

**NAR OFFICER ELECTION REFORM REPORT UPDATE**  
**SATURDAY, NOVEMBER 11, 2006**  
**HILTON NEW ORLEANS RIVERSIDE**  
**NAPOLEAN BALLROOM, 3<sup>RD</sup> FLOOR**  
**2:00 PM — 3:00 PM**

**Purpose:** To provide a venue where members may learn and discuss matters that may come before the Board of Directors and Delegate Bod for possible consideration in a future year.

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**NATIONAL ASSOCIATION OF REALTORS®**  
**Election Reform Task Force**  
**Concept Report as of Sept. 12, 2006**

The Election Reform Task Force has been examining NAR's current nomination/election process and was asked to recommend how NAR could implement an objective nomination and election system for NAR officers that recognizes and encourages the most qualified of candidates to seek elected office. With today's rapidly-changing real estate environment and all its complexities and the growth of NAR over the last few years, it is critical for the Association to both remove obstacles to participation in the nomination/election process by qualified individuals and to provide the Directors with the information needed to identify and elect candidates who are equipped to handle the demands of serving as an officer of the National Association.

The information found in this report provides a conceptual framework for the Leadership Team's review and consideration. The Task Force would like the LT's feedback to gauge whether or not the Task Force is focused in the right direction before it proceeds with developing specific recommendations for changes to current Association policies and governance documents.

The framework on which the new process is based stems from an effort to create an officer nomination and election system that:

1. Creates a flexible/equitable yet voluntary process for candidates to emerge.
  - Process should encompass ALL candidates interested in running.
2. Allows the NAR electorate (e.g., Directors) to be actively engaged and involved in the process.
3. Augments the Nominating Committee's role by:
  - Building its authority to enforce the rules.
  - Diminishing State and Regional campaigning, binding agreements, and bartering.
  - Being involved in candidate assessment and leadership development of qualified candidates who have aspirations to seek elected office.
7. Expands opportunities for prospective candidates' exposure to the directorship through information sharing (i.e., podcasts, CDs, candidate forums etc.)
8. Monitors rule compliance.
9. Identifies and develops a "pool" of future leaders.
10. Reduces the time and financial commitments currently involved for future candidates interested in pursuing elected office.
11. Enhances the requirements for membership on the Nominating Committee.

**PROPOSED CAMPAIGN, NOMINATION & ELECTION PROCESS**

Effective no sooner than the 2011 election cycle (for First Vice President)/effective November, 2008

**POINT OF ENTRY**

Self-generated applications

## **CANDIDATE ASSESSMENT PROCESS (2008 — Year 1)**

Design is comparable to a CEO search model and employs a consultant to assist in the development and on-going operation of the assessment process. This is a mandatory process for any candidates seeking consideration by the Nominating Committee.

A subcommittee of the Nominating Committee entitled '**Assessment Process Subcommittee**' shall be created for purposes of overseeing the assessment process and for hiring the consultant who will facilitate, develop and conduct the assessment process.

**Assessment Process Subcommittee Composition:** 7 members — Five of the members will be drawn from the Nominating Committee's membership including 2 Past Presidents (from the Nominating Committee) and 3 at-large members (selected by and from the Nominating Committee). The Consultant and NAR's EVP/CEO shall serve as ex-officio, non-voting members of the subcommittee.

Assessment will consist of:

- 1) Evaluation by the Consultant (or through a process established by the Consultant) of the candidate's leadership skills, experience, business acumen, industry knowledge, psychological profile.

### **Characteristics:**

- Include a reasonable application fee established by the Nominating Committee.
- Application fees may NOT be provided or supplemented by the States or Regions.
- Assessments are valid for up to three years.
- Consultant may screen applications if excessive in number based upon criteria suggested by the subcommittee.
- Assessment results are provided to candidate and reviewed with Consultant, but not provided to anyone else.

### 2) **360 Evaluation**

- 360 evaluations will seek "peer" (anonymous) input on the candidate's leadership skills, experience, business acumen, industry knowledge, psychological profile.
- Questionnaires sent to peers identified from among local, state and national leadership and staff who have experience with the candidate requesting feedback on candidate.
- Evaluation is anonymous.
- Results provided to candidate and no one else.

## **CANDIDATE POOL (exists by NOV. 2008)**

Prospective candidates voluntarily advance to the "pool" after the assessment process is completed.

Annual options available to individuals in the pool are to:

- 1) Opt out of the pool (i.e., exit out of the process entirely)
- 2) Hold (i.e., remain in the pool)
- 3) Decide to become "active" (i.e., voluntarily move forward by declaring to the Nominating Committee his/her intent to be a candidate for office in the upcoming election cycle.)

Individuals remaining in the Candidate Pool may NOT travel or hold receptions prior to decision to become "active."

**DECLARE INTENT TO RUN (APRIL 2009 – Year 2)**

Prospective candidates in the pool declare their intent to run for elected office in the current election cycle and become "active."

