



# Policy and Procedures Manual

*updated April 2020*

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## **SECTION 1: INTRODUCTION**

### **1.1 Mission**

#### **Our Mission:**

To be the REALTOR® association of choice for all of Sumner County and beyond our borders, trusted for our resourcefulness, revered for our effectiveness in advocacy and loved for our helpful service.

#### **Our Vision:**

We strive to see a thriving community of professional REALTORS® who are fully empowered by their industry, unified in their commitment to excellence, and who uphold the history, charm, and beauty that makes Sumner County the ideal place to live, work, shop, play, and stay.

#### **Our Core Values:**

**Inviting Hospitality** – We warmly embrace our members in becoming a part of our organization and encourage their active participation in our growing family.

**Thoughtful Professionalism** – We hold ourselves to a high standard of excellence in our business dealings and interactions with others, which reflects our competence and dedication to the important work we do for our members.

**Transparent Accountability** – We operate our finances and policies with open and true intentions, so our members feel confident in their investment.

**Collaborative Synergy** – We intentionally seek input and leadership from our members and partners, knowing that their insight, experience, diverse perspectives, and teamwork with one another strengthen us.

**Resourceful Empowerment** – We provide an environment of supportive helpfulness to give our members the answers and opportunities they need to be more effective and successful professionals.

**Civic Mindfulness** – We take an active and intentional role in caring for our neighbors, promoting our local economy, protecting our natural environment and preserving the character of Sumner County.

**Powerful Advocacy** – We believe in the power of our collective voice and aim to impact public policy that affects our profession and the home ownership environment.

**Joyful Camaraderie** – We cultivate an atmosphere of harmony and cooperation, providing ample opportunities to enjoy each other's company and learn from one another.

### **1.2 Disclaimer**

Nothing in this manual is intended to conflict with the Charter and Bylaws of Sumner REALTORS®, Tennessee REALTORS®, the National Association of REALTORS®, or with any local, state, or federal law or regulation. In the event any policy does conflict, the higher authority shall prevail.

### **1.3 Introduction**

This Policy and Procedure/Rules and Regulations may be changed from time to time as directed by the Board of Directors in the form of passed motions. A master copy of the Manual will be maintained by the CEO indicating the most recent revision date. Master copies of the Policy and Procedures Manual will be retained for seven years providing for a record of changes.

#### **1.4 Indemnification**

Sumner REALTORS® shall indemnify each and all its Directors, Officers, Staff and former Directors, Officers and Staff, against any expenses incurred by them, including legal fees or judgments and penalties rendered or levied against such a person in a legal action brought against any such person for actions or omissions alleged to have been made by such person while acting in the scope and duties as a Director, Officer or Staff member of the Association, provided that such person did not act, fail to act, or refuse to act willfully with gross negligence or with fraudulent or criminal intent in regard to the matter involved in the action.

#### **1.5 Intention**

Sumner REALTORS® is an association of volunteer members governed by Bylaws. Qualification for and objectives of membership are found in the Bylaws, as approved by the National Association of REALTORS®. The governing body of the Association is a Board of Directors. The activities of the Association are carried out through committees of volunteer members. The Policy and Procedure Manual is intended to supplement the Bylaws and clearly delineate the roles of the members and staff within the infrastructure of the organization. The Manual sets forth policies pertaining to the Association and its members and will be reviewed, and updated if necessary, each year by the Board of Directors and/or Executive Committee and CEO.

### **SECTION 2: BOARD OF DIRECTORS**

#### **2.1 Leadership Roles and Responsibilities**

##### ***BOARD OF DIRECTORS***

The Officers and Directors of Sumner REALTORS® shall comprise the governing body of the Association with the following responsibilities and duties.

- Concentrate its efforts in policymaking decisions, both long and short term, while supporting staff in their mission to administratively reach the goals set forth by volunteer leadership.
- Develop the strategic plan and monitor its adherence to the vision and mission of the Association.
- Monitor the activities of the committees, task forces, and special interest groups through the Board of Directors and/or Executive Committee, to see that they are consistent with the strategic plan.
- Make certain that the member-staff relationship is properly maintained by adherence to the policies that define their respective roles.
- Govern with excellence and fairness by monitoring all practices of both staff and leadership to ensure that accepted policies are followed and that there is respect for the clarified roles of each.
- Make decisions always based on what is best for the entire organization, with the understanding that the membership holds the leadership accountable for competency of governance and accomplishment of the goals of the

organization.

- Ensure continuity of leadership by planning for a smooth transition from one administration to the next. To that end, the last meeting of the year will include incoming Directors when possible.
- Initiate policy to avoid problems rather than waiting for a problem to arise which must be solved.
- Stimulate the involvement of the membership by following the established policies, thus creating an atmosphere of soundness, efficiency, and fairness to all. In such an environment, leaders and future leaders will understand from the start what they may do and what they may expect.
- The Board of Directors and/or Executive Committee set the general policies and goals of the organization.
- Employ or terminate the CEO who manages the day-to-day operations of the Association.
- 100% RPAC participation is encouraged for all Board members.
- Receive and review actions taken by the Executive Committee.
- Review all minutes and other meeting materials prior to Directors' meetings.
- Attend Professional Standards training.

## **OFFICERS**

### ***President***

The President is the chief presiding officer of the Association and shall provide competent leadership in achieving the goals set forth by the Board of Directors and/or Executive Committee. He/she:

- Serves on the Sumner REALTORS® Board of Directors.
- Presides over the Annual Membership Business Meeting and general membership meetings.
- Is authorized to appoint all committee chairs, subject to approval by the Board of Directors, and is designated as an ex-officio member of all committees except Grievance, Arbitration and Professional Standards Committees.
- Appoints committee chairs who will effectively represent the real estate industry.
- Represents the Association as official spokesperson and is visible to membership, acting in the name of the organization. In such capacity, the President will speak for the Association and not as an individual REALTOR®.
- Stays informed on Association projects, industry related developments, and state and national events.
- Represents the Association at State and National meetings within budgetary constraints.
- Regularly meets with the Chief Executive Officer (CEO) to discuss issues relevant to the organization and keeps the CEO informed on all activities and decisions affecting the Association, of which the CEO may not be aware.
- Refers to the CEO for standard policies regarding requests from the members and does not make exceptions for any individual or firm without approval of the Board of Directors and/or Executive Committee.
- Has access to a Sumner REALTORS® credit card (see *credit card use policy*).
- Is listed as a signatory on Association bank accounts.

