

KENTUCKY ASSOCIATION OF REALTORS® POLICIES AND PROCEDURES MANUAL As of February 2010

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KENTUCKY ASSOCIATION OF REALTORS®

POLICIES AND PROCEDURES MANUAL

This manual is designed to serve as a guide for the KAR members, Officers, Directors, Service Area and Task Force Chairs and participants, members of the Delegate Body and staff of the Kentucky Association of REALTORS®. As policies and/or conditions dictate within the Association, these guidelines will be amended.

The purpose of this manual is to assist in the implementation of the Association's programs, consistent with KAR policies as adopted by the Board of Directors so long as they do not conflict with the Bylaws. In the case of conflict, the Bylaws prevail.

The following policy decisions are the responsibility of the Board of Directors and subject to the provisions of the Bylaws of the Kentucky Association of REALTORS®. As new policies are created or existing policies are amended, revised, or abolished as a result of actions taken by the Board of Directors or changes in the KAR Bylaws, the Bylaws Committee shall be authorized to recommend this manual to be revised accordingly. All changes to this manual which are not as a result of previous actions by the Board of Directors or Bylaws changes shall be presented to the Board of Directors for its review and action. (Moved 2/09)

KAR members, officers, directors, service area and task force chairs and participants, members of the Delegate Body and staff are requested to review thoroughly those portions applicable to them and to carry out the duties of their office, committee or staff position in accordance with this manual.

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PART ONE:

**GUIDING
PRINCIPLES**

PART ONE: GUIDING PRINCIPLES

A. KAR MISSION STATEMENT

The mission statement specifies the fundamental purposes and reasons for existence of the Kentucky Association of REALTORS®. It establishes the scope of Association activities and provides overall direction.

The Kentucky Association of REALTORS® exists to support and enhance the ability of local boards of REALTORS® and REALTOR® members to succeed in their businesses in an ethical and competent manner and, through a united voice, preserve real property rights.

B. NATIONAL ASSOCIATION OF REALTORS® CODE OF ETHICS AND PROFESSIONAL STANDARDS

The Kentucky Association of REALTORS® hereby formally adopts in its entirety and as amended from time-to-time, the National Association of REALTORS® Code of Ethics and the National Association of REALTORS® Code of Ethics and Arbitration Manual for use and application to all members of the Kentucky Association of REALTORS®.

C. KENTUCKY ASSOCIATION OF REALTORS'® CODE OF CONDUCT

Every candidate who succeeds in becoming an Officer, Director or Delegate sought such position. These leaders, as well as every committee member and task force member, has agreed to accept the heavy responsibility of such positions of leadership. This responsibility is not one that should be taken lightly. It is a position of trust. Those who elected or selected KAR leaders did so believing each position is filled by a person of high integrity and character, not only their conduct at KAR meetings, but in their business and personal conduct, too.

KAR Bylaws prohibit members from acting "in a manner contrary to the best interest of KAR or its mission." (KAR Bylaws, Article IV, Section 7). KAR has the ultimate right to require that its members refrain from conduct injurious to KAR or its purposes.

Therefore, should two-thirds or more of the Board of Directors voting determine that any Officer, Director, Delegate, committee member or task force member has engaged in conduct tending to injure the good name of KAR, disturb its well-being, or hamper it in its work, such person shall be removed from the office to which they were elected or appointed.

As noted in one of KAR's governing documents, Robert's Rules of Order, "behavior of this nature is a serious offense properly subject to disciplinary action, whether the bylaws make mention of it or not." (Robert's Rules of Order, Newly Revised, 638, 644 [Scott, Foresman & Co. 1990 ed.]).

Any discussion of matters brought to the Board of Directors pursuant to this Code of Conduct shall occur in executive session. Any person accused of such conduct shall have the opportunity to be heard by the Board of Directors in such closed session. Any vote addressing removal of such person from office shall be in open session.

PART TWO:

OFFICERS

PART TWO: OFFICERS

Officers of the Kentucky Association of REALTORS® hold positions of honor and prestige. The responsibilities of their respective offices should never be underestimated. Members expect and are entitled to representation by officers who exhibit qualities of leadership and personal commitment to KAR and to each member they represent.

A. OFFICE OF PRESIDENT

The President of the Kentucky Association of REALTORS® is the chief executive officer of the Association. As chief executive officer, the President shall preside at all meetings of the Association and shall also have the authority to call special meetings of the membership, Delegate Body, Board of Directors, and the KAR Leadership Team in accordance with the Bylaws and designate where such meetings are to be held. The President, by virtue of his or her office, is a Director of the National Association of REALTORS®.

Among other duties, the President is specifically charged with the following responsibilities:

1. Represent the Association and act in its name, subject to its declared policies.
2. The President, with the approval of the Board of Directors, may appoint such task forces or other task oriented bodies and designate the chairs or leaders of such body as deemed advisable. Such approvals may be conducted via electronic communication. (Revised 2/07)
3. The President shall designate persons to lead each of the Service Areas. Such designee need not be a director.
4. Make local board visits.
5. Serve as an ex-officio member of all task forces, committees or other task oriented bodies of the Association except those governing or addressing elections, RPAC, REALTOR® of the Year, and the Kentucky Real Estate Commission Selection Committee.
6. Shall be knowledgeable of and conversant with Association objectives, programs, and activities.
7. Install local board officers when invited to do so.
8. Guide the business affairs of the Association with the assistance of the officers, Board of Directors and the Executive Vice President.
9. Assist in carrying out the policies and programs approved by the Board of Directors.
10. Preside at caucus meetings of the directors at the National Association of REALTORS®.
11. Serve as the Association's spokesperson and represent the interests and objectives of the Association in dealing with news media, allied organizations and industries, local, state, and federal legislators, and the general public.
12. Take the lead in the orientation of Directors and Delegates. (Revised 2/07)

13. Evaluate all of the participants in the leadership of the Association and make suitable assignments accordingly.
14. Delegate what can properly be delegated in order to spread the workload and provide leadership experience for others.
15. Plan ahead and know well in advance what must be done -- and when -- for the full year ahead.
16. Make contact at least quarterly, usually before board meetings, with all of the task force, committee, and service area leaders to ensure that objectives are being met and to know their needs at the upcoming board meeting.
17. Meet with the EVP/EO and plan the agenda for the next board meeting.
18. Constantly stimulate the board's leadership development efforts.
19. Shall be a member in good standing of each local board of REALTORS® of the Association.

It is essential that the President be informed and knowledgeable in all areas of Association involvement and in the real estate industry in general. It is particularly important that the President fully know the Association's activities and the real estate industry in his/her area. The President should be familiar with the following:

1. Current Bylaws and Policies of the National Association of REALTORS®.
2. Current Bylaws and Policies and Procedures of the Kentucky Association of REALTORS®.
3. Legislative activity on local, state, and national levels.
4. Robert's Rules of Order or any other approved rules of parliamentary procedure.

B. OFFICE OF PRESIDENT-ELECT

It is the responsibility of the President-elect to perform the duties of the President in the event of the President's absence or disability.

Among other duties, the President-elect is specifically charged with the following responsibilities:

1. Serve on the Board of Directors and Leadership Team.
2. Serve on the Board of Trustees of the Kentucky Real Estate Education Foundation.
3. Make local board visits.
4. Install local board officers when invited to do so.
5. Shall be knowledgeable and conversant relative to Association objectives, programs, and activities.

It is essential that the President-elect be informed and knowledgeable in all areas of Association involvement and in the real estate industry in general. It is particularly important that the President-elect know fully the Association's activities and the real estate industry in his/her area. The President-elect should be familiar with the following:

1. Current Bylaws and Policies of the National Association of REALTORS®.
2. Current Bylaws and Policies and Procedures of the Kentucky Association of REALTORS®.
3. Legislative activity on local, state, and national levels.
4. Robert's Rules of Order or any other approved rules of parliamentary procedure.

C. OFFICE OF TREASURER

The Treasurer shall oversee the funds and securities of the Association and shall render reports at the annual meeting of the Association and at the Board of Directors Meetings. The Treasurer may assign, subject to the approval of the Board of Directors, certain duties of the office to the Executive Vice President.

Among other things, the Treasurer is specifically charged with the following responsibilities:

1. Serve as member of the Board of Directors and Leadership Team.
2. Assist the EVP with the annual budget.
3. Present the budget and any other financial reports at the regularly scheduled meetings of the Board of Directors, Delegate Body, and membership.
4. Request the financial needs of task force and service areas and review in advance of budget preparation.
5. Shall visit the offices of KAR not less frequently than every 30 days to review all invoices and checks to be paid by the Association to confirm that the expenditure is in accordance with the appropriate line item of the approved budget. (Revised 9/03)
6. Make recommendations for amendments to the budget when necessary.
7. Shall be knowledgeable and conversant relative to the Association's objectives, programs, and activities.
8. Speak at local board meetings when requested to do so.
9. Serve as Chair of Finance Committee. (Revised 12/09)

It is essential that the Treasurer be informed and knowledgeable in all areas of Association involvement and in the real estate industry in general. It is particularly important that the Treasurer know fully the Association's activities and the real estate industry in his/her area. The Treasurer should be familiar with the following:

1. Current Bylaws and Policies of the National Association of REALTORS®.

2. Current Bylaws and Policies and Procedures of the Kentucky Association of REALTORS®.
3. Legislative activity on local, state, and national levels.
4. Robert's Rules of Order or any other approved rules of parliamentary procedure.

D. OFFICE OF TREASURER-ELECT

It is the responsibility of the Treasurer-elect to perform the duties of the Treasurer in the event of the Treasurer's absence or disability.

Among other things, the Treasurer-elect is specifically charged with the following responsibilities:

1. Serve on the Board of Directors and Leadership Team.
2. Assist the EVP with the annual budget.
3. Shall be knowledgeable and conversant relative to the Association's objectives, programs, and activities.
4. Shall serve on the Board of Trustees of the Kentucky Real Estate Education Foundation.
5. Serve as Vice-Chair of Finance Committee. (Revised 12/09)

It is essential that the Treasurer-elect be informed and knowledgeable in all areas of Association involvement and in the real estate industry in general. It is particularly important that the Treasurer-elect know fully the Association's activities and the real estate industry in his/her area. The Treasurer-elect should be familiar with the following:

1. Current Bylaws and Policies of the National Association of REALTORS®.
2. Current Bylaws and Policies and Procedures of the Kentucky Association of REALTORS®.
3. Legislative activity on local, state, and national levels.
4. Robert's Rules of Order or any other approved rules of parliamentary procedure.

E. OFFICE OF EXECUTIVE VICE PRESIDENT

The Executive Vice President ("EVP") of the Kentucky Association of REALTORS® serves as chief administrative officer of the Association. The EVP shall also serve as the corporate secretary of KAR and shall hold such title.

Among other things, the Executive Vice President is specifically charged with the following responsibilities:

1. Assure that the Board of Directors and the Delegate Body are kept fully informed on the conditions of the Association and on all important factors influencing them. Attend all meetings of the Board of Directors except when excused by the President.

2. Recommend, for the approval of the Board of Directors, basic policies and programs which will further the objectives of the Association.
3. Oversee the execution of all decisions of the Board of Directors and Delegate Body.
4. Develop, for the purpose of day-to-day administration, specific office policies, procedures, and programs to facilitate the implementation of the general policies established by the Board of Directors.
5. Establish a sound organizational structure for the headquarters office.
6. Plan the general administration of the entire Association operation. Though many responsibilities are delegated to other members of the staff, the Executive Vice President should be aware of the progress of all Association projects.
7. Assure that the Association is represented in any and all legislative and governmental matters affecting the real estate industry in Kentucky by a registered lobbyist and representative of KAR.
8. Direct and coordinate all approved programs, projects, and major activities of the headquarters staff.
9. Be responsible for hiring, training, and motivating all Association staff; be responsible for determining and administering all promotions and terminations.
10. Obtain maximum utilization of staff by clearly defining their duties, establishing performance standards, conducting performance reviews, maintaining competitive salary structure and enforcing the personnel policies of the Association.
11. Provide the necessary liaison and staff support to chairs of committees, task forces, and service areas to enable them to properly perform their functions. See that decisions and recommendations of committees, task forces, and service areas are submitted to the Board of Directors.
12. Execute such contracts and commitments as may be authorized by the Board of Directors or within established policies.
13. Promote interest and active participation in the Association's activities on the part of the membership and local/chapter groups and report activities of the Board of Directors and the Association through the communications of the Association.
14. Maintain effective relationships with other organizations, both public and private, and see that the position of the Association and its members is enhanced in accordance with the policies and objectives of the organization.
15. Assure that all funds, physical assets and other property of the Association are appropriately safeguarded and administered. Operate within the approved budget.
16. Prepare a proposed annual budget with the assistance of the Treasurer and Treasurer-Elect.
(Revised 2/05)