Initiation of Legal and Financial audits is triggered.

**CANDIDATE FORUM DURING MIDYEAR LEGISLATIVE MEETINGS (MAY 2009 – Year 2)**

Exposure to the directorate. (May also occur at November meetings)

**NOMINATING COMMITTEE ANNOUNCES DECLARED CANDIDATES (MAY 2009 – Year 2)**

Nominating Committee Chair reviews legal and financial audits; full committee reviews results from candidates' assessment process.

**INTERVIEWS OF DECLARED CANDIDATES (NOVEMBER 2009 – Year 2)**

All "active" candidates for the current election cycle come before the Nominating Committee for interviews.

The Nominating Committee will not consider or receive State and/or Regional endorsements.

**NOMINATING COMMITTEE REPORTS SLATE OF QUALIFIED CANDIDATES (NOVEMBER 2009 – Year 2)**

Slate reported during the Board of Directors Meeting at the REALTORS® Conference & Expo.

**Additional Nominations to the Ballot (FEBRUARY 2010 – Year 3)**

Qualified candidates who were not slated by the Nominating Committee may add themselves to the ballot (see ARTICLE X., Section (D) 2.). Individuals who have completed the petition process may also added to the ballot (see ARTICLE X., Section (D.) 1.).

- ARTICLE X., Section (D.) 1. Names may be added to the slate of officers nominated by the Nominating Committee for the offices of President-Elect, First Vice President, Treasurer and Regional Vice President. These names may be placed in nomination by petition if the petition and required paper work for the financial and legal audit is received at the headquarters of the National Association on or before February 28th of the year following nomination of the slate of officers by the Nominating Committee. Individuals nominated by petition need not have previously declared their intent to be a candidate for office in the National Association.
- ARTICLE X., Section (D) 2. A member included on the list of qualified candidates for an office may nominate him or herself for that office by submitting written notice to the National Association. The qualified candidate's written notice must be received at the headquarters of the National Association on or before February 28<sup>th</sup> of the year following nomination of the slate of officers by the Nominating Committee.

**ELECTION (MAY 2010 – Year 3)**

Election of officers by the Board of Directors conducted at the Board of Directors Meeting during the Midyear Legislative Meetings.

**TAKE OFFICE (NOVEMBER 2010 – Year 3)**

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## **NATIONAL LEADERSHIP ACADEMY**

The Leadership Academy is envisioned as program whereby members may enter into the Candidate Assessment Process to be considered for elective office or members may be admitted to the Academy if they've undergone the Candidate Assessment Process and believe they need more development. The Academy is also open to any member wishing to enhance their leadership skills even if they do not intend to run for elected office.

Characteristics of the Leadership Academy:

- Voluntary
- Fee-based
- Mentoring process
- Prepares members for future leadership at the National level (Note: graduation is NOT a prerequisite for becoming an NAR Officer candidate).
- In-depth education on NAR process & initiatives, industry issues, etc.
- Open participation

**Recommendation of the Election Reform Task Force:** That a work group be created to develop and formulate a National Leadership Academy and to define its scope, curriculum and management.

**NATIONAL ASSOCIATION OF REALTORS®  
ELECTION REFORM TASK FORCE**

**PROPOSED NOMINATING COMMITTEE STRUCTURE**

The composition of the Nominating Committee would be increased to include 25 members with the new members being drawn from among additional constituencies within the membership. The changes will also provide continuity and enhance the level of experience among members of the Committee by making the term of many of the appointed members two years and by staggering those terms.

Under the proposal, the Committee would be comprised of:

- 13 Regional representatives appointed to staggered two year terms. Each Region shall in the year in which the term of the member previously appointed from that Region expires identify for the President three (3) prospective members from that Region. The President shall appoint one of the members from the list provided by the Region to fill the position.
- 2 DSA recipients to be appointed by the President to serve staggered two year terms.
- 1 representative of the Institutes, Societies and Councils of the National Association appointed by the President to serve a two year term.
- 1 representative from a large firm identified in Article IV, Section V of the Constitution as being eligible to appoint a Director to the Board of Directors appointed by the President to serve a two year term.
- The representative of the Institutes, Societies and Councils and the representative of large firms shall serve staggered terms.
- 4 at-large representatives to be selected by the President to serve staggered two year terms to provide representation on the Nominating Committee for small, medium, large and mega Boards.

The initial appointments under the new provision would be divided as closely as possible between one and two year terms to implement the staggered terms of Committee members.

Pursuant to the aforementioned, no member of the Committee appointed by the President shall be eligible to serve consecutive terms on the Committee regardless of the provision under which the member held his or her position on the Committee.

- 4 Past Presidents to include the Immediate Past President, the Past President twice removed (who shall also serve as Chair of the Committee), and two Past Presidents appointed by the Past Presidents Advisory Committee.

Vacancies on the Committee shall be appointed by the President for the remainder of the unexpired term using the same procedures as used for the Committee member being replaced.