### ***President-Elect***

- Represents the Association when called on by the President.

- Serves on the Sumner REALTORS® Board of Directors.
- Begins planning with the CEO for the coming year as President. Shall appoint Committee Chairpersons by October 1 of President-Elect year, preferably prior to NAR Leadership Summit in August.
- Attends as many committee or task force meetings as possible to be informed about issues and programs.
- Represents the Association at state and national association meetings within budgetary constraints.
- Access to a Sumner REALTORS® credit card (see *credit card use policy*)
- Listed as a signatory on Association bank accounts.

#### **Secretary/Treasurer**

- The Secretary/Treasurer shall serve a two-year term (Note: Bylaws Amend.)
- Maintains a visible position and attends as many Association functions as possible.
- Reviews with the Accountant and/or CEO the monthly financial statements for presentation to the Board of Directors and/or Executive Committee.
- Works closely with the Accountant and/or CEO to help ensure the accurate accounting of all funds.
- Works with the Accountant and/or CEO, and the Executive Committee to prepare the annual budget.
- Serves as Chair of the Budget and Finance Committee.
- Has previously served one (1) year on the Budget and Finance Committee.
- Shall be knowledgeable in all areas of the Association and the real estate industry in general.
- Listed as a signatory on Association bank accounts.

#### **Vice President**

- Serves in place of the President if President-Elect cannot represent Association in an official business capacity.
- Maintains a visible position and attends as many Association functions as possible.

#### **Directors**

Directors set Association policy and give direction to Officers and staff who steer the volunteers toward reaching goals. Directors represent the entire Association membership and collectively as a Board are responsible to all members and must place the welfare of the total Association ahead of other considerations.

- Express viewpoints and share opinions.
- Consider the needs and feelings of others and face the issues and facts.
- Remember importance attached to remarks made on, and off, the record.
- Remember that discretion protects credibility, and discourages rumors, gossip and criticism.
- Must be familiar with antitrust laws, professional standards, and Association bylaws.
- Must be active member and attend Association functions to facilitate a steady flow of communication with membership.
- Be conscious of potential for lengthy Board of Directors meetings and try to keep the meetings moving in an efficient and effective manner.
- Most directors are assigned as the liaison representing a committee. The liaison is expected to attend most, if not all, of that committee's meetings to

regularly talk with the committee chair, to stay aware of any good news or issues related to that committee's work and to provide the reports from the related committee to the Board, along with any related recommendations requiring Board action.

#### **Chief Executive Officer (CEO)**

The CEO reports to the Board of Directors and/or Executive Committee. All authority delegated to the office staff is done through the CEO.

- Sees that policies and goals set by the Board of Directors and/or Executive Committee are carried out to completion by taking necessary action. The Board of Directors and/or Executive Committee will respect the authority given to the CEO.
- The CEO has the fiduciary responsibility to never allow, or cause to be performed, any act which is unlawful, insufficient to meet commonly accepted business and professional ethics or in violation of funding sources requirements or regulatory bodies or contrary to explicit constraints on executive authority.
- Should the CEO see a situation in which a committee or individual is violating the responsibility given by the Board of Directors and/or Executive Committee, it will be reported to the Directors for action. The Directors have the fiduciary responsibility to correct the problem and make certain that all policies are strictly followed. The CEO is the single official link to the operating organization. The Board of Directors and/or Executive Committee set and govern the policies.
- The CEO is responsible for:
  - The execution of the policies and programs through the monitoring of the committees/task forces and reporting to the Board of Directors and/or Executive Committee on their progress or problems.
  - The office administration within the boundaries of prudence and ethics established by the Policy Manual.
  - Keeping the President informed on problems and situations as they arise.
  - Preparing agendas and other information as necessary or requested by the President.

In addition to periodic discussions between CEO and the Executive Committee of the Sumner REALTOR® Board of Directors as deemed appropriate concerning CEO's performance progress, by December 1 of each year of employment CEO shall meet with the Board President, President-Elect, Secretary/Treasurer and Past President (the "Review Committee") to review CEO's job performance that year and discuss goals and objectives for the next year.

CEO shall by September 15 of each year send a notice to the members of the Review Committee reminding them to schedule the performance review meeting. The annual performance review shall include candid dialogue by the participants and evaluation by the Review Committee of the following performance expectations:

- Maintain healthy relationships between the CEO's office and the Board, members and staff.
- Provide high-quality professional development and education services for members.
- Annually assess and continually develop staff to ensure their skills meet the needs of the company and that they can move forward with new initiatives.

- Annual staff reviews by the CEO shall be part of the assessment.
- Maintain and foster strategic community relations with local and regional Chambers of Commerce; with local, regional and state legislative bodies; with builders, mortgage bankers and other real estate-related professionals; and with media.
- Maintain healthy and meaningful relations with national, state and other local REALTOR® associations.
- Maintain, foster and grow corporate sponsor revenue.

## **2.2 Procedures for Election of Officers/Directors**

The Nominating Committee shall be appointed by May of the current election year. The Committee shall consist of the current President, four Immediate Past Presidents and three members at-large. The three at-large members shall be appointed by the President-Elect (NOTE: Bylaws Amend.) and approved by the Board of Directors.