17. Prepare reports on subjects deemed of importance to the membership.
18. Serve as corporate secretary of the Kentucky Association of REALTORS®, Inc. maintaining minutes of the Board of Directors, Delegate Body, Membership, and other meetings of the organization, provide security for all files, legal and historic documents, membership and mailing lists. The EVP may perform such corporate secretarial functions directly or may delegate such tasks to staff. However, the EVP shall remain responsible for seeing that these duties are performed.
19. The Executive Vice President of the Kentucky Association of REALTORS® shall be ex-officio, non-voting member of the *LeadershipKAR* Committee. (Revised 2/07)
20. Be responsible for the planning, promotion and administration of all meetings of the Association.
21. Plan and execute communications to the general membership which include newsletters, general mailings, news releases, etc.
22. Act as direct liaison with the National Association of REALTORS® in matters which can be handled by staff.
23. Act as spokesperson for the Association in the absence of or when the appropriate elected officer of the Association is unavailable.
24. Serve on NAR committees, if appointed, when such service is of benefit to the Association.
25. Carry out such other general responsibilities as may be delegated by the President and authorized by the Board of Directors.
26. Serve as a non-voting ex-officio member of the Board of Directors and Delegate Body.
27. Give special assistance to any local board as needed or requested.
28. Make reports to the Board of Directors and Delegate Body at their meetings.
29. Serve as Executive Director and on the Board of Trustees of the Kentucky Real Estate Education Foundation.
30. Immediately notify all affected local Boards/Associations, Board of Directors and Delegate Body of any vacancies on the KAR Board of Directors and Delegate Body. (Revised 2/07)
31. Communicate significant information to the KAR President and President-elect. (Revised 2/07)
32. Executive Vice President shall annually submit a set of management objectives to the Strategic Planning Committee. (Added 12/08)
33. Staff shall provide a financial report to the Board of Directors at each regular meeting. Reports shall be consistent in form. All significant variances shall be explained. (Added 12/08)

The Executive Vice President shall establish positive working communications of mutual respect with the following:

1. Leadership of the local boards of REALTORS® and the Kentucky Association of REALTORS®.
2. Executive officers/elected board secretaries of the local boards of REALTORS®.
3. Members of the Kentucky General Assembly, their staffs and appropriate governmental officials such as Kentucky's Washington delegation.
4. Appropriate personnel at the National Association of REALTORS®.
5. Staff of the Kentucky Association of REALTORS®.
6. Leadership of allied groups and organizations which have goals consistent with those of KAR.
7. Members of the Kentucky Real Estate Commission and its staff.
8. Directors of the Kentucky Real Estate Education Foundation and its staff.

Performance Standards:

An annual performance evaluation of the Executive Vice President will be made. Performance standards for this position are fully attained when:

1. The policies offered for consideration by the Association are forward-looking and add to the constructive growth of the influence of the Association.
2. Officers and task force, service area and committee chairs and other leaders of the Association are fully informed as to the activities and plans in their particular areas.
3. The headquarters office is efficiently and effectively organized for the maximum benefit of the Association.
4. Programs of the Association are well managed through planning, organization, coordination, and control.
5. Service area, task force, and committee liaison is supported, timely and effectively.
6. Educational programs of the Association are forward-looking and add to the needed expertise of the members in various fields.
7. Meetings of the Association are well-planned, organized, and effective.
8. Communicate the Association's purpose, programs, and activities to members and the general public.
9. Assure that lobbying activities are performed on behalf of the Association.
10. Contact and support of the local boards is appropriate and effective.

11. Speaking on behalf of the Association is well received, presents the Association's story in a positive manner, and is effective.
12. Resources of the Association are effectively managed and utilized.

Criteria for the position of Executive Vice President:

The person selected for this position must:

1. Be dedicated to the ideals and goals of the Kentucky Association of REALTORS®.
2. Be capable of working under mental and physical stress.
3. Be of strong moral character possessing excellent leadership and motivational skills.
4. Be an excellent public speaker who thinks and speaks well under pressure and who is capable of taking the message of the Kentucky Association of REALTORS® on different matters to both the membership and the public.
5. Have sufficient education, knowledge, and experience to carry out the duties of the EVP as set out in this Policies and Procedures Manual.

F. KAR LEADERSHIP TEAM

The KAR Leadership Team shall consist of the President, President-elect, Treasurer, Treasurer-elect, immediate past President, the chairman of the Past Presidents Committee, and the Executive Vice President. (Revised 2/05)

The purpose of the Leadership Team and its limitations are as follows:

1. To meet and consult with the President upon the President's request;
2. To provide advice and guidance to the President regarding the exercise of the President's authority;
3. To assist in preparing the President, EVP and staff for regular and special meetings of the Board of Directors and Delegate Body;
4. Except as otherwise provided in this document, the Leadership Team has no authority to take any action affecting the operations or policies of the Kentucky Association of REALTORS® but constitute an advisory body only. However, the Leadership Team may make any recommendations to the Board of Directors or Delegate Body for their adoption or approval.
5. Controls on expenditures shall differ for administrative and programmatic expenses. The existing expenditure controls shall be retained for programmatic expenses. That is:
 - Staff shall notify the Board of Directors when a line item exceeds 90% of budget.
 - Staff shall seek Board of Directors approval for expenditures for a line item when they are anticipated to exceed 100% of budget.

The following expenditure controls shall govern administrative expenses:

- Staff shall notify the Board of Directors when expenditures related to a line item are anticipated to exceed 100% of budget.
- The Board of Directors shall meet to review and approve the proposed expenditures if four or more Directors request such a meeting, conference call or other electronically facilitated meeting within 48 hours of receipt of notice.
- The proposed expenditures shall be deemed approved if such meeting is not convened to review and approve the expenditures.
- Any overage in the budget for AE travel shall be reported to and must be approved by the Board of Directors.

Funding for substantial, new programs shall be approved by the Board of Directors.
(Item 5 Revised 12/08)

There shall be no notice requirements of meetings of the Leadership Team. However, when possible, any meeting of the Leadership Team shall be publicized in any reasonable manner possible prior to such meeting. Staff shall also notify each local board by fax or email when the Leadership Team is notified. All meetings of the Leadership Team shall be open to members unless a closed session is necessary for any proper purpose including but not limited to personnel matters.

PART THREE:

DIRECTORS

PART THREE: DIRECTORS

Directors of the Kentucky Association of REALTORS® hold positions of honor and prestige. The responsibilities of directors should never be underestimated. Members expect and are entitled to representation by directors who exhibit qualities of leadership and personal commitment to KAR and to each member they represent.

The directors as a body shall be responsible for establishing the strategic direction and policy of KAR. Through the EVP, it shall be the duty of the Board of Directors to see that KAR staff is executing the policy and strategic direction of KAR.

A. BOARD OF DIRECTORS

Duties:

It shall be the duty of the Board of Directors to set policy for KAR and, through the President, shall monitor the Executive Vice President and staff to ensure that policies created by the Board are being implemented.

The following guidelines should be followed to direct all KAR policy development:

1. Work closely with local boards to deliver services to members. (Revised 2/07)
2. Take the lead in communication (a two-way street) with local boards, brokers, and members. Leadership, the Executive Vice President and staff should develop and encourage communications with local boards to review what KAR is doing and listen to issues confronting members.
3. Respond quickly to member requests and needs.
4. Provide services which benefit all member boards.
5. The Board shall review the roster of committees annually and shall add committees, delete committees or change committee job descriptions so that the association is optimally organized to achieve its strategic and general objectives. (Added 12/08)
6. It shall further be the duty of the Board of Directors to recommend a budget and a strategic plan for approval by the Delegate Body. (Revised 2/07)
7. The Board of Directors shall also serve to review the job performance of the Executive Vice President and to receive reports of the Executive Vice President relating to staff employment matters.
8. The Board of Directors shall be notified of legislative initiatives to be carried out by the Association. (Revised 2/07)
9. In accordance with the Bylaws, the Board of Directors shall determine the manner and mechanism by which policy-making and policy implementation shall be undertaken and such determination shall be set forth in this Policies and Procedures Manual.

Directors should be familiar with:

1. Current Bylaws, Constitution, and Policies of the National Association of REALTORS®.
2. Current Bylaws and Policies and Procedures of the Kentucky Association of REALTORS®.
3. Robert's Rules of Order or any other approved rules of parliamentary procedure.
4. Legislative activity on local, state, and national levels.

Meetings

The Board of Directors shall meet in accordance with the Bylaws. If the meeting of the Board of Directors is held in conjunction or contemporaneously with a meeting of the Delegate Body, the Board of Directors shall meet first. The Board of Directors shall then recess. During the recess of the Board of Directors, the Delegate Body shall meet. Upon adjournment or recess of the Delegate Body, the Board of Directors shall reconvene. This process will be followed until the Delegate Body adjourns, after which the Board of Directors shall reconvene, conduct any remaining business and adjourn.

Budget Considerations and Preparation

The proposed annual budget shall be prepared by the Executive Vice President in conjunction with Finance Committee, presented to the Board of Directors, and recommended for approval of the Delegate Body. The proposed annual budget shall be sent to members of the Delegate Body at least two (2) weeks prior to the budget being voted on. (Revised 12/09)

When reviewing the annual budget for recommendation to the Delegate Body, the Board of Directors shall evaluate and take into consideration economic factors which may affect membership dues income, specific goals or programs projected for implementation during the coming year and existing programs and services.

Distribution of Minutes

The minutes of all KAR Board of Directors meetings shall be sent to the members of the Board of Directors, after review by the Presiding officer, EVP and Legal Counsel. However, in no event shall the minutes of the Board of Directors meeting be sent to the Directors later than thirty days prior to the next regularly scheduled meeting of the Board at which the first order of business shall be to approve or disapprove such minutes. After approval of the minutes, the minutes shall be signed by the presiding officer. (Revised 2/07)

Director's absences

In the notification process required for an excused absence from a Board of Directors meeting, a written request must be submitted to the KAR office prior to the meeting. The written request for an excused absence must state the reason for the request. If the absence is of an emergency nature and occurs too close to the meeting to submit the written request, a member of the Board of Directors may submit the request in writing on their behalf. (Revised 2/07)

The President shall submit all requests for excused absences to the Board of Directors. Each request will be individually approved or rejected. Acceptable reasons for an excused absence may include the following: illness, being out of town on Association business matters and death in one's family. The Board of Directors is the sole judge as to the validity of the request.

B. REGION DIRECTOR

In addition to those duties and requirements of directors set out above, Region Directors must be mindful of additional criteria set out below.

There are six (6) Region Directors who represent the local boards within the Region from which they are elected. Members from each Region may meet in caucus during the Convention to elect the Region Director from their Region. The Region Director's primary board shall be located within his/her region. Each Region Director shall act as the representative of the President in such matters as may be assigned. Region Directors are charged with the supervision and coordination of objectives, programs, and activities of the State within their region. (Revised 9/07)

The Region Director is the official representative in his/her region of the President of the Kentucky Association of REALTORS®. The Region Director is responsible for the activities and strength of each board of his/her region.

Each KAR Region Director is expected to visit each board within his/her region at least twice per year. Prior to conducting a board visitation, please contact the KAR office to obtain an "update" on the board's activities.

Meet with the board's officers prior to attending a board membership meeting or board of directors meeting of the board. An informal discussion with board officers would be beneficial to the Region Director, the board and the KAR staff. (Revised 2/07)

Urge the board President and board-elected KAR director to attend the KAR Board of Directors meetings, and always mention to the board's membership that the meetings of the KAR Board of Directors are open to all KAR members, and we invite their participation.

Among other things, Region Directors are specifically charged with the following:

1. Serve on the KAR Board of Directors and the Delegate Body.
2. Install board officers and induct board members as invited and when practical.
3. Maintain regular communications with local boards within their region, and maintain regular communication with the State Association's President and the Executive Vice President.
4. Meet with boards and their members within their region at each KAR business meeting.
5. Accompany the President to board functions within their region when feasible.
6. Report, as requested, to the Board of Directors at its meetings on the progress of the boards within their region regarding the implementation of KAR programs, projects, campaigns, etc.
7. Write to the KAR President (copy to President-elect and Executive Vice President) about any major problems of boards in their region.
8. Read their KAR and board mail promptly upon receipt, and THEN ACT ON IT!
9. Undertake any other duties or assignments as may be recommended by the KAR President or Board of Directors.

10. Advise board Presidents early in the year about KAR's annual awards.
11. Promote REALTOR® membership in the boards in their region.
12. Help promote educational and legislative programs in their region.
13. Have an active email address.
14. Notify all local Association Presidents and AE's in the Region at least 15 days prior to a Region meeting. (Revised 2/07)
15. Each Region Director must serve on a committee, service area, or task force. (Revised 2/07)
16. Develop a process for the Region by which committee appointments from each Region are made by the Region's members and communicated to KAR. Region appointments will be made by the Region's members to the following committees: Bylaws, Policies and Procedures Committee, Strategic Planning Committee, Governmental Affairs Committee, Legal Affairs/Risk Reduction Committee and Finance Committee. (Added 12/09)

It is essential that Region Directors be informed and knowledgeable in all areas of Association involvement and in the real estate industry in general. It is particularly important that the Region Directors know fully the Association's activities and the real estate industry in their area. Region Directors should be familiar with the following:

1. KAR Charter and Bylaws, NAR Constitution and Bylaws, official interpretations of NAR's Bylaws, Code of Ethics and Arbitration Manual and Multiple Listing Policy Handbook.
2. Legislative activity on local, state, and national levels.
3. Robert's Rules of Order or any other approved rules of parliamentary procedure.

