Once the membership application has been approved and dues have been paid, the new member will receive an email from the NECAR AE with orientation guidelines and instructions. (rev. 6/2019)
3. During the New Agent Member Orientation, members will receive information that includes available resources for completing the required online Code of Ethics training and Fair Housing training.
4. 30 days after provisional membership has been granted, if a new member has not completed the New Agent Orientation, the AE/Orientation Output Group will send an email to the New Member and the Broker to remind them of the 60 day membership requirement to complete New Member Orientation. (rev. 6/2019)
5. 61 days after provisional membership, in the event that a member does not meet the 60 day new member orientation requirement, the new member application will be brought to the Board of Directors for review. In the event that the review allows a grace period of 5 business days to complete the New Member Orientation Training, the new member will pay the Northeast Central Association a late fee of \$100.00.
7. 80 days after provisional membership, the AE will run a Code of Ethics report and a Fair Housing report, and if the new member has not completed the trainings, an email will be sent to the Member and the Broker. The letter will indicate that their membership will be suspended if the trainings are not completed within the 90 day period after provisional membership.
8. 91 days after provisional membership the AE will run a Code of Ethics report and a Fair Housing report, and will email the reports to the Board of Directors for Review. Upon review the AE will then send out a letter to the member and the Broker indicating that “they will have an opportunity to appear before the Board of Directors, to call witnesses on his behalf, to be represented by council and to make such statements as he deems relevant.” NECAR BY-LAWS
9. Per NECAR By-Laws “Failure to satisfy the training requirements within 90 days of the date of application (or alternatively, the date the provisional membership was granted) will result in denial of the membership application or termination of provisional membership.
10. In the event that the Board of Directors review allows a grace period of 5 business days to complete the New Member Code of Ethics training and the Fair Housing training, the new member will pay the Northeast Central Association a late fee of \$100.00 per training not completed within the specified time frame.