A Slate of Six candidates will be presented for three director positions. Directors shall serve 3-year staggered terms, with three Directors elected in each annual cycle. Directors are to serve no more than two consecutive terms. (NOTE: Bylaws Amend.)

***Qualification: All candidates must be active REALTOR® members in good standing at the time of their nomination and when they take office.***

The Nominating Committee shall not recommend any candidate as a Director if it would allow more than three current or proposed Board members from the same company to serve at the same time.

### **Nominating Committee and Election Timeline**

#### **MAY**

An initial meeting of the Nominating Committee is called to organize and discuss the process.

#### **JUNE**

The nomination process is announced to membership, including providing a nomination form. Board members and Nominating Committee members may not **publicly** endorse candidates on the Slate of Six candidates, but the Board members and Nominating Committee members may sign the nomination form supporting the nomination, as this is not a public document. Officer nominating forms are provided to Board of Directors. Nominations are accepted for one month with an early July deadline for submission of Officer and Director nominations.

A special informational meeting is held and open to any REALTOR® members interested in getting more details about the nomination process, schedule, expectations of directors, officers, etc. will be held at the Sumner REALTORS® office and led by the President, President-Elect and CEO. **Nominating and Executive Committee members need to attend.**

#### **JULY**

The Nominating Committee considers Director nomination forms along with whomever the committee might want to add to the list for discussion and



selects the Slate of Six Director candidates.

The Nominating Committee Chair calls all those who have been nominated to confirm interest and details of running for Board and explain expectations. Nominating Committee Chair calls any member who provided a nomination form but was not selected as a nominee.

The potential Director candidates will be confirmed (or replaced with alternates selected as back up) and presented to the Board at the July meeting. If a Slate is not ready, it will be presented no later than the August Board Meeting.

The Nominating Committee looks over Officer Nomination Forms in preparation for **Officer Interviews**. Interviews are conducted with the candidates with only the Nominating Committee and CEO present. Interviews are to be approximately 20 minutes each in length. After the interviews, the Nominating Committee Chair makes a series of calls:

- To members who will be nominated to the Board and Executive Committee;
- To all members who completed an application and interviewed but the committee is not nominating to the Board; and
- To all current members of the Executive Committee to let them know what the Nominating Committee will present as nominations for all positions on the Executive Committee.

#### **AUGUST**

The Nominating Committee Chair informs the Slate of Six Director candidates that they are on the slate (after the Board is made aware of the selection). The candidates can immediately begin their campaigns after being informed. The Association will collect and disseminate information about the candidates to the membership leading up to the voting opening in September.

The President, President-Elect and CEO will conduct a Candidates Informational Meeting for the Slate of Six Board Candidates after the August Board meeting but before the September meeting. The purpose is to help candidates understand the election process and ask any questions they have about the process and what is expected of them. Board members and Nominating Committee members may not endorse candidates.

Officer nominees are presented to the Board at the August Board Meeting. Any Director wanting to run from the floor for an officer position must make the President and CEO aware in writing of his/her intention 10 days prior to the Board Meeting. This allows the full Board to be informed of the intention and prepare to conduct the election fairly at the September Board Meeting.

#### **SEPTEMBER**

The Board elects Officers during its monthly meeting.

The Nominating Committee Chair makes another presentation of the Slate of Six Director candidates during the meeting and gives an update on the election process.

Voting opens to membership for a minimum of two weeks, preferably **SEPTEMBER 15** (or next closest business day if September 15 is on a

weekend) **through SEPTEMBER 30** (or the next closest Friday if September 30 is on a weekend) at 5pm Central Time.

Board members and Nominating Committee members may not endorse candidates.

**After voting is closed**, the CEO informs the Nominating Committee Chair of the winners and the Nominating Committee Chair calls all winners, as well as the two who did not win, to inform them of the results before any communication goes to members.

The installation of Officers and Directors is held at the December Membership Luncheon or Awards Dinner, and they officially take office on January 1.

### **SECTION 3: COMMITTEES**

#### **3.1 Functions and Responsibilities**

Committees serve to assist in the effective implementation of Association objectives and specific programs.

The duties listed below are applicable to any organized work groups such as standing committees, ad hoc committees, task force, etc.

- Committee chairs and staff liaisons are responsible for setting regular meetings on a designated day and time of the month, or as frequently as needed.
- Committee chairs and staff liaisons will send notice and reminders of meetings with ample calendar notice and provide an agenda and any supporting materials for committee members to review in advance.
- Committee chairs and staff liaisons will provide ample notice of changes to date/times of meetings and/or meeting cancellations.
- Staff liaisons will attend all meetings, record minutes, send and file minutes with committee.
- Committees will operate within their respective budgets. Expenditures exceeding budget shall not be made without the prior approval of the Board of Directors.

The Association shall have the following Standing Committees as established in the Association's Bylaws:

Executive Committee  
Professional Standards (Grievance and Arbitration)  
Budget and Finance  
Member Services  
Government Affairs  
RPAC  
Education  
Community Outreach  
Bylaws (Bylaws Amend.)

The President may appoint, subject to confirmation by the Board of Directors, other special committees, workgroups or task forces to help carry out the work of the Association. In addition to those Standing Committees specifically named in the SR Bylaws, the following committees are recommended to be established by the President:

- Community Outreach
- Nominating Committee
- Strategic Planning
- Technology
- Awards of Excellence Committee
- REALTOR® of the Year Committee

There shall be an annual opportunity for members to express interest in serving on committees. The President and President-Elect shall work with the staff to select committee members from those who have expressed interest and committee membership should be set by fall of each year for the upcoming year. The term of service is one (1) year. A member may serve a maximum of three (3) consecutive years on a committee and may be asked to serve additional terms at the discretion of the Committee Chair.

The following Committee functions refer to the responsibilities of Standing Committees as well as any special committee that may be appointed by the President.