C. KAR AT-LARGE DIRECTOR

Responsibilities:

1. It is essential that KAR at-large directors be informed and knowledgeable in all areas of Association involvement and in the real estate industry in general. It is particularly important that the elected directors fully know Association activities and the real estate industry.
2. KAR at-large directors should be familiar with current KAR Bylaws and Policies and Procedures of the Kentucky Association of REALTORS®.
3. KAR at-large directors should be familiar with legislative activity on local, state, and national levels.
4. KAR at-large directors should be familiar with Robert's Rules of Order or any other approved rules of parliamentary procedure.
5. Serve as a member of the Board of Directors of the Association.

PART FOUR:

DELEGATES

PART FOUR: DELEGATE

Delegates of the Kentucky Association of REALTORS® hold positions of honor and prestige. The responsibilities of delegates should never be underestimated. Delegates are the most direct link to the members and arguably have the greatest responsibility for interacting with such members.

As a body, delegates have the power to affect the most crucial aspects of KAR leadership and direction. However, with such power comes great responsibility. That responsibility is to exercise power judiciously and avoid the temptation to substitute the delegate's own judgment for that of the officers or directors they elected to direct KAR, or the members who elected them. Members expect and are entitled to participation by their delegates that encourages progress without thwarting the process of management. Delegates must exhibit qualities of leadership and personal commitment to KAR and to each member they represent. (Revised 2/07)

DELEGATE BODY

1. Composition

The composition of the Delegate Body shall be as stated in the Bylaws. The number of representatives to be elected by member boards in accordance with Article V, Section 2(B) of the Bylaws shall be determined by the following formula:

1. Determine the number of primary (REALTOR® & REALTOR® Emeritus) members as of November 30th each year to be reported to the body at its next meeting. (Revised 2/07)
2. Divide the number of members by 250.
3. Round the answer up to the next whole number.

Vacancies on the Delegate Body shall be filled in accordance with Article V, Section 3 of the Bylaws.

Each local Board/Association shall submit their delegate name(s) to KAR in writing. Local Boards/Associations shall also submit changes of any delegate to KAR in writing prior to that delegate having voting privileges. (Added 9/07)

2. Duties

The Delegate Body shall be responsible for:

1. Electing KAR officers. (Revised 2/07)
2. Electing representatives to NAR.
3. Approving the strategic plan and budget recommended by the Board of Directors. (Revised 2/07)
4. The Delegate Body may review and reverse decisions of the Board of Directors in accordance with the Bylaws.
5. All Delegate Body members are required to attend scheduled Board of Directors meetings and expected to attend any special called Board of Directors meetings. (Added 2/05)
6. Delegates should be familiar with:
 - A. Current Bylaws, Constitution, and Policies of the National Association of REALTORS®.

- B. Current Bylaws and Policies and Procedures of the Kentucky Association of REALTORS®.
 - C. Robert's Rules of Order or any other approved rules of parliamentary procedure.
 - D. Legislative activity on local, state, and national levels.
7. All Delegates must attend and receive training at least once. Training will be available at the Leadership Conference and during the first KAR Business meeting of the year. (Added 12/08)
8. An informational forum will be held prior to the start of each KAR Business meeting for the benefit of all attendees. Delegates and Directors should attend. (Added 12/08)

3. Distribution of Minutes

The minutes of all KAR Board of Directors and Delegate Body meetings shall be sent to the members of the Delegate Body after review by the Presiding officer, EVP and Legal Counsel. (Revised 2/07)

4. Delegate Absences (Entire section added 2/03)

In the notification process required for an excused absence from a Delegate Body meeting, a written request must be submitted to the KAR office prior to the meeting. The written request for an excused absence must state the reason for the request. If the absence is of an emergency nature and occurs too close to the meeting to submit the written request, a member of the Delegate Body or a member of their local board may submit the request in writing on their behalf. (Revised 2/07)

Elected Officers to review all requests for absences of the Delegate Body and make a recommendation for approval/disapproval to the Delegate Body with results to be recorded in the minutes. Acceptable reasons for an excused absence may include the following: illness, being out of town on Association business matters and death in one's family. (Revised 2/09)

PART FIVE:

**COMMITTEES AND
TASK FORCES**

V. PART FIVE: Committees and Task Forces (ALL OF PART FIVE Revised 12/09)

ROLES AND RESPONSIBILITIES OF THE COORDINATING DIRECTOR

Committees shall be organized into three service areas: Program Services, Advocacy and Administration, and there shall be a Coordinating Director over each area. The job of the Coordinating Director shall be to act as a liaison between the Board and the committees in his or her service area, coordinate the plan of action where two or more committees are dealing with a common issue, assist committee chairs to develop programs consistent with the directives of the strategic plan, provide assistance to committees or their chairs as required, and report at each Board of Directors meeting any action items from their designated area.

Three Coordinating Committee Directors will be appointed by the Leadership Team, selected from among current members of the Board of Directors.

The KREEF President & RPAC Trustees Chairperson shall report directly to the KAR Board of Directors.

ROLES AND RESPONSIBILITIES OF THE COMMITTEE CHAIRS

Committee Chairs are encouraged to observe committee member attendance at meetings and to take action should committee members miss two consecutive committee meetings. The recommended action is to contact the member and determine if they desire to remain on the committee or would prefer to be replaced for the remainder of their term. The Committee Chair may then communicate that information to the KAR President to determine next steps.

1. Administrative Committees:

- A. Association Executives** - Committee shall be comprised of all Local Association Executives and Elected Secretaries.
- B. Past Presidents** - The Past Presidents Committee shall consist of all active past Presidents of the Kentucky Association of REALTORS®. (Revised 6/03)

The chair of the Past Presidents Committee shall be elected at KAR's Annual Convention for a term of one year by the members of that committee. The Chair will serve until his/her successor has been elected pursuant to this process.

(All references in this section to "Elections Task Force" were removed 12/09)

The Past Presidents Committee shall be responsible for establishing KAR's annual election process and be responsible for conducting elections and maintaining the integrity of all elections of KAR officers, directors, and delegates. In accordance with KAR Bylaws, the decisions of the Past Presidents shall be based upon its members' own sense of fairness. The Past Presidents may rely on Robert's Rules but shall not be bound by such authority. The Past Presidents shall be bound by any matters governing elections and made a part of this KAR Policies and Procedures Manual by the Board of Directors. Decisions of the Past

Presidents shall become final and non-appealable upon the adjournment of the meeting of the body (Board of Directors, Delegate Body or Membership) during which the election occurs. The Past Presidents shall abide by the following guidelines for conducting elections.

YEARLY ELECTION PROCESS

1. The Chairman of the Past Presidents shall present to the Board of Directors for approval recommendations for the conduct of all elections no later than the second Board of Directors meeting of the calendar year.
2. By May 15th, the KAR office will send to each local board office the nominating forms for the following: (Revised 2/07)
 - A. President-elect and Treasurer-elect;
 - B. Regional Director
 - C. KAR at-large Director
 - D. NAR Director
 - E. NAR Regional Vice President (The election of KAR's Regional Vice President to the National Association of REALTORS® occurs on a rotating basis every four years. The election shall occur at KAR's Annual-Convention at least one (1) year prior to taking office with NAR). (Added 2/05)
3. A specified date each year will be set for all candidates to complete and return the proper forms to KAR for the purpose of certification.
4. At least two weeks prior to the annual meeting, completed candidates' forms will be sent by KAR staff to the Past Presidents for certification.
5. The Past Presidents will meet prior to the opening session of the state Annual Convention.
6. Before a candidate's name is placed on the ballot, the Past Presidents will certify the eligibility of any candidate, whether or not his/her name has been previously submitted. All candidates nominated from the floor are required to complete and return the proper nomination form to the Past Presidents at the time and place designated by the Past Presidents. Should a candidate fail to complete and return the Nomination Form by the designated time, the candidate's name will not be placed on the ballot. (Revised 9/09)
7. In the case of contested elections, all candidates may address the opening session for no more than five (5) minutes with the specific amount of time determined by the Past Presidents. (Revised 9/09)
8. In case of contested elections and after nominations have closed, the order of addressing the opening session shall be decided by lot. (Revised 9/09)
9. All campaigning rules shall be determined by the Past Presidents.
10. Campaigning rules shall include those adopted by the Board of Directors in December, 1994 which state:
 - A. No campaigning shall occur within 100 feet of the polling place at any time during the voting hours.
 - B. Campaign literature shall be prohibited in all common areas at all meetings.
 - C. The names, addresses and e-mail addresses of the members of the Association are considered to be confidential. Requests for membership lists shall be referred to the Executive Vice President who together with President and President-elect shall have the authority to determine who will receive member information and costs thereof. (Added 2/07)

11. Candidates may request information from the KAR Membership Database for use not before the KAR summer meeting or after the annual convention. This information may be used by the candidate only for campaign purposes and is not transferable to any other individual or organization. Any violation of this policy will be brought before the Board of Directors for action. (Revised 2/07)
12. The Past Presidents shall have final say regarding the interpretation of the campaign rules contained in this subsection. (Revised 2/07)
13. The election results will be announced at the Annual Meeting of the Convention and as soon as practical after the close of the election in a manner selected by the Past Presidents.
14. Members need not be registered at the Annual Convention to vote in the annual elections, provided they provide written notice to the Past Presidents during the period beginning August 1 until 14 days before the beginning date of the Annual Convention of their intent to vote. (Added 2/05)
15. All registered members will be eligible to vote for all at-large positions, -Delegates and Directors. (Added 2/05)
16. Elections for Region Director of Regions 1, 3, 5 are held in odd years and elections for Region Director of Regions 2, 4, and 6 are held in even years. (Added 9/07)

Region Director Elections

In the event that a region of KAR requests assistance with their Region Director elections, the following process shall occur. Nominations for contested KAR Region Director Elections - Nominations for qualified candidates for the office of Region Director may be accepted from the floor at the KAR Convention Opening Session at the time that the report of the Past Presidents is presented and the floor has been opened for nominations. (Added 9/07)

Contested KAR Region Director Elections – A separate color coded ballot shall be made available at the polling station for each contested Region Director election. Ballots shall be provided to voters who are qualified to participate in the contested Region Director election at the same time and place as all other elections are held at the KAR Convention. (Added 9/07)

C. Personnel - The committee shall be comprised of the Immediate Past President (who serves as chair), the Immediate Past Personnel Committee Chair, the President, President-Elect, Treasurer, and one member from each Region appointed by the President for two-year staggered terms (no President appoints more than three members unless a vacancy exists in which case the President can only appoint to fill the vacancy for the balance of the vacated term). The President's appointment of members of this Committee shall be subject to the approval of the Board of Directors. The primary responsibility of the Personnel Committee is to review the performance of the EVP. The Committee shall review the EVP's performance annually based generally upon the "Performance Standards" and "Criteria for the Position of Executive Vice President" set forth in Part Two: Officers, in the Policies and Procedures.

The Personnel Committee shall meet with the EVP within the first 60 days of the calendar year or as requested by the Personnel Committee Chairman, the KAR President, or the Executive Vice President.

The annual review of the EVP's performance and any recommendation of base salary and/or benefits for the next succeeding year shall be conducted prior to December 31 of each year. The Committee shall inform the Executive Vice President of the results of its review, including any recommended change in salary and/or benefits, in writing. The Chair of the Personnel Committee shall report the results of the performance review to the Board of Directors in closed session. Subsequently, in open session, the Board shall take appropriate action regarding the Personnel Committee's recommendations.

Records of the EVP's evaluation shall be maintained in a confidential file in the possession of KAR's legal counsel which the Committee may review for purposes of assisting in the evaluation process.

D. KREC Selection - This Committee is charged with the responsibility of reviewing nominees for commissioner of the Kentucky Real Estate Commission and presenting recommendations to the Governor for his consideration. Prior to candidate interviews, the KAR General Counsel shall meet with the KREC Selection Committee members and review KAR Policy and Kentucky statutes.

The Committee shall consist of and be charged with the following:

1. There shall be a total of seven (7) members, one from each region, and one at-large member.
2. The members shall be appointed as follows:
 - A. The President whose term is during an odd-numbered year shall make three (3) regional appointments and one (1) at-large appointment as follows:
(Revised 9/03)
 - (1) One (1) member from Region II to serve a term of two (2) years.
 - (2) One (1) member from Region III to serve a term of two (2) years.
 - (3) One (1) member from Region VI to serve a term of two (2) years.
 - (4) One (1) member to serve as the at-large member for a term of one (1) year.
 - B. The President whose term is during an even-numbered year shall make three (3) regional appointments and one (1) at-large appointment as follows:
(Revised 9/03)
 - (1) One (1) member from Region I to serve a term of two (2) years.
 - (2) One (1) member from Region IV to serve a term of two (2) years.
 - (3) One (1) member from Region V to serve a term of two (2) years.
 - (4) One (1) member to serve as the at-large member for a term of one (1) year.
 - C. All terms shall run from January 1 to December 31 of the respective years of the term.

- D. Any vacancy occurring shall be filled by appointment by the then current President.
- 3. The KREC Selection Committee shall select its own chairperson during its first meeting of any calendar year. Only those members who are serving the second year of a two-year term shall be eligible to serve as chairperson. In the event that no member of the Committee is serving the second year of a two-year term, then all members of the Committee shall be eligible to serve as chairperson.
- 4. No current KAR officer or candidate for KAR officer position shall serve on the Committee.
- 5. No appointee shall serve more than two (2) consecutive terms. If an appointee serves two (2) consecutive terms, he cannot serve on the Committee at any time during the year immediately following his or her last year of service on the Committee.

The duties and responsibilities of the Committee are:

- 1. To recommend for approval by the KAR Board of Directors a list of names of qualified licensees to be submitted to the governor for appointment to the Kentucky Real Estate Commission as vacancies occur.
- 2. The list of names submitted to the governor shall consist of not less than three (3) nor more than five (5) names.
- 3. To ensure the candidates have completed all the appropriate forms for application.
- 4. In order to inform and seek out qualified licensees, the following shall be done:
 - A. An ad shall be placed in a manner to communicate with all Kentucky licensees announcing the vacancy, qualifications and application procedure.
 - B. KREC shall be requested to make a similar announcement in their publication.
 - C. An advertisement shall be placed in all appropriate KAR electronic and printed publications and on-line.
- 5. The Selection Committee shall set standards and determine qualifications which they believe will best aid them in selecting appropriate candidates for recommendation to the KREC.
- 6. The Selection Committee shall personally interview each applicant to determine if the applicant possesses the requisite qualifications for appointment to the Commission and shall select the best qualified applicants for recommendation.
- 7. No person shall be recommended to or approved by the Board of Directors who has not been through the required application and interview process.

8. Any KREC Selection Committee member has a duty to come forward and identify any conflict of interest and to also refrain from the voting and discussion in those instances where he/she will directly or indirectly financially benefit (from KREC Selection committee meeting minutes, 8/00).

E. Meetings - The Meetings Committee shall be comprised of a Chair, Vice Chair, one representative from each Region appointed for 2 year staggered terms, an AE liaison and an LKAR Liaison.

Location for KAR meetings should be selected at least two (2) years in advance by the Meetings Committee. Selections shall be approved by the Board of Directors.

F. Strategic Planning - This Committee is a standing committee that is charged with the responsibility of developing a strategic plan for KAR. The Strategic Planning Committee shall review the EVP's recommended management objectives annually.

The members of the Strategic Planning Committee shall be:

- President-Elect
- Treasurer
- Treasurer-elect
- One (1) member to be selected from each Region by the Region's members to serve staggered terms of two (2) years.
- The Chair of the Past President's Committee to serve a term of one (1) year.
- One (1) member to be appointed by the President to serve a term of one (1) year
- One (1) member to be appointed by the President to serve a term of two (2) years
- One (1) member to be appointed by the President-elect to serve a term of one (1) year
- One (1) member to be appointed by the President-elect to serve a term of two (2) years
- One member nominated by the AE Council submitted to the President for appointment
- The Immediate Past Chair of the Strategic Planning Committee
- The KREEF President-Elect.

G. Bylaws, Policies & Procedures - A standing committee with the responsibility of continually updating the KAR Bylaws and KAR Policies and Procedures.

The Committee shall be comprised of a Chair and Vice Chair, and two members from each Region. One set of Region appointments are appointed by the KAR President for staggered two year terms. One (1) member to be selected from each Region by the Region's members to serve staggered terms of two (2) years. Regions 1, 3, and 5 make appointments in even years. The Committee shall also be comprised of the KAR Immediate Past President, the Immediate Past Chairman of the Bylaws, Policies and Procedures Committee, an Association Executive and a LKAR Liaison.

H. Finance - (All references in this section to "Finance and Audit" were changed to "Finance" 12/09) The Finance Committee shall be comprised of a Chair, (Treasurer),

Vice Chair (Treasurer-Elect), KAR President, KAR President-Elect, Immediate Past Treasurer, AE Representative, KREEF Treasurer, LKAR Liaison and two representatives from each Region (two year term.) One set of Region appointments are made by the President. One (1) member to be selected from each Region by the Region's members to serve staggered terms of two (2) years. Regions 1, 3, 5 make appointments in even years.

This standing committee is charged with the responsibility of overseeing the financial health of the Association. The Committee's role generally shall be to meet on a regular basis for the purpose of reviewing every expenditure of the Association and to certify that all procedural safeguards for financial accountability are being followed by all staff, officers, directors, and delegates.

The committee shall develop its own operational rules to carry out its function. Such rules shall be approved by the Board of Directors and may be modified from time to time and included in these Policies and Procedures as an Appendix.

The Committee shall see that monthly reports be submitted as a supplement to the Financial Statement. The committee, through the KAR Treasurer, shall report on KAR's investments at each KAR Business meeting. (Added 2/05)

1. Investment Sub-Committee

This subcommittee is appointed by the Treasurer. It shall have a chair and five members, at least two of which serve on Finance Committee.

INVESTMENT POLICY STATEMENT (Added 9/07)(Moved from Part VII to Part V 12/09)

PURPOSE

The purpose of this statement is to define the investment policy of the Kentucky Association of REALTORS®. As KAR has grown, there is a need for an Investment Policy Statement that is broad and enduring as well as specific and measurable. It needs to be broad and enduring to survive association and industry changes, and flexible enough to allow for changes in the economy and securities markets. It needs to be specific and measurable to convey our expectations among choices, potential return, corresponding risk, and how we measure our goals and objectives as outlined in our Investment Policy Statement.

POLICY

As an association, we recognize that we have several sets of funds with different purposes and each fund should have separate guidelines.

Operating Accounts – The purpose of the first fund, labeled as the Operating Accounts, is to provide current cash needs. This fund could also be use for short term (less than 12 months) investment of members' dues since the majority of dues are collected in the first two months of the calendar year. The investment objectives of Operating Accounts are the preservation of capital; liquidity; and to optimize the investment return with limited risk exposure. The target amount for Operating Accounts is one year of operating expense

(approx. \$1.2M). The Operating Funds should be invested in Money Market Funds or other short term investment instruments.

Reserve Accounts – The purpose of the second group of funds, labeled as the Reserve Accounts, is to provide monies for specific purposes for current and future needs of the membership. The Reserve Fund should be invested in short term instruments which produce income, would be considered safe or have limited risk exposure and could be easily liquidated in the event of need. The investment objective is the preservation of capital and optimization of investment returns with some risk exposure. Allowable investments include direct obligations of the US Government, its agencies and instrumentalities. The maturities on investment for the Reserve Funds shall be no longer than 24 months. Each reserve account shall have specific guidelines for use/extraction.

Investment Accounts – The Investment Account will include all dollars not specifically designated for the Operating Fund or the Reserve Fund. In order to achieve the overall best results for its members, the Finance and Audit Committee may engage an outside financial consultant to advise on performance of invested funds. The target amount of this fund is an amount equal to one year of the operating expenses.

The Investment Accounts shall be invested with the following projected guidelines:

Common Stock Mutual Funds	40%
Fixed Income Investments	60%

To address market volatility, the investment manager shall be allowed a variance of 10% with regard to asset allocation.

Common stocks would include the following asset classes: Large-Cap Equity, Mid-Cap Equity, Small-Cap Equity, and International Equity. Fixed income investments would include U.S. Government Securities, U. S. Government Agency securities, and corporate indebtedness with a Standard & Poor’s quality rating of “A” or better, or mutual funds that have investments with these characteristics. Maturities should be spaced to reduce the risk of loss due to changing interest rates in any one year. Maturities should also be limited to ten years or less.

Investment Performance

Equity returns are expected to meet or exceed their respective benchmarks. The benchmarks for the Large-Cap Equity Asset Class are the SAP 500, Russell 2000 Growth, or Russell 2000 Value. The benchmark for the Mid-Cap Equity is the SAP 400. The benchmark for the Small-Cap Equity is the Russell 2000. The benchmark for the International Equity Asset Class is MSCI EAFE. The benchmark for the Money Market is the 90-day T-Bill.

Administration

This investment policy will be reviewed annually by the Finance Committee to determine if stated investment objectives are still relevant. All revisions must be approved by the Board of Directors. The Investment Manager is encouraged and expected to provide suggestions regarding appropriate adjustments to this policy or the manner in which investment performance is reviewed. It is anticipated that the policy will not change frequently. Short term changes in the financial markets should not require adjustments to the Investment Policy, but should influence the Investment Manager's recommendations to the committee. (Revised 12/09)

The Treasurer will review the Investment Account Statements at each Finance Committee meeting. The Investment Manager will report performance results semi-annually to the Finance & Audit Committee. In addition to performance evaluations, the Investment Manager will be prepared to communicate any major changes to the economic outlook, investment strategy, or any other factor that affects implementation of the investment process. (Revised 12/09)

The Finance Committee will recommend to the Board of Directors via the annual budget process the dollar amounts to be placed in the Operating, Reserve, and Investment accounts. The Board of Directors will have final approval of the dollar amounts placed in specific funds.

The Finance Committee will make any recommendations to the Board of Directors if a change in the investment manager is needed. A change in the investment manager may be triggered by poor performance in relation to the performance guidelines, established by the Investment Policy, a change in professionals managing the portfolio, deviation from strategy, an increase in fees, or any event that may interfere with the manager's ability to perform. The decision to retain or terminate a manager ultimately depends on the confidence of the Finance Committee in the manager's ability to perform in the future. (Revised 12/09)

The Finance Director may transfer funds from the Operating Savings to the Operating Checking account with notification to the EVP & KAR Treasurer. All checks over \$1,000 shall require two (2) signatures, being any combination of the following officers of KAR: President, President Elect, Treasurer, Treasurer Elect, or Executive Vice President.

The Kentucky Association of REALTORS® will ensure adequate coverage through a blanket bond for all Kentucky Association of REALTORS® employees and officers who have positions of trust.

Bank deposits, exclusive of interest or dividends, to any one banking or savings institution shall strive not to exceed the \$100,000 federally insured limit except for a 30-day interim period unless approved by the Board of Directors; however, a rollover option for the purpose of obtaining a higher rate is permitted, provided the initial deposit did not exceed the \$100,000 limit. Eligible banks and financial institutions will be approved by the Board of Directors. KAR will strive to maintain most balances at \$100,000.

RESERVE ACCOUNTS

Building Reserve- Current: \$153,290.81

Note: Requires Board of Directors approval

Finance Committee shall establish the goal (\$150,000.00) appropriate to address current and future needs for capital required by the KAR office building (161 Prosperous Place, Lexington, KY 40509). Consideration shall be given to provide for emergency situations as well as on-going repairs and upgrades. (Revised 12/09)

Equipment Reserve Current: \$33,340.80

Note: Tied to approval of Building Reserve Amount

Funds shall be set aside for capital equipment for at least one year, plus any future large expenses. Consideration should be given to provide for emergency situations.

Disaster Relief Fund Current: \$2,500.00

Note: Requires Board of Director approval

To provide funds to Kentucky REALTORS® and/or local associations who have experienced a natural disaster.

NAR Region IV Current: \$10,000.00

According to the agreement, \$25,000 shall be set aside for any candidate from Region IV seeking national office for NAR. Funds in this account may only be dispersed by a vote of the officers of Region IV.

NAR RVP Current: \$10,000.00

This amount is set aside every four years to be used for un-reimbursed expenses related to hosting and/or attending meetings within Region IV. Funds in this account are available from the time that the RVP is selected by NAR, to the end of the RVP's term.

Operating Reserve Current: \$265,000.00

One year's operating expenses are defined as the base level of service necessary to serve the Kentucky Association of REALTORS® membership. The target amount of this fund is an amount equal to six months of the Operating budget. (\$600,000)

Issues & Mobilization Fund Current: \$100,000.00

- See Policies and Procedures Manual for Guidelines for appropriate expenditures and Procedures.

Legal Action Fund Current: \$25,000.00

- See Policies and Procedures Manual for Guidelines.

2. **Pension Sub-Committee** - This subcommittee is appointed by the Treasurer. It shall have a Chair and two members to serve staggered terms of (2) years.

In accordance with federal guidelines governing employee retirement plans, this Sub-Committee determines questions of eligibility and amounts to be contributed to the KAR retirement plan (the "Plan"). In addition to those duties set forth in this section, the duties and responsibilities of this Sub-Committee are set forth in the Plan documents on file at Association Headquarters. Prior to December 31 of each year, the Sub-Committee shall meet. It shall be required that KAR Legal Counsel and the Bank Pension administrator be present. The conduct of the meeting shall be undertaken in accordance with the Pension Plan documents.