#### **Executive Committee**

The Executive Committee shall consist of the Officers of the Association and the Immediate Past President. The Executive Committee shall have authority to act for the Directors between Directors meetings with the full authority of the entire Board of Directors on any matters on which the Directors could act in a formal meeting, except that the Executive Committee shall not, unless specifically authorized by the vote of the Directors take any of the following actions in lieu of the Board of Directors:

- Act to change the corporate status or amend the Charter or Bylaws of the Association or its subsidiaries and affiliates.
- Determine to institute, or resolve, any lawsuit involving the Association where the potential exposure to the Association exceeds \$2,500.
- Approve any item not set forth in the approved budget having a total exposure to the Association exceeding \$2,500.
- Fill any vacancies as to Officers or Directors which would otherwise be filled by the Association.
- Terminate or employ the Chief Executive Officer.

#### **Professional Standards Committee**

The Professional Standards Committee is the Association's agency for enforcement of the REALTOR® Code of Ethics. The committee accepts complaints and grievances, reviews disputes among members without legal action and provides a decision by Sumner REALTORS®, employing an arbitration process to settle the dispute, if/when necessary. The Committee is also responsible for promoting the general membership constant awareness of, and conformance to, the REALTOR® Code of Ethics. Committee requires a minimum of five (5) years of REALTOR® membership and experience. Service is limited to a three (3) year term. After the third year, the member rolls off for a minimum of one (1) year before he/she can return to the committee.

### **Budget and Finance Committee**

The Budget and Finance Committee has general fiscal oversight of Association operations, investments, and financial policy and works with the CEO to assist in developing the annual budget and reviewing the financial performance of the Association. The committee is responsible for creating, monitoring and recommending revisions to the Association's investment policies and reserve policies. The committee makes recommendations to the Board of Directors on the financial position of the Association, and evaluates needs, considers bids and makes recommendations regarding owned real estate. The Committee comprises:

- Secretary/Treasurer (who will also serve as the Chairperson)
- President-Elect
- Immediate Past President
- Two (2) Board members to be appointed by the President
- Two (2) Non-Board members appointed by the President, who shall each serve two-year staggered terms (one appointed each year);
- The SR accountant or a representative from the firm
- The SR CEO

The CEO is a non-voting member. The Treasurer votes only in the case of a tie vote by the other members. After the Association elections, each fall, the new incoming Treasurer will serve as a non-voting member of the committee through the balance of that year.

### **Member Services**

The Member Service Committee oversees the fair and equal application of the Association's membership policy to all members and prospective members, welcomes new members to the Association, assists with registration at new member orientation, plans member networking and social activities, and invites and encourages new member participation in Association committees and events.

### **Government Affairs**

The Government Affairs Committee works with local, state and national government entities to encourage a climate favorable to the real estate profession, private property ownership, and the free enterprise system, including consideration of proposed regulations affecting real estate interests and other industry-related matters, encouraging sound legislation protecting property rights and individual ownership of real estate.

### **RPAC Committee**

The RPAC Committee performs political action fundraising, organizes yearly RPAC events, screens candidates and makes recommendations for RPAC contributions to candidates for elected office at the local, state and federal levels.

### **Education**

The Education Committee identifies, develops, promotes, and updates programs, products, and services that help members improve their professionalism and productivity in their real estate practice. The Committee suggests course topics, content, and instructors to bring high-quality training and professional development to SR members.

### **Bylaws Committee**

The Bylaws Committee reviews and evaluates the Association's governing documents

**Commented [DC1]:** Are we doing this currently? Specifically question reference to CPA or firm representative. May need revision to be more accurate of what we are doing or want to do.

to ensure they are maintained in compliance with the National Association of REALTORS® and in the best interest of the Sumner REALTORS®. The Committee consists of three (3) Past Presidents and two (2) at-large members appointed by the President.

#### **Community Outreach**

The Community Outreach Committee identifies and coordinates opportunities for Sumner REALTORS® members to volunteer and build community relationships through activities such as the annual Habitat For Humanity Build.

#### **Nominating Committee**

The Nominating Committee identifies and recruits talented, capable, diverse and willing volunteers for service as a Director. The committee presents a Slate of Six candidates for the Board of Directors to the membership annually via the guidelines set forth in the Association's Bylaws and nominating procedures described in section 2.2 of this document. The committee is also charged with proposing nominees for the Association Officers: President, President-Elect, Vice President, and Secretary-Treasurer, and shall report the nominees to the Directors at the regular September Directors Meeting.

The Nominating Committee consists of the current President, who will serve as the Chairperson, the President-Elect, four (4) Immediate Past Presidents and three (3) at-large members at appointed by the President-Elect, with approval of the Board of Directors.

#### **Strategic Planning**

The Strategic Planning Committee is appointed by the President, as needed, to make recommendations to the Board of Directors regarding the vision and focus of the association. The Committee works closely with the Board and CEO to develop, implement and evaluate strategic planning efforts.

#### **Technology**

The Technology Task Force is appointed by the President, as needed, and works closely with the CEO to evaluate the association's use of technologies and recommend new capabilities or improvements needed to support operational efficiencies and enhance the overall member experience. Investments must be approved by the Board of Directors.

#### **Awards of Excellence Committee**

The committee promotes, plans, and implements the Awards of Excellence program and works in conjunction with Member Services on the awards recognition event by assisting the Association staff. The committee recommends changes to the Awards of Excellence rules and procedures to the Board of Directors and the Board of Directors makes the final decisions on rules changes. The committee also considers appeals from members concerning Awards of Excellence points and sales numbers and makes a recommendation to the Board of Directors concerning the member appeal and the Board of Directors makes the final decision on the appeal.

#### **REALTOR® of the Year Committee:**

The committee consists of the five (5) immediate past REALTOR® of the Year award recipients, with the most recent REALTOR® of the Year serving as Chairperson. The committee operates on a term from July 1 to June 30. The committee selects autonomously the Sumner REALTORS® of the Year to be announced at the Awards

of Excellence event in late February or early March. The committee also recommends a member to the Board of Directors to consider at its June meeting as the Sumner REALTORS® nominee for the Tennessee REALTOR® of the Year.

### **3.2 Committee Chairpersons**

Committee Chairpersons shall be REALTORS® members. They are responsible for organizing committee members and implementing the specific goals and objectives of the committee as established annually by the Board of Directors.

#### **Chairperson's responsibilities**

- Preside at committee meetings, conducting business by proper motions according to the latest version of Robert's Rules of Order.
- Submit motions as recommendations to the Directors or Executive Committee along with the reasons for the motion.
- Report recommendations, decisions, and actions of the Committee to the Board of Directors in an appropriate and timely fashion.
- Maintain a productive working relationship with the Board liaison.
- Work closely with the staff liaison to prepare and approve meeting agendas and minutes.
- Develop committee budget request for the following year and submit to Finance Committee for review, approval and recommendation to the Board of Directors no later than August 1 of each year.
- Submit any special financial requests outside of the budget to the Finance Committee and Board of Directors.
- Actively involve committee members to ensure their retention and develop their leadership potential.
- Stay informed and knowledgeable in areas of the Association that affect the committee, including bylaws, policies and procedures.
- Make recommendations for future committee membership to the President.
- Prepare an annual report of accomplishments, unfinished business, and suggestions and recommendations to be distributed to the CEO, President-Elect and the new Committee Chair no later than November 1 each year.
- Attend General Membership meetings/luncheons/events.

### **3.3 Staff Liaisons**

Staff liaison(s) provide Committee Chairpersons with administrative support to ensure committees function appropriately. Duties include communications and correspondence, meeting preparation, and keeping detailed financial records of committee activities.

### **3.5 Invocation Policy:**

Sumner REALTORS® respects diversity in its membership and expects its invocators to be brief (less than one minute) and ecumenical (mindful of the varying beliefs of our members). Invocations do not need to necessarily be prayers but can be devotional in style.

## **SECTION 4: FINANCIAL**

Many items concerning financial policies may be found throughout the Policy Manual including sections on Officers, Directors, Committee Chairs, Meetings, Reimbursement Policy and Record Retention. To fully understand the Financial Policy of the Association, please refer to those sections.

The fiscal year for Sumner REALTORS® is January 1 through December 31.

### **4.1 Annual Dues Invoicing**

Membership dues are the primary source of revenue for Sumner REALTORS®.

SR staff creates annual dues invoices for the upcoming year on or around July 1 each year with a due date of December 31. Members may pay dues invoices via credit card, check or cash.

Member dues for active Primary REALTOR® and Secondary REALTOR® members are \$240 annually, plus a \$200 one-time application fee for each new member application. The application fee does not apply to REALTOR® members who already hold a REALTOR® designation and are transferring their primary membership from another association. Dues for REALTOR® members are prorated on a quarterly basis for members who join during the course of a calendar year.

Dues for Primary Affiliate members are \$400 annually for the first individual representing the company and are due on December 31 each year. Primary affiliate members applications received after July 1 are prorated to half price (\$200) for the remainder of that calendar year. Additional individuals from the same company may join as Secondary Affiliate member status for \$50 annually.

After December 31 (or a short grace period after Dec. 31), a \$100 late fee invoice is assessed on all members still with an outstanding balance of their annual dues invoice. Any members who still have not paid their dues invoice and late fee as of February 1 are considered inactive and removed from the active membership roster in the database. (Recommend change to Bylaws)

### **4.2 New Member Dues Invoicing**

New members are invoiced a pro-rated dues amount and application fee for the current year as described above. Once the member pays in full, his or her profile is added to the AMS under the member office and the status is Pending. All new members have three (3) months to attend Orientation, take Code of Ethics, and be approved by the Board of Directors to become active members. New members receive a membership certificate and pin upon meeting all requirements.

### **4.3 Association Event Income**

Sumner REALTORS® holds a number of events (e.g. Awards of Excellence recognition event, convention/trade show, golf tournament, membership meetings) each year that generate income. Events are set up in the AMS with a registration amount by the event's department. Event registration payments are received via

ecommerce (NAR ecommerce) or by check/cash delivered to the Association Office. The event's department confirms the registration and payment in the AMS for the event and payments are turned into the Association for weekly bank deposits. The Association Staff will provide reports as needed to account for payments received and deposited.

#### **4.4 Professional Development Class Registration**

The Sumner REALTORS® staff creates a class registration for professional development registrants in the AMS database for classes being held at the Association office. The class registration fee amount is set in the class/course description record within AMS and varies by class offered.

Class registration payments made online via ecommerce (NAR ecommerce) are referenced on the Class Roster (payment info) report in AMS for the specific class. Staff keeps a record of all Education income and expense and provides a report to the Education Committee Chair.

#### **4.5 REALTOR® Store Income**

Sumner REALTORS® has a REALTOR® Store with merchandise available for purchase specific to the REALTOR® industry. Staff handles the sales transactions. Credit card sales are processed via the AMS while cash and check sales are handled in the office. The member receives an electronic receipt once his/her record is updated in the database to reflect the transaction and the payment is processed.

#### **4.6 Cash Receipts Process**

In receiving cash, checks, and credit card payments, controls are needed to ensure that payments are recorded correctly, deposited promptly, and not lost, stolen, or altered anywhere in the process.

Staff opens daily mail delivery, stamps any checks for deposit, copies and logs all checks into the accounting log with the pertinent details. For any cash that is received through the business day, a receipt of payment is completed, and a copy is given to the customer and recorded in the cash/check receipts log. Cash/checks received are entered into the AMS daily and bank deposits are done at least weekly. No more than \$500 in cash is to be held for deposit at any time.