3. **Building Sub-Committee** - This subcommittee is appointed by the Treasurer. It shall have a Chair, Vice Chair and nine members, at least three of which are based in Lexington (or where the KAR office is located.)

Emergency repairs to the building costing \$1,000 or less may be completed with just the approval of the chair and vice-chair. Repairs costing over \$1,000 will require the approval of the committee. (Added 2/10)

- I. **AUDIT COMMITTEE** - A committee independent from the Finance Committee or officers based on the new 990 form recommendations. Committee members are selected by the President and approved by the Board of Directors. For the first year, the committee will have two members with one year terms and two members with two year terms. One member is appointed by the KREEF Trustees.

This committee is charged with the responsibilities to oversee the organization's financial reporting process, monitor choice of accounting policies and principles, monitor internal control processes, and oversee hiring and performance of external auditors.

- (1) At least three members of the committee will meet quarterly to review the expenses of the staff and officers travel plus a random sample of all other KAR expenses. IF any expenses are considered non-customary then a form letter would be sent to that person asking for a more detailed explanation, within 30 days and this would then be reviewed by the committee members.
- (2) A final review of expenses to be completed mid-December and an end of the year review written and presented to the BOD at their next meeting.
- (3) Annually review performance of the audit firm with appropriate KAR staff and report to the BOD at the annual convention meeting. If there were cause to change firms this would give ample time to go through the selection process so that the audit could still be done in a timely manner for the following year
- (4) The annual audit should be completed in time to be presented and reviewed by the audit/finance committees for presentation to the BOD by the summer meeting. This could be done via WebEX so that the CPA would not have to travel to a meeting.

2. Program Services Committees:

A. Annual Convention - This committee shall be comprised of local association members in the area where the annual convention will be held, plus the following year's Convention chair; a KREEF Trustee; the Convention Chairperson is approved by the KAR President and the KAR Board of Directors. It shall be the responsibility of the Annual Convention Committee, and specifically the Chairman, to work with staff in developing programs of education, entertainment, a trade show and the conduct of KAR business.

B. Communications/Public Relations The Committee shall be comprised of a Chair, Vice Chair, two members from each Region appointed by the KAR President for staggered two-year terms, the Immediate Past Chairman of the Communications/Public Relations Committee, an Association Executive and an LKAR Liaison. A standing committee with the responsibility of the Association's communications and public relations.

1. **Editorial Sub-Committee** - This sub-Committee shall be comprised of 6-8 members appointed by the Committee Chair.

C. LEGAL AFFAIRS/RISK REDUCTION - This Committee shall be comprised of a Chair, Vice Chair, and three members from each region. One set of Region appointments are appointed by the KAR President for staggered two-year terms. One (1) member to be selected from each Region by the Region's members to serve staggered terms of two (2) years. Regions 1, 3, 5 make appointments in even years. A third set of Region appointments become At-Large appointments by the President for one (1) year term(s), taking into account requests from members. The Committee shall also include the Immediate Past Chairman of the Committee, an Association Executive and an LKAR Liaison.

Reducing the legal risks of doing business and helping members navigate through complex and changing laws is a role which the KAR should play. This service is closely related to Governmental Affairs, but because of its technical nature will require a separate focus. It can be expected that programs and initiatives will change frequently as the legal environment changes.

Outline of Key Functions:

1. Professional Standards - It is important to have statewide coverage. Larger local boards may be mostly self-supporting in this matter, but they still may need training, assistance, and information. The key is for the KAR to be available as needed and guide the statewide organization through the legal environment in the future.
2. Provide a forum for addressing common legal problems. Coordinate efforts with KREC to improve and react to changes in Kentucky's real estate license law and Kentucky common law.
3. Facilitate mediation programs.

4. Provide information regarding all current topics which may affect the real estate industry.

1. **Contracts and Forms Sub-Committee** - This Subcommittee shall be comprised of a Chair, Vice Chair, and one member per Region appointed for staggered two-year terms, and the Immediate Past Chair.

2. **Legal Action Fund Sub-Committee** - Appointed by KAR President as needed.

Legal Action Fund monies are deposited in a separate account and used by action of the Board of Directors. The Board of Directors, when necessary, may allocate a portion of membership dues to the Legal Action Fund. The Legal Action Fund is maintained to support, upon request and approval, local board involvement in legal action regarding matters that could affect the real estate industry and real estate professionals statewide. Requests from individuals for support from the Fund will not be considered unless the member has gone through and gained the support of his/her board.

By January 31 of each year, \$25,000 per year shall be allocated to the Legal Action Fund with a goal of \$100,000 for the Fund. Members shall be assessed an amount determined by the Board of Directors to meet fund requirements. Interest on the account shall accrue to the account fund.

Guidelines for Legal Action Fund

1. Application for assistance from the KAR Legal Action Fund (the "Fund") must be made with the approval of and in the name of a local board or association of REALTORS® (the "Board").
2. The requesting board shall submit the following items to the Executive Vice President of KAR. These items constitute the Application:
 - A. The Assistance Request Form duly signed and dated
 - B. The Assistance Request Fact Sheet
 - C. A complete and detailed statement of the facts involved in the case or a complete set of pleadings if litigation is already pending
 - D. A statement from the board's legal counsel (or in the absence of board legal counsel, by KAR legal counsel) that includes counsel's opinion and recommendations with regard to the matter at issue
3. The EVP of KAR shall immediately transmit the application and recommendations to the Legal Affairs/Risk Reduction Service Area Leader and to KAR legal counsel. The President shall name a Legal Action Fund Task Force to act on the application.

4. The KAR Legal Action Fund Task Force, upon hearing the recommendation of KAR's legal counsel, may recommend that KAR provide the requested assistance or such other form of assistance as it may deem appropriate. The Board of Directors of KAR shall then approve or disapprove the Task Force's recommendation.
5. At its discretion, the Legal Action Fund Task Force and the Board of Directors may consider the following criteria to determine whether to accept an Application:
 - A. A board should notify the Executive Vice President of KAR prior to filing any lawsuit for which it expects to request Legal Action Funds.
 - B. Regardless of whether an Application is anticipated, a board should immediately provide the Executive Vice President of KAR with a copy of any lawsuit filed by it or against it.
 - C. The local board should contact the Executive Vice President of KAR as soon as circumstances arise which may require assistance. An Application submitted prior to the commencement of litigation will be considered more favorably than an Application involving litigation in progress or litigation already completed.
 - D. The Legal Action Fund Task Force and Board of Directors should strongly consider the propriety of a board's conduct and its compliance with board Bylaws as well as NAR Rules and Regulations.
6. The Legal Action Fund Task Force shall consider the following criteria for providing assistance from the Fund:
 - A. The Fund is not designed to defend the indefensible. It is designed to help those whose conduct deserves support, not those who assume through calculation or ignorance the risks of legal misconduct.
 - B. The Fund's primary concern is to assist a board in sustaining the validity of its own action pursuant to NAR Rules and Regulations and local board Bylaws.
 - C. The Fund's other important concerns are to support significant legal issues regarding the operation of the board and significant legal issues regarding the real estate industry generally.
 - D. The Fund may be used to defend KAR's legitimate perceptions of the public interest. It should be careful not to shelter abuses of that interest.
 - E. Other factors which may be considered are the strength of the opposition and the quality of the case to be supported.
 - F. Where a high principal is involved, settlement should be avoided because it tends to extend rather than conclude a controversy and because it does not provide guidance for future conduct.

- G. Any board or individual must provide KAR with satisfactory evidence that it has pursued possibilities for funding or defense through E & O coverage or other third-party indemnitors.
7. Upon the lifting of the existing restrictions instituted by resolution referred to above, KAR should maintain a balance of not less than \$100,000 in the Fund.
 8. Legal vulnerability is often directly related to ignorance. KAR should support efforts to prevent legal problems from arising. KAR may develop and sponsor legal education seminars, ethics and arbitration seminars and similar programs for the benefit and education of KAR membership.
 9. The Fund may pay for, among other things, extraordinary legal expenses of board counsel handling litigation, legal expenses of KAR counsel for assisting or handling litigation in board and KAR legal matters, expert testimony in litigation and for other investigation which might assist legal counsel and KAR membership.
 10. If funding is approved, the Board of Directors shall have the right to approve legal counsel and appoint co-counsel if deemed appropriate.
 11. The principal supported in any proposed or pending litigation must consent to KAR's involvement and must be willing to cooperate with KAR and provide all information necessary.
 12. The Legal Action Fund Task Force may require recipients of funds to make monthly reports to KAR staff regarding the status of pending or proposed litigation.

The appropriate forms for requesting assistance from the KAR Legal Action Fund are available upon request from the KAR office.

- D. **Professional Standards** - The Committee shall be comprised of a Chair, Vice Chair, Immediate Past Chair, two appointments per Region for two year staggered terms, an AE Liaison and a LKAR Liaison.

The Committee is charged with Professional Standards program development, dissemination and enforcement of the National Association of REALTORS® Code of Ethics by carrying out the purposes and plan of the statewide professional standards agreements signed by all local REALTOR® boards. To be eligible for service on this Committee, members must have completed the Professional Standards Training Course presented by KAR, or by any association that has an approved course. Professional Standards Hearings and Grievance Committee meetings shall be in closed session.

3. Advocacy Committees:

A. Appraisal Committee

The Committee shall be comprised of a Chair, Vice Chair, Immediate Past Chair, one representative per Region appointed by the President to serve staggered terms of two (2) years, an AE Liaison, and an LKAR Liaison.

B. Contact Teams

1. Federal Political Coordinators (FPC's)

Comprised of two US Senate representatives and one representative per Congressional District.

2. State Political Coordinators (SPC's)

Comprised of a Chair, Vice Chair, one representative per Kentucky State Senator, one representative per Kentucky State Representative, (teams under each Representative are encouraged to be formed, especially for those districts that cross county boundaries.) The Chair and Vice Chair will be appointed by the President and President-elect respectively.

C. ECONOMIC DEVELOPMENT COMMITTEE - This standing committee shall be charged with the responsibility of recommending economic development policy to the Board of Directors. The committee shall be comprised of a Chair appointed by the KAR President, a Vice Chair appointed by the KAR President Elect, and one member from each board/association appointed by their local board/association for staggered three year terms. (Note 12/09: As appointees conclude their current terms, revise committee structure from one appointment per board to two Presidential appointments per region for two year staggered terms.)

D. Governmental Affairs - This Committee shall be comprised of a Chair, Vice Chair, and three members from each region. One set of Region appointments are appointed by the KAR President for staggered two-year terms. One (1) member to be selected from each Region by the Region's members to serve staggered terms of two (2) years. Regions 1, 3, 5 make appointments in even years. A third set of Region appointments become At-Large appointments by the President for one (1) year term(s), taking into account requests from members. The Committee shall also include the KAR Immediate Past President, the Immediate Past Chair of the Committee, an Association Executive and an LKAR Liaison.

Governmental Affairs and Lobbying is one area in which KAR is best poised and most qualified to make a meaningful industry impact on behalf of REALTOR® members. KAR shall develop programs in this area to educate its members on key issues, use REALTOR® members to contact lawmakers concerning legislation, assist local boards on regional issues, and keep members informed of lobbying progress. This should be a continual effort every year.

Outline of Key Functions and Participants:

1. Lobbying - Make the collective members of KAR a force to be dealt with in state government. Develop grass roots efforts to accomplish this goal.
2. Explore the idea of a legislative caucus with REALTOR® members who are Legislators.
3. Assist local boards with local issues using programs like the Local Association Governmental Affairs Support Program.
4. Educate members on issues in order to gain their support; educate members, as necessary, on the lobbying process.
5. Communicate with members on a regular basis regarding events and circumstances relative to lobbying efforts.
6. Coordinate efforts and work harmoniously with the Kentucky Real Estate Commission.
7. Develop and promote the REALTOR Political Action Committee on a statewide basis and in cooperation with local boards.

- 1. ISSUES MOBILIZATION** - The Issues Mobilization Fund monies are deposited in a separate account for support or opposition of federal, state, and local issues that impact real property in Kentucky.

By January 31 of each year, \$50,000 per year shall be allocated to the Issues Mobilization Fund with a goal of \$500,000 for the Fund. (Revised 2/11) Members shall be assessed an amount determined by the Board of Directors to meet fund requirements. Interest on the account shall accrue to the account fund.

In determining allocations, there must be a seventy (70) percent majority vote for support. The Board of Directors will report its decisions on Issues Mobilization to the Delegate Body at regular meetings.

Guidelines for appropriate expenditures

Funds cannot be used for activities that either directly or indirectly endorse a candidate for public office. Appropriate expenditures are as follows:

1. Ballot measure campaigns
 - A. State
 - B. Local
2. Grassroots lobbying activities
 - A. Mail grams or letter-writing campaigns
 - B. Advertisements/mass media/public relations
 - (1) Radio
 - (2) Television

- (3) Newspaper
- (4) Promotional material - get out the vote on issue campaigns
- 3. Host an educational forum for the community, the purpose of which is to raise the level of awareness about an issue
- 4. Contributions to or with other grassroots lobbying organizations with respect to a common issue: Community-based organizations that are not partisan in nature such as the Chamber of Commerce, the taxpayers association, the building industry association, apartment association, etc.
- 5. Issue Advocacy: Expenses associated with a contract employing a professional issue advocate.
- 6. Data collection to assist a state association or local board with the development of a lobbying strategy
 - A. Public opinion surveys
 - B. Polling
 - C. Phone banks

Issues Mobilization Procedures

1. The KAR Quick Response Team will serve as the Issues Mobilization Committee (IMC) for the purpose of reviewing all Issues Mobilization (IM) requests and submitting a written recommendation of funding to the KAR Board of Directors. Approval of IM funds for state and local requests will be determined by the Board of Directors.
2. The IMC will provide the Board of Directors and the Local Board requesting IM funds with a written recommendation of all IM requests regardless of the level of funding recommended. The written recommendation will also include a copy of the original IM application and any attached documentation.
3. The IMC will only recommend funds for issues or initiatives that are consistent with the policies and legislative or legal activities of the Kentucky Association of REALTORS®. At no time may IM funds be used to support candidates for local, state or federal elected offices.
4. Local Boards may request IM funds by completing an Issues Mobilization Fund (IMF) application accompanied by a written motion passed by the Board of Directors of the Local Board. Information and signatures required on the Issues Mobilization Fund application are at the discretion of the IMC.
5. Participation and financial commitment allocated by the Local Board will be considered but not required, in determining whether, and to what extent, issues will be funded.
6. The Local Board shall include a proposed budget with sufficient detail to allow proper evaluation of the IMC to justify the amount of assistance requested. If expenses have been incurred by the Local Board, those expenses shall appear in and be noted in the budget.
7. The Local Board shall be prepared to provide the IMC any and all available documentation or evidence related to the issue(s) requiring financial assistance. This could include copies of the proposed ordinance or legislative initiative, written position statements from elected officials, newspaper articles, etc.
8. The Local Board shall submit a written status report to the IMC and Board of Directors within thirty (30) days following the receipt of funds. A final report is due immediately

following resolution of the issue campaign indicating the expenditure of IM funds and the overall effectiveness of the campaign.

9. The IMC shall submit a written status report to the Board of Directors within thirty (30) days following the expenditure of IM funds for a statewide request. A final report is due immediately following resolution of the issue campaign indicating the expenditure of IM funds and the overall effectiveness of the campaign.

2. Local Issues - Comprised of a Chair, Vice Chair, Immediate Past Chair, one representative per Region for staggered two year terms.

- E. Legislative Quick Response Team (QRT)** - Made up of a Chair, Vice Chair, KAR President, KAR President-Elect, Governmental Affairs Committee Chair, Governmental Affairs Committee Vice-Chair, RPAC Chair, Legal Affairs/Risk Reduction Chair, three Presidential appointments as needed, assuring that each Region has representation on the Quick Response Team.

Before making decisions on questions that arise during a legislative session, any KAR lobbyist is responsible for clearing decisions with the President. The Quick Response Team is advisory to the President, who makes the final decision on behalf of the association.

PART SIX:

**INDEPENDENT
CONTRACTORS**

PART SIX: INDEPENDENT CONTRACTORS

Until such time as it is in the best interest of KAR to do otherwise, KAR shall engage the services of outside legal counsel and an outside accounting firm to address the legal and accounting needs of the Association, respectively.

A. LEGAL COUNSEL

The Association shall engage the services of legal counsel on a contract basis to advise and counsel the Association relative to matters of interest to the Association which have any legal implications. Legal counsel shall initiate action only after approval of the President or Executive Vice President.

Legal counsel will be present at all KAR business meetings and other times as so directed by the President or Executive Vice President.

A contract for legal counsel shall be awarded and, renewable at the pleasure of the Board of Directors. (Revised 9/03)

B. ACCOUNTANT/AUDITING FIRM.

The Association shall engage the services of a certified public accounting firm on a contract basis to prepare an annual audit report and management letter. This report is to be presented in person by the CPA to the Treasurer and annually to the Board of Directors.

Upon approval of the Board of Directors, additional audits may be conducted as required. The results of such audits shall be presented to the Board of Directors.

A contract for accounting services shall be awarded and, renewable at the pleasure of the Board of Directors. (Revised 9/03) Quotes for competitive bids shall be sought every three years. (Revised 2/07)

The accounting firm engaged by the Association shall conduct an audit of the Association's bookkeeping, accounts, and financial records on an annual basis after the close of the fiscal year or upon approval of the Board of Directors at such other times as may be required. The terms of the agreement with accounting firm shall include the requirement that the firm prepare an annual audit report and management letter. This report is to be presented in person by the CPA to the Treasurer and annually to the Board of Directors if so directed by the President.

PART SEVEN:

**GENERAL
AND
MISCELLANEOUS
OPERATING
POLICIES**

PART SEVEN: GENERAL AND MISCELLANEOUS OPERATING POLICIES

A. ANNUAL AWARDS (Revised 9/09)

Each year during the annual convention, the following awards are presented to honor outstanding board programs and/or achievements for the past year. All official award forms are sent to each local board in May of each year.

1. Ammerman Attendance Award - Presented to the board having the greatest percentage of their members in attendance at the state convention. This award is presented in honor of the late G. W. Ammerman of Covington.

2. Paul M. Kendall Membership Growth Award - This award named in honor of the late Paul M. Kendall, a past President of KAR, is presented to the board having gained the highest percentage in NEW MEMBERS from September through August.

3. RPAC Awards - Awarded by the RPAC Committee, these Awards are calculated from receipts submitted to KAR on an annual basis.

4. REALTOR® of the Year Award - The recipient of this much coveted award is selected from nominations submitted by local boards of REALTORS® and any member in good standing with the Kentucky Association of REALTORS®. The award is presented during the annual meeting by the REALTOR of the Year Task Force. The guidelines and criteria for this award are set forth in this Policies & Procedures Manual under "REALTOR OF THE YEAR TASK FORCE", and in Addendum # 1. (Revised 6/08)

5. Good Neighbor Award – Presented to a member in good standing who has demonstrated an exceptional contribution to improve the quality of life in their community.

6. Community Service Award – Presented to boards who have conducted a community service project in the name of the local board/association meeting an identified need and benefiting the community.

7. Honorable Service Award – Presented to a member who has served for numerous years with distinction at the state level (but not exclusively) and made a significant contribution to the attainment of KAR's goals as set forth in its governing documents through dedicated service and commitment. The award is given at the current KAR President's discretion and is not necessarily an annual award.

8. KAR Distinguished Service Award/Life Time Achievement– NAR's criteria should be considered if KAR wants the award winner to be eligible for the NAR award. (Revised 2/07)

The Committee will select a REALTOR® member who has given dedicated distinguished service over a lifetime to the Kentucky Association of REALTORS®. The recipient of this award will be selected by the DSA/LTA committee from nominations submitted by any Kentucky Association of REALTORS® member in good standing or from any Board/Association of REALTORS®. The previous winner will present the award during the annual meeting.

COMMITTEE

The committee shall be comprised of a Chairman, Vice-Chair, Immediate Past Chair, and one Member from each region. The Immediate Past Chair is excluded from the two member per region limit. No region shall have more than two REALTOR® members serving at any one time. The President shall appoint three members and vice chair each year. All appointments will be for a two-year term. The requirement for this award is as follows. (Revised 6/09)

Qualifying Criteria for Nomination

The Committee will not consider nominations that do not meet the criteria.

1. Have attained the age of 60 or have at least 25 years of Membership in the KENTUCKY ASSOCIATION OF REALTORS®, including leadership positions in the Local Board/Associations, State Association, National Association, and the Institutes, Societies and Councils.
2. Candidates must continue to participate at Local, State and National levels.
3. Have a valid Real Estate License as a Broker or Salesperson and be currently active in the Real Estate Industry.
4. Have been recognized as a local leader whose performance of service and involvement in political and/or community activities is extraordinary.
5. The DSA/LTA award will not be awarded posthumously.
6. An individual may be nominated more than once; however, a new form must be resubmitted each year a person is nominated. Information will not be carried over from one year to the next.
7. All DSA/LTA nomination forms submitted for consideration are kept strictly confidential. All materials submitted become the property of the Kentucky Association of REALTORS® and will not be returned.
8. The committee will consider only nominations submitted on the official format.
9. Any KAR member in good standing, or any local Board/Association may nominate an individual. (Revised 6/09)
10. All nominations shall require signatures of two KAR members in good standing prior to being submitted to KAR. One signature may be of the nominating member. All forms that do not include two signatures will be returned and my risk being disqualified. (Added 6/09)
11. The deadline for receipt of all DSA/LTA forms is the Friday preceding KAR's Summer Business Meeting. (Moved 6/09)

The Selection Committee will review all nomination forms that are submitted to it for consideration and will eliminate those candidates who do not qualify, or those forms do not follow the established guidelines.

The Selection Committee feels the honor seeks the candidate; any campaigning or contact with any committee Member is strongly discouraged. The committee recommends that the nomination be kept confidential from the nominee if possible.

B. SELECTION OF KAR MEETING SITES/MEETINGS TASK FORCE

Location for KAR meetings should be selected at least two (2) years in advance by a Meetings Task Force. Selections shall be approved by the Board of Directors. (Revised 2/07)

C. APPLICATION FEES, DUES, AND ASSESSMENTS

1. Application Fee

This fee will apply to any new member or former member who has dropped their membership for any reason. Any new member shall submit to KAR through their board an application fee of \$50.00 when applying for membership. If a member has paid dues and drops from KAR and requests reinstatement within a 12 month period, there shall be no application fee. (Revised 2/07)

2. Dues and Fees

Section 1. The annual dues of each Member Board shall be (1) an amount as established by the Board of Directors times the number of REALTOR® and REALTOR-ASSOCIATE® Members who hold primary membership in the Board, plus (2) an amount as established by the Board of Directors times the number of real estate salespersons and licensed or certified appraisers employed by or affiliated as independent contractors with REALTOR® Members of the Board who are not themselves REALTOR®, REALTOR-ASSOCIATE®, or Institute Affiliate Members. In calculating the dues payable by a member Board, nonmembers, as defined in the preceding sentence, shall not be included in the computation of dues if dues have been paid in another Board in the state or a state contiguous thereto, provided the Board notifies the State Association in writing of the identity of the Board to which dues have been remitted. (Section Added 2/08-NAR)

Section 2. The annual dues of each designated REALTOR® Member actively engaged in the real estate business from areas not within the jurisdiction of a Member Board shall be (1) an amount as established by the Board of Directors plus (2) an amount as established by the Board of Directors times the number of real estate salespersons and licensed or certified appraisers who (a) are employed by or affiliated as independent contractors, or who are otherwise directly or indirectly licensed with such REALTOR® member, and (b) are not REALTOR®, REALTOR-ASSOCIATE®, or Institute Affiliate Members. An individual shall be deemed to be licensed with a REALTOR® if the license of the individual is held by the REALTOR®, or any broker who is licensed with the REALTOR®, or by any entity in which the REALTOR® has a direct or indirect ownership interest and which is engaged in other aspects of the real estate business (except as provided for in Section 2 (a) hereof) provided that the licensee is not otherwise included in the computation of dues payable by the principal, partner, corporate officer, or branch office manager of the entity.

A REALTOR® with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR® for consideration on a substantially exclusive basis shall annually file with the association on a form approved by the association a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers and are not engaged in listing, selling, leasing, managing, counseling or appraising real property. The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR® filing the form for purposes of this Section and shall not be included in calculating the annual dues of the Designated REALTOR®.

Membership dues shall be prorated for any licensee included on a certification form submitted to the association who during the same calendar year applies for REALTOR® or REALTOR-ASSOCIATE® membership in the association. However, membership dues shall not be prorated if the licensee held REALTOR® or REALTOR-ASSOCIATE® membership during the preceding calendar year. (Section Added 2/08-NAR)

Section 3. The annual dues of REALTOR® Members other than designated REALTORS® shall be as determined annually by the Board of Directors. (Section Added 2/08-NAR)

Section 4. The annual dues of each Institute Affiliate Member shall be as established in Article II of the Bylaws of the NATIONAL ASSOCIATION OF REALTORS®.