Members can make credit card payments for dues-related invoices, event registrations, Sumner REALTORS® PAC investments, Habitat Fund donations, and Education class registrations via their AMS Member site access (user name and password are needed). These payments go through the National Association of REALTORS® (NAR) ecommerce module. NAR withholds the national and state portions (forwarded to the State) of dues payments and directly deposits SR's portion through EFT to the appropriate bank account. On a monthly basis, the Association's Accountant will log in to the [NAR ecommerce database](#) (user name and password needed) and print the daily EFT activity for each of its bank accounts for the month. The Accountant will then reconcile the ecommerce information with AMS and with the appropriate monthly bank statement.



The Association's Accountant reconciles each bank account via the monthly bank statement monthly and the CEO reviews the reconciliation and signs and dates it.

#### **4.7 Disbursement Process**

Invoices, check requests and employee reimbursement requests (mileage, purchases, etc.) are submitted to the CEO for approval of payment. Staff processes the check payments via the accounting software, codes expenses to the appropriate general ledger account number(s) on the invoice and check stub and files processed payments. Checks require two signatures: The CEO and either the President or Secretary/Treasurer.

Vendors who provide services to the Association are required to submit the IRS Form W-9 to verify the vendor's correct billing name, company status, address and Social Security number, employer identification number or taxpayer identification number for reporting IRS Form 1099 at the end of the year.

#### **4.8 Sponsorships and Charitable Contributions**

The type of and budgeted amount for sponsorships and charitable contributions are determined by the Board of Directors or Executive Committee on an annual basis.

#### **4.9 Officer and Staff Travel and Expense Reimbursement**

Sumner REALTORS® Officers and staff can request reimbursement for any approved Association-related business and travel expenses by completing the appropriate form(s) and submitting receipt copies of the listed expenses. The CEO and Secretary/Treasurer review the reimbursement requests and authorize payment.

Typical travel expectations for the Association Officers and CEO include:

- AE Institute (CEO)
- REALTORS® Legislative Meetings and Trade Expo (CEO, President, President-Elect, and Secretary/Treasurer)
- NAR Fall Conference and Expo (CEO, President, President-Elect, and Secretary/Treasurer)
- NAR Leadership Summit (CEO and President-Elect)
- TN REALTORS® Spring and Fall Conferences (CEO, President, President-Elect, Secretary/Treasurer, and Vice President)
- TN REALTORS® Leadership and Advocacy (CEO, President, President-Elect, Governmental Affairs Chairman and RPAC Chairman)

#### **4.10 Employee Compensation (Payroll) and Benefits**

The CEO controls all employee compensation and benefits, working within the budgeted amount established by the Board of Directors. CEO compensation is established and controlled by the Board of Directors.

#### **4.11 Annual Budgeting**

The annual budgeting process for Sumner REALTORS® begins in September each year after the August financials have been completed and reported. The budget is

presented with a comparison of the last two years' actuals, listing all income and expense general ledger accounts with their end-of-year ledger balances (i.e. - xxxx Budget, xxxx Actual, xxxx Variance) in a format that is consistent with the formats used by TN REALTORS® and National Association of REALTORS®. The CEO and Secretary/Treasurer start the process of suggesting an annual budget amount for the upcoming year by providing a draft to the Finance Committee. The budget must be approved by the Finance Committee before it is submitted to the Board of Directors for approval. Final approval should occur by the November Board meeting.

When planning the annual budget, the CEO and Secretary/Treasurer shall evaluate and take into consideration any economic factors which may affect the income from membership dues. The budget should align with the current strategic plan, specific goals or programs projected for implementation during the coming year and evaluation of existing programs and services of the Association.

#### **4.12 Monthly Financial Statement Reporting**

The CEO and Secretary/Treasurer prepare the Association's financials and bank reconciliations on a monthly basis. The Treasurer presents the financials (Treasurer's Report) at the monthly Board of Directors meeting.

#### **4.13 Reserve Funds**

The Sumner REALTORS® Board of Directors evaluates the Association's Reserve Fund balance each year. The total Reserve Fund is to have a balance of up to 60% (not more than) of that year's budgeted operating expenses and ideally not less than 50% of that year's budgeted expenses. This Reserve Fund balance is spread across multiple Certificates of Deposit (CDs) held with various banks/credit unions and in a Money Market account with the Association's primary bank. The Certificates of Deposit have original maturities of more than three (3) months.

#### **4.14 Building Maintenance, Equipment, and Furniture Fund**

Sumner REALTORS® maintains a building maintenance fund (Update Fund) in the form of a Money Market account with the Association's primary bank. These funds are to be used with the Board of Directors' approval on building repairs/maintenance, equipment replacement, and office furniture. Any funds used in a year are replenished the next year with Board of Directors approval. An asset replacement schedule chart is kept up to date for related expenses.

#### **4.15 Signatories**

The following Association representatives are to be listed as signatories on Sumner REALTORS® bank accounts: CEO, President, Secretary/Treasurer, President-Elect.

All prepared checks require two signatures: The CEO and President or Secretary/Treasurer. The President, President-Elect, Secretary/Treasurer and CEO will be authorized signers for withdrawals of funds from savings accounts.

#### **4.16 Accounting Method**

The accounting method used by Sumner REALTORS® is accrual.

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**Commented [DC2]:** My understanding is that there is currently no cap ex or reserve fund related to the HOA so is this something new we need to establish in 2020/2021 budget?

#### **4.17 Annual Audit**

The Board of Directors is responsible for hiring a firm to conduct an annual financial review or audit. Staff shall provide all necessary documents requested for the firm to complete a thorough and accurate review or audit.

#### **4.18 Certified Public Accountant**

The Association shall retain a Certified Public Accountant (CPA) for purpose of audit, internal control, and filing Federal Income Tax statements. The selection of the CPA is by majority vote of the Board of Directors. The CPA selected shall serve until resignation or replacement. The credentials, services, and cost shall be reviewed annually by the Board of Directors at the time of budget approval.