Note: The Institutes, Societies and Councils of the National Association shall be responsible for collecting and remitting dues to the National Association for Institute Affiliate Members (\$75.00). The National Association shall credit \$25.00 to the account of a local association for each Institute Affiliate Member whose office address is within the assigned territorial jurisdiction of that association, provided, however, if the office location is also within the territorial jurisdiction of a Commercial Overlay Board (COB), the \$25.00 amount will be credited to the COB, unless the Institute Affiliate Member directs that the dues be distributed to the other board. The National Association shall also credit \$25.00 to the account of state associations for each Institute Affiliate Member whose office address is located within the territorial jurisdiction of the state association. Local and state associations may not establish any additional entrance, initiation fees or dues for Institute Affiliate Members, but may provide service packages to which Institute Affiliate Members may voluntarily subscribe. (Section Added 2/08-NAR)

Section 5. The annual dues of each Affiliate Member shall be as established annually by the Board of Directors. (Section Added 2/08-NAR)

Section 6. In January of each year each Member Board shall file with the State Association, in such format as shall be determined by the Association, a list of its REALTOR®, REALTOR-ASSOCIATE® and Institute Affiliate Members and the number of real estate salespersons and licensed or certified appraisers employed by or affiliated as independent contractors with such REALTOR® Members, certified by the President and Secretary of the Board. At the time such list is filed each Member Board shall pay dues for the current fiscal year based on such list, which dues shall be adjusted each month to reflect any net increase in the number of individuals licensed with REALTOR® members of the Board who are not themselves REALTOR®, REALTOR-ASSOCIATE®, or Institute Affiliate Members. Member Board dues shall also be adjusted for new members enrolled by the Board who were not previously licensed with a REALTOR® Member of the Board during the current fiscal year. Adjustments for new members shall be prorated monthly and be due and payable prior to the 15th day of the following month after the new member's enrollment. Any Member Board or other Member delinquent in payment of dues by more than 90 days may be dropped from membership in the Association by the Board of Directors. (Section Added 2/08-NAR)

Section 7. No dues shall be assessed for REALTOR® Emeritus Members. (Section re-numbered 2/08)

Section 8. No dues shall be assessed for Honorary Members. (Section re-numbered 2/08)

Section 9. Upon payment to the Kentucky Association of REALTORS® of the dues required under this policy, each REALTOR® Member, Institute Affiliate Member, or REALTOR® Emeritus Member

shall be deemed in good standing of the Kentucky Association of REALTORS®. Upon payment of dues required under any sections of this Policy, the individual making such payment shall be deemed a Member as designated in good standing of the Kentucky Association of REALTORS®. (Revised 2/07, Section re-numbered 2/08)

3. Assessments

Board of Directors shall reserve the right to impose assessments as deemed necessary. (Revised 2/07)

4. Due Date and Penalty for Late Payment

Kentucky Association of REALTORS® and National Association of REALTORS® Annual dues for each class of membership as defined in the Bylaws are due on January 1st. Annual dues not paid by January 31 shall accrue interest on the unpaid balance at the rate of 1.5 percent per month from the due date. If the dues and penalties (if applicable) are not received within 90 days of the due date, member board/associations shall automatically be dropped from membership. If, in extenuating circumstances, a member board/association is unable to remit annual dues within the time frame set forth in this section, the Leadership Team shall be authorized to decrease the amount of or waive the interest penalty. (Revised 2/07)

Dues for new members admitted during any quarter shall be prorated and paid to KAR on no less than a quarterly basis prior to the 15th day of the following quarter.

5. DUES REFUND

No refund of KAR dues paid shall be made for any reason except for overpayment of a local board with the following exception.

If a member is called to active duty from a reserve component status and as a result cannot participate in the real estate business, he/she will be eligible for a pro-rated share of his/her dues/fees to be placed in escrow for the duration of his/her active duty provided he/she was a member in "good standing" prior to the departure.

If, upon the member's return, he/she applies to rejoin the Kentucky Association of REALTORS®, that unused portion of the dues/fees paid prior to the member's call-up for active duty will be credited to the payment of the pro-rated dues/fees provided that no more than sixty (60) days elapse from the date of release from active duty and the date of application.

D. AUTHORIZED SIGNATURES

The following individuals shall have authorization to sign checks and financial documents for the Association:

1. Treasurer
2. Treasurer-Elect
3. President
4. President-Elect
5. Executive Vice President
6. Others specifically authorized by the Board of Directors

Signature authorization cards and certificates will be prepared by the Association's bookkeeper and filed annually with all banks in which the Association maintains any account. All checks shall require dual signatures for any amount in excess of \$1,000. (Revised 9/03)

All bills, invoices, and other financial obligations will be paid by check and made in a timely manner to avoid any late charges or interest. (Revised 9/03)

E. CONTRACTS

Any Contracts for services or goods, whether leased or purchased, in excess of \$2,000, shall only be entered into after seeking three (3) bids. All contracts before signature should be reviewed by attorney representing KAR.(Revised 9/03) Contracts that are binding upon the Association shall be signed only by the President and/or Executive Vice President. Contracts requiring expenditures in excess of \$10,000 shall require the signature of the EVP and President and shall contain the requirement that the contract is not effective until approved or ratified by the Board of Directors.

F. DISBURSEMENTS

Disbursements and payments of accounts payable shall be made in accordance with general bookkeeping procedures. All invoices shall require the signature of the EVP or Treasurer indicating approval for payment prior to signing the check.

G. DONATIONS TO CHARITIES

No expenditure or donation of KAR funds whatsoever shall be made to religious, philanthropic, or civic organizations without the approval of the Board of Directors.

H. FINANCIAL RECORDS

All financial records, ledgers, and journals shall be maintained at the Association headquarters and shall be the responsibility of the person assigned bookkeeping and accounting responsibilities in coordination with the Executive Vice President who shall be familiar with accounting procedures, records, and files. All financial information shall be available for inspection by any member of the Association at the Association headquarters.

I. CONFIDENTIALITY AND NON-DISCLOSURE POLICY

The KAR Board of Directors and Delegate Body will strictly limit, control, and protect all confidential, private and/or proprietary information concerning the Kentucky Association of REALTORS®.

Information received by the KAR Board of Directors and Delegate Body concerning communications not publicly distributed; current or future contractual obligations; database or other member information; specific case information relating to Professional Standards; personnel information, including salaries, benefits and perquisites; and, any other information deemed confidential by the KAR Board of Directors.

All persons identified in this policy must agree to abide by and comply with this policy. Each Director and Delegate may be subject to discipline or other sanction, including removal from office, by KAR due to a violation or attempted breach of any portion of this Policy. The KAR reserves the right to enforce this Policy by any and all appropriate and legal means. (Added 2/07)

J. WHISTLE BLOWER POLICY (Added 6/08)

KAR is committed to lawful and ethical behavior in all of its activities, and requires its staff to conduct themselves in a manner that complies with all applicable laws and regulations. If at any time a concern exists regarding the propriety or legality of any action contemplated to be taken or that has been taken by any KAR officer, director, staff, committee member, or any contractor or vendor, as the action relates to KAR activities, or if an action needs to be taken in order for KAR to be in compliance with law or appropriate ethical standards, you can address the issue directly by going to the Executive Vice President as needed until matters are satisfactorily resolved.

Alternatively, if you are not comfortable speaking to the Executive Vice President about the matter, or do not feel your issue has been properly addressed, you may contact KAR's President or outside Legal Counsel about the matter. If you do not believe that these channels of communication can/should be used to express your concerns, you can send an anonymous letter or e-mail utilizing the U.S. Mail or any internet hosted e-mail service (using an anonymous name) to KAR's President or outside Legal Counsel.

Under this policy (sometimes referred to as a "Whistleblower Policy"), those who report illegal or improper activity will be protected. Efforts will be made to treat a report of unethical or illegal conduct as confidential, consistent with the need to investigate and prevent or correct the action. The individual making the report will not be discharged, threatened, harassed, or discriminated against for reporting in good faith what they perceive to be wrongdoing, violations of law, or unethical conduct.

K. CONFLICT OF INTEREST POLICY (Added 6/08)

ARTICLE I

PURPOSE

The purpose of this Conflict of Interest Policy is to provide guidance in identifying and handling actual and potential conflicts of interest involving KAR. This Policy also serves to protect KAR's tax-exempt status when KAR is considering a transaction or arrangement that might benefit the private interest of an officer, director, staff or committee member of KAR, or that might result in a potential excess benefit transaction. In most instances, conflicts of interest can be avoided simply by continuing to exercise good judgment and, indeed, KAR relies on the sound judgment of its officers, directors, staff and committee members to prevent many such conflict situations.

KAR is committed to the highest levels of integrity. Officers, directors, staff and committee members are expected to conduct their relationships with each other, KAR, and outside individuals and organizations with objectivity and honesty. The general rule is that: KAR officers, directors, staff and committee members are obligated to avoid and disclose legal, financial, or other conflicts of interest involving KAR, and to remove themselves from a position of decision-making authority with respect to any conflict situation involving KAR.

ARTICLE II

BASIC DEFINITIONS

1. Conflict of Interest. Generally, a conflict of interest may occur if an interest or activity influences or appears to influence the ability of an officer, director, staff or committee member to

exercise objectivity or impairs the individual's ability to perform his or her responsibilities in the best interests of KAR. An officer, director, staff or committee member is considered to have an actual or potential conflict of interest when:

- (a) He or she, or any member of his or her family, or any of his or her close business associates, may receive a financial or other significant benefit as a result of the individual's position at KAR;
- (b) The officer, director, staff or committee member has the opportunity to influence KAR's financial, business, administrative, or other important decisions in a manner that leads to the personal gain or advantage of the individual, a member of his or her family, or any of his or her close business associates; or
- (c) The officer, director, staff or committee member has an existing or potential legal, financial, or other significant interest which impairs or might appear to impair the individual's independence in the discharge of his or her responsibilities to KAR.

Examples of actual or potential conflict of interest activities and relationships are set forth on Exhibit A attached to and incorporated into this Policy.

2. Interested Person. Any director, officer or staff, or member of a KAR Committee established pursuant to the Policies And Procedures who has a "Financial Interest" in a transaction or arrangement, as defined below, is an "Interested Person" for purposes of this Policy. Members of the Delegate Body shall not be "Interested Persons" solely by reason of their service to KAR as a member of the Delegate Body.

3. Financial Interest. An individual has a "Financial Interest" in a KAR transaction or arrangement if the individual, or any member of his or her family, or any of his or her close business associates, directly or indirectly has:

- (a) An ownership or investment interest in or business relationship with any entity with which KAR has a transaction or arrangement;
- (b) Receives compensation from KAR, or from any entity or individual with which KAR has a transaction or arrangement, or from an owner of any entity with which KAR has a transaction or arrangement; or
- (c) A potential ownership or investment interest in, or receives compensation from, any entity or individual with which KAR is negotiating a transaction or arrangement, or in or from an owner of any entity with which KAR is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration, as well as gifts or favors that are not insubstantial.

ARTICLE III

PROCEDURES

1. Duty to Disclose. In connection with any actual or potential conflict of interest, an Interested Person must disclose the existence of the Financial Interest and be given the opportunity

to disclose all material facts to (i) the KAR Leadership Team, (ii) KAR's Legal Counsel, and (iii) the directors and members of the Board of Directors or any Committee considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists. After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, he/she shall leave the Board of Directors or Committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining directors or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest.

- (a) If the Board of Directors or Committee determines that an actual or potential conflict of interest exists, an Interested Person may make a presentation at the Board of Directors or Committee meeting, but after the presentation, he/she shall again leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the actual or potential conflict of interest.
- (b) The chairperson of the Board of Directors or Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- (c) After exercising due diligence, the Board of Directors or Committee shall determine whether KAR can obtain through reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to an actual or potential conflict of interest.
- (d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing an actual or potential conflict of interest, the Board of Directors or Committee shall determine by a majority vote of the remaining disinterested members of the Board of Directors or Committee whether the transaction or arrangement is in KAR's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the Board of Directors or Committee shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy.

- (a) If the Board of Directors or Committee has reasonable cause to believe a member has failed to disclose actual or potential conflicts of interest, it shall inform the member of the basis for such belief, and shall report the matter to the KAR Leadership Team and KAR Legal Counsel, and shall afford the member an opportunity to explain the alleged failure to disclose.
- (b) If, after hearing the member's response and after making further investigation as warranted by circumstances, the Board of Directors or Committee determines the member has failed to disclose an actual or potential conflict of interest, the Board of Directors or Committee shall take appropriate disciplinary and corrective action.

ARTICLE IV

RECORDS OF PROCEEDINGS

The minutes of the Board of Directors and Committees shall contain:

- (a) The names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or potential conflict of interest, the nature of the Financial Interest, any action taken to determine whether a conflict of interest was present, and the Board of Directors's or Committee's decision as to whether a conflict of interest in fact existed.
- (b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the general content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

ARTICLE V

COMPENSATION

1. A voting member of the Board of Directors who receives compensation, directly or indirectly, from KAR for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from KAR for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the Board of Directors of any Committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from KAR, either individually or collectively, is prohibited from providing information to any Committee regarding compensation.