#### **4.19 Credit Card Use**

The Association's President, President-Elect, CEO and Secretary/Treasurer are issued credit cards to be used for Association-related business and travel expenses. This policy sets out the acceptable and unacceptable uses of such credit cards.

- Any credit card Sumner REALTORS® issues to an employee or volunteer leader must be used for business purposes only, in conjunction with the employee's job duties and volunteer member duties related to the Association. Non-business purchases are considered any purchases that are not for the benefit of the Association.
- Business-related expenses, such as food and lodging while on Association-approved business travel, may be purchased on the company credit card if these purchases are consistent with the Association's travel and expense reimbursement policy.
- Any purchases of \$500 or above (excluding approved business-related expenses that are consistent with the Travel Policy contained in this Policy and Procedures Manual, such as food and lodging while on approved business travel) must be approved prior to purchase. The employee or volunteer leader must submit such purchase request in writing to CEO and receive approval in writing before making the purchase.
- The employee or volunteer leader in possession of the credit card is responsible for receiving, printing and/or electronically documenting and retaining all receipts related to purchases made on the credit card.
- All receipts are to be turned in to the CEO with the appropriate form(s) explaining the expense(s) within five business days of the date of purchase. If a receipt is lost, a written description of the items and cost of the purchase must be maintained and submitted in the same manner in which a receipt would be maintained and submitted. The CEO and/or Secretary/Treasurer will confirm that all credit card receipts are accounted for by reconciling them with the credit card statement for each issued credit card each month. The CEO and Secretary/Treasurer have unlimited access to see all charges on all the Association's credit cards.
- Any employee or volunteer leader who intentionally uses a company credit card for a personal purchase in violation of this policy will be required to pay back the cost of such purchase(s) immediately. For employees, if the cost of such purchase(s) is not paid back before the next pay period, the amount will

be considered an advance of future wages payable to that employee and will be deducted in full from the employee's next paycheck. Any remaining balance will be deducted from subsequent paychecks until the wage advance is fully repaid. Volunteer leaders who use an association-issued credit card for purchases not within the scope of their Association duties will also be expected to reimburse the Association for the entire unauthorized amount.

- In addition to financial responsibility and liability for wage deductions, any purchases an employee or volunteer leader makes with a company credit card in violation of this policy may result in legal action as well as disciplinary action up to and possibly including termination of employment or loss of volunteer position.
- The employee or volunteer leader in possession of the Association credit card is solely responsible for all purchases on the card and for ensuring that the card is not used by unauthorized personnel. Card numbers may not be distributed and should not be saved in online accounts. Employees and volunteer leaders should immediately report lost or stolen cards to the issuing bank and the CEO.

Use of company-issued credit cards is a privilege that the association may withdraw at any time, with or without cause. Volunteer leaders who no longer hold a position must return their card to the CEO. If the CEO is no longer employed with the association, then he/she must return his/her card to the President or Secretary/Treasurer.

## **SECTION 5: TRAVEL**

This is a set of guidelines for Officers, Directors, Committee Chairpersons and staff to follow in determining reasonable expenses while out of town on Association-sponsored business. Local expenses incurred on behalf of the Association, such as luncheon events, meetings, political gatherings, education, etc. will be reimbursed as necessary and appropriate.

The annual budget for the Association should be the guiding factor in determining the attendance at local, state, or national functions. The Board of Directors, in conjunction with the current President and the CEO, should determine the extent of travel necessary for, and beneficial to, the Association each year. All care should be taken by traveling members and staff to represent all SR members and the Association in the most cost-effective method possible.

**President's** covered expenses include:

- Registration for all SR meetings, luncheons and events
- Board dinners at NAR/TN REALTORS®
- NAR Legislative Meetings registration, airfare, meals and lodging
- NAR Fall Convention registration, airfare, meals and lodging
- TN REALTORS® Spring Conference registration, mileage, meals and parking
- TN REALTORS® Fall Convention registration, airfare, meals and lodging
- Awards of Excellence registration and registration for one (1) guest
- December Luncheon (installation): "President's table" (one table comp)

**President-Elect's** covered expenses include:

- Registration for SR meetings, luncheons, and events
- Board dinners at NAR/TN REALTORS®

- NAR Leadership Training registration, airfare, meals and lodging
- NAR Legislative Meetings registration, airfare, meals and lodging
- NAR Fall Convention registration, airfare, meals and lodging
- TN REALTORS® Leadership registration, meals and lodging
- TN REALTORS® Spring Conference registration, mileage, meals and parking
- TN REALTORS® Fall Convention registration, airfare, lodging (if needed) and meals.
- Awards of Excellence registration and registration for one (1) guest

**Vice-President's** covered expenses include:

- Registration for all SR meetings, luncheons and events
- Board dinners at NAR/TN REALTORS® Conventions
- NAR Legislative Meetings reimbursement for registration, airfare, meals and lodging up to a maximum of \$1,500
- NAR Fall Conference reimbursement for registration, airfare, meals and lodging up to a maximum of \$1,500
- TN REALTORS® Spring Conference registration, mileage, meals and parking

**Secretary-Treasurer's** covered expenses include:

- Registration for all SR meetings, luncheons and events
- Board dinners at NAR/TN REALTORS® Conventions
- TN REALTORS® Spring Conference registration, mileage, meals and parking
- TN REALTORS® Fall Convention registration, airfare, meals and lodging
- NAR Legislative Meetings registration, airfare, meals and lodging
- NAR Fall Convention registration, airfare, meals and lodging

**Directors'** covered expenses include:

- Registration for all SR meetings, luncheons and events
- \$500 reimbursement toward choice of conference attended

## **5.1 Airfare**

Sumner REALTORS® will cover airfare expenses for volunteer leaders and staff to participate in business-related travel as defined in this Policies and Procedures Manual. Reasonable effort shall be made to obtain the lowest fares possible in and out of Nashville International Airport for arrival and departure times that allow the Officers, Directors, Staff and Committee Chairpersons to maximize their participation in and benefit from the business meeting.

## **5.2 Ground Transportation**

Volunteer leaders and staff who utilize rental vehicles for Association-related ground travel may use a business credit for purchases, if available, or will be reimbursed cost of rental plus fuel, not personal mileage.

Approved business use for trips taken in the member's personal automobile will be reimbursed at the current mileage rate allowed by IRS. This would include mileage to and from the airport for out-of-state trips and mileage to and from any in-state functions. The mileage charges should not exceed the reasonable corresponding airfare, ground transportation charges, etc. for attendance at any meeting (i.e. driving to New Orleans instead of flying). There is no reimbursement for personal mileage

incurred while away on business travel (e.g. visiting friends/family in a convention city).

SR shall reimburse all necessary taxi, bus or other reasonable and necessary travel costs associated with meetings, conventions or other business, such as transportation to/from airport/hotel or to/from restaurants while at a convention.

### **5.3 Lodging**

Sumner REALTORS® will pay for reasonable hotel costs associated with business travel for volunteer leaders and staff. It is expected that when traveling for Association business, volunteer leaders and staff will stay at one of the hotels recommended by NAR or Tennessee REALTORS®. All members shall reserve normal rooms at the best possible rate and avoid suites or higher-priced options when possible. SR does not require volunteer leaders or staff to stay at the cheapest hotel, as they are not always the most convenient and could cause other costs to increase (taxis, meals, etc).

The Association does not require traveling members or staff to double up in hotel rooms in order to save money but allows members to do so if they choose.

### **5.4 Meals**

It is expected that the Officers, Directors, staff and other members will incur only normal and reasonable meal expenses during their business travel on behalf of Sumner REALTORS®. Expenses deemed excessive or unreasonable by the CEO and/or Secretary/Treasurer may affect the member or staff's future travel authorization.

### **5.5 Other Expenses**

Normal and reasonable charges will be allowed for tips (at airports, restaurants, taxis, etc.) or other costs incurred on behalf of the Association or due to being out of town on Association business.

### **5.6 Receipts**

All expenditures (airfare, hotel, meals, gas, etc.) should be accompanied by appropriate receipts and documentation even if the expense is on an association credit card, and submitted in a clear, orderly fashion with the accompanying form(s) as required by the CEO. All requests for reimbursement are reviewed and approved by the CEO prior to payment.

## **SECTION 6: DOCUMENT RETENTION**

### **Accounting Records**

- Accounts payable (seven years)
- Accounts receivable (seven years)
- Annual financial statements (permanent)
- Bank statements (seven years)
- Bank reconciliation (seven years)
- Canceled checks – routine matters (seven years)

- Canceled checks – special (loan repayment, etc.) (permanent)
- Correspondence – routine (four years)
- Deeds and closing papers (permanent)
- Deposit slips (four years)
- Electronic payment records (seven years)
- Employee expense reports (seven years)
- Fixed-asset acquisition invoices (after disposal) (seven years)
- General ledgers (permanent)
- Income tax returns (permanent)
- Inventory count and costing sheets (seven years)
- Insurance policies (after expiration) (four years)
- Investments (after disposal) (seven years)
- Mortgages, loans, and leases (paid) (seven years)
- Payroll journals and ledgers (permanent)
- Purchase orders (except accounts payable copy) (one year)
- Purchase invoices and orders (seven years)
- Receiving sheets (two years)
- Sales records (seven years)
- Sales tax returns and exemption support (five years)
- Subsidiary ledgers (seven years)
- Tax returns (federal and state) (if applicable) (permanent)
- Trial balances (permanent)

#### **Association Corporate Records**

- Articles of Incorporation and amendments (permanent)
- Bylaws and amendments (permanent)
- Corporate filings (permanent)
- Corporate Minute Book (permanent)
- IRS Exemption Letter (permanent)

#### **Employment Records**

- Documents relating to job recruitment: advertising, job orders submitted to employment agencies, interviewing, testing, hiring, training, demotions, promotions, layoffs, discharge, and other personnel decisions (one year)
- Employee benefit plan documents (duration of plan)
- Garnishments/wage assignments (three years)
- Immigration I-9 forms (duration of employment plus one year, minimum of three years)
- Payroll records showing name, address, date of birth, occupation, rate of pay, and weekly compensation (three years)
- Personnel records (10 years after employment ends)
- Record of all occupational injuries, including those under state workers compensation law and any ERISA awards (five years for ERISA; state law requirements will vary)

#### **Legal Documents**

- Contracts (ten years after expiration)

- License Applications (one year after expiration)
- Licenses (one year after expiration)
- Trademarks, Patents and Copyrights (permanent)
- Warranties and Guaranties (two years beyond terms of the warranty)
- Correspondence: legal (permanent)

#### **NAR/Association Documents**

- NAR charter (permanent)
- Territorial jurisdiction (permanent)
- REALTOR® Agreement (until superseded)
- Member file and membership applications (two years after membership terminates, with social security number and other financial information removed (if applicable))
- Professional Standards Hearing Records: Ethics (result of hearing – permanent; rest of hearing file – minimum of one year after satisfaction of sanctions (if any) and there is no threat of litigation)
- Arbitration/Mediation (minimum of one year after payment of award (if any) and there is no threat of litigation)

#### **Property Records**

- Deeds of Title (permanent)
- Leases (two years after expiration)
- Depreciation schedules (permanent)
- Property damage (seven years)
- Property Tax (permanent)
- Appraisals (permanent)
- Blueprints/plans (permanent)
- Warranties and Guaranties (two years beyond terms of the warranty)