ARTICLE VI

ANNUAL STATEMENTS

Each director, officer, staff and committee member, shall annually sign a statement which affirms such individual:

- (a) Has received a copy of this Conflicts of Interest Policy;
- (b) Has read and understands this Conflicts of Interest Policy;
- (c) Has agreed to comply with this Conflicts of Interest Policy; and
- (d) Understands KAR is tax exempt and that in order to maintain its federal tax exemption KAR must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

ARTICLE VII

PERIODIC REVIEWS

To ensure KAR operates in a manner consistent with tax-exempt purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted to determine:

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- (b) Whether goods and services are not obtained under conditions that would violate KAR's exempt purposes or result in inurement, impermissible private benefit or in an excess benefit transaction to an Interested Person.

EXHIBIT "A"

EXAMPLES OF POTENTIAL CONFLICT OF INTEREST ACTIVITIES AND RELATIONSHIPS

The following activities illustrate types of actual or potential conflicts of interest that should be avoided and disclosed, as applicable, in accordance with this Conflict of Interest Policy. The list is not all inclusive and is intended to provide guidance.

1. Self-Benefit: Using your position or relationship within KAR to promote your own interests or those of your family or close business associates, including using confidential or privileged information gained in the course of employment at KAR for personal benefit or gain or for the personal gain or benefit of family members or close business associates.
2. Influence Peddling: Soliciting benefits for yourself, or for your family or close business associates, from outside organizations in exchange for using your influence to advance the interests of that organization within KAR.
3. Other Business Relationships and Dealings: Approving transactions or arrangements with organizations in which you or your family or your close business associates have a significant financial or other interest or relationship, particularly if you are in a position to influence major decisions, are responsible for review, negotiation and approval of the transactions or arrangements, or otherwise direct KAR's business dealings with that business or entity.
4. Property Transactions: Directly or indirectly leasing, renting, trading, or selling real or personal property to or from KAR.
5. Use of KAR Property for Personal Advantage: Using or taking KAR resources, including facilities, equipment, personnel, and supplies, for private use or other unauthorized non-KAR activities.
6. Recording or Reporting False Information: Misrepresenting, withholding, or falsifying relevant information required to be reported to external parties or used internally for decision-making purposes, in order to derive personal benefits.

7. Dealings with Organizations: Personally accepting anything of value (unless nominal – generally \$100 or less), including without limitation, payments, gifts, or loans, from organizations or individuals that have substantial transactions or arrangements with or pending before KAR.

This policy cannot describe all conflicts of interest situations that may arise involving KAR. Therefore, officers, directors, staff and committee members must use good judgment to avoid any appearance of impropriety. Appropriate circumstances may also justify exceptions to the application of this Policy. If you have any questions about this Policy or its application, please err on the side of caution and transparency and seek appropriate legal advice.

L. OFFICERS' TRAVEL POLICY

1. Transportation cost, food, lodging, and other necessary expenses of the President and his/her spouse/significant other for all in-state and out-of-state travel on Association business shall be borne by the Association not to exceed the budgeted amount. (Revised 6/07)
2. Transportation cost, food, lodging, and other necessary expenses of the Executive Vice President for in-state and out-of-state travel on Association business shall be borne by the Association. The expenses of the Executive Vice President's spouse/significant other for in-state travel and the National convention shall be borne by the Association not to exceed the budgeted amount. (Revised 6/07)
3. Transportation cost, food, lodging, and other necessary expenses of the President-elect and his/her spouse/significant other for in-state travel on Association business shall be borne by the Association not to exceed the budgeted amount. Transportation cost, food, lodging, and other necessary expenses of the President-elect for out-of-state travel on Association business shall be borne by the Association not to exceed the budgeted amount. The expenses for the President-elect's spouse/significant other shall be borne by the President-elect except for those expenses incurred at the NAR convention which shall be borne by the Association not to exceed the budgeted amount. (Revised 6/07)
4. Transportation cost, food, lodging, and other necessary expenses of the Treasurer for in-state travel on Association business shall be borne by the Association up to the budgeted amount per year.
5. Transportation cost, food, lodging, and other necessary expenses of the Treasurer-elect for in-state travel on Association business shall be borne by the Association up to the budgeted amount per year. (added 2/05)
6. Reimbursement of travel expenses will be made if a KAR "Expense Sheet," with receipts, is submitted to the KAR office within thirty (30) days of the event. (Revised 6/08)
7. Reimbursement or payment for out-of-state travel shall be limited to budgeted meetings, including National Association meetings or any special or called meetings of the National Association and, in the case of the President, President-elect Executive Vice President, and KY NAR Directors, one regional meeting.
8. The President, EVP and President-elect are the only persons authorized to entertain on behalf of the Kentucky Association of REALTORS®, and they are limited to an amount set forth in the annual budget.

9. Receipts/e-mail confirmations for any charges made on the KAR Credit Cards be submitted to KAR within 10 days of any charges. (Added 2/10)

M. REIMBURSEMENT OF EXPENSES

- a. Reimbursement of expenses will be made to those so authorized to incur the expense, if the appropriate forms and receipts are submitted to the KAR office. Requests for reimbursement after 30 days from the date of the event will not be honored. (Revised 06/08) No expense shall be reimbursed to any person who is not in good standing, including the payment of any and all fees, fines or other amount due the Association from the requesting member or staff person. (Revised 2/07) Reporting of expenses and request for reimbursement of expenses must be submitted within 30 days of when the expense is incurred. The appropriate forms and receipts are required to be submitted with the report/request. Detailed receipts for all expenses (excluding miscellaneous tips) are required including those charged to a hotel room. (Revised 2/10)
- b. All KAR personnel and members that travel and incur any expenses that are paid directly by KAR or paid by individual and expect to be reimbursed by KAR should adhere to the following:
 1. Each one shall fill out an expense report in detail including itemization and documentation as to where, when, and list the reason for the expense, along with a receipt for each occurrence.
 2. All shall use the present form that is standard to KAR and which is attached for explanation. Note: (Expense Report form added 2/09 as Addendum Item #5 to the Policies & Procedures Manual.)
- c. To reimburse the Immediate Past President and the Chair of the Past Presidents Committee for one night's lodging, meals, and mileage for their required attendance at Leadership Team meetings in an amount to be determined by the Finance & Audit Committee. (Added 2/09)

N. NATIONAL DIRECTORS/OFFICERS: REPORTS, NAR MEETING EXPENSES

Members of the Kentucky Association of REALTORS® who are directors or officers of NAR shall prepare a written report which will be distributed to KAR's Board of Directors and may be distributed to the Delegate Body or published in other mediums. Such directors and officers shall be expected to make an oral report summarizing the proceedings of the previous NAR meeting.

NAR Directors approve items and issues (such as endorsements of candidates running for NAR offices) related to the National Association of REALTORS that do not impact or affect the KAR budget. (Added 12/09)

When not otherwise reimbursed by NAR or KAR, national directors shall receive up to the specified amount allowed in the annual budget for expenses incurred in travel to and attendance at NAR meetings, provided such expenses are shown on receipts and summarized in a written report presented to the Treasurer for payment.

The NAR Directors expense allocation shall be approved by the Board of Directors and Delegate Body as set forth in the annual budget. There shall be no carry over or carry forward of the per meeting budgeted amount. Failure to otherwise comply with this section (i.e., reporting to KAR on NAR activity) may also result in a similar reduction of the budgeted amount.

Reimbursement will be for national directors elected by KAR. There shall be no reimbursement of expenses for members who receive appointments to NAR committees or task forces except upon approval of the Board of Directors. KAR shall not reimburse expenses incurred by national directors who serve in that capacity as a direct representative of a large board or large company.

O. CASH ON HAND (Revised 6/09)

The Association shall maintain one hundred fifty dollars (\$150.00) in its petty cash.

Except for petty cash, all cash at the KAR headquarters in excess of \$500 shall be deposited without undue delay. (Added 6/09)

P. TRANSPORTATION POLICY

1. The Association shall reimburse its employees, designated representatives and contractors for mileage at the same rate as the federal government.
2. The Association shall check with the appropriate department of the federal government every six (6) months or more frequently to determine Kentucky's rate of compensation.

Q. CREDIT CARD POLICY

KAR will provide a credit card for the President, President-Elect and Executive Vice President. The EVP shall not be personally liable for the card or for the expenditures made on the President's and the President-Elect's card. The EVP shall have possession of an additional KAR credit card for which the KAR Finance Director and Executive Assistant shall have access at the discretion of the EVP for general office purposes. The EVP should be notified of purchases on the KAR credit card before they are placed. Proper documentation should support all credit card purchases. KAR will provide travel cards for KAR staff for authorized KAR business purposes at the discretion of the EVP. The balance on the KAR credit cards should be paid off each month. Any points or benefits obtained on any KAR credit card shall belong solely to KAR. (Revised 6/09)

R. POLICY ON THE PROCESS FOR DETERMINING COMPENSATION (Section Added 12/08)

This Policy on the Process for Determining Compensation of the Kentucky Association of REALTORS applies to the compensation of the following person employed by the Association:

- The Association's chief employed executive(1) (Check if applicable)
- Other Officers(2) or Key Employees(3) of the Association by title: _____

(Check if applicable, supply titles)

The process includes all of these elements: (1) review and approval by the Board of Directors and Personnel Committee of the Association; (2) use of data as to comparable compensation; and (3) contemporaneous documentation and recordkeeping.

1. Review and approval. The compensation of the person is reviewed and approved by the Board of Directors and Personnel Committee of the Association, provided that persons with conflicts of interest with respect to the compensation arrangement at issue are not involved in the review and approval.
2. Use of data as to comparable compensation. The compensation of the person is reviewed and approved using data as to comparable compensation for similarly qualified persons in functionally comparable positions at similarly situated associations.

3. Contemporaneous documentation and recordkeeping. There is contemporaneous documentation and recordkeeping with respect to the deliberations and decisions regarding the compensation arrangement.

(1) Chief employed executive – The CEO, executive directors, or top management official (ie. A person who has the ultimate responsibility for implementing the decisions of the Association's governing body or for supervising the management, administration or operations of the Association.)

(2) Officer – A person elected or appointed to manage the Association's daily operations, such as a president, vice-president, secretary or treasurer. The officers of the association are determined by reference to its organizing document, bylaws, or resolutions of its governing body, or as otherwise designed consistent with state law, but at a minimum include those officers required by applicable state law. Include as officers the Association's top management official and top financial official (the person who has ultimate responsibility for managing the Association's finances.)

(3) Key Employee – An employee of the Association who meets all three of the following tests: (a) \$150,000 Test: receives reportable compensation from the Association and all related organizations in excess of \$150,000 for the year; (b) Responsibility Test: the employee: (i) has responsibility, powers, or influence over the Association as a whole that is similar to those of officers, directors, or trustees; or (ii) manages a discrete segment or activity of the Association that represents 10% or more of the activities, assets, income, or expenses of the Association, as compared to the Association as a whole; or (iii) has or shares authority to control or determine 10% or more of the Association's capital expenditures, operating budget, or compensation for employees; and (c) Top 20 Test: is one of the 20 employees (that satisfy the \$150,000 test and Responsibility Test) with the highest reportable compensation from the Association and related organizations for the year.

S. COMMUNICATIONS POLICY (Revised 2/07)

1. Copies of all correspondence between the local boards and the National Association of REALTORS® should be sent to the KAR office.
2. KAR should retain current copies of local board/association Bylaws.
3. All dates for KAR functions should be submitted to the local boards/associations on a master calendar on or before the first of the year to avoid possible conflict.
4. KAR welcomes local board/association newsletters sent to the KAR office.
5. Region Directors should be notified of KAR Officer and/or staff attendance at local board/association functions or events.
6. All communications of importance between KAR and the National Association of REALTORS® shall be sent to the KAR National Directors.
7. The KAR President and President-elect will receive copies of all meeting notices, agendas, and minutes.
8. Significant correspondence directed to local board/association Association Executives should also be copied to the local association/board President.

T. DOCUMENT RETENTION AND DESTRUCTION POLICY (Section Added 12/08)

This Document Retention and Destruction Policy of the Kentucky Association of REALTORS® identifies the record retention responsibilities of staff, volunteers, members of the board of Directors, and outsiders for maintaining and documenting the storage and destruction of the Association's documents and records.

1. Rules.

The Association's staff, volunteers, members of the Board of Directors and outsiders (ie independent contractors via agreements with them) are required to honor these rules: (a) paper or electronic documents indicated under the terms for retention below will be transferred and maintained by the Human Resources, Legal or Administrative staffs/departments or their equivalents; (b) all other paper documents will be destroyed after three years; (c) all other electronic documents will be deleted from all individual computers, data bases, networks, and back-up storage after one year; and (d) no paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private litigation.

2. Terms for retention.

A. Retain permanently:

Governance records – Charter and amendments, bylaws and other organizational documents, governing Board of Directors and Board of Directors minutes.

Tax records – Filed state and federal tax returns/reports and supporting records, tax exemption determination letter and related correspondence, files related to tax audits, audit reports.

Intellectual property records – Copyright and trademark registrations and samples of protected works.

Financial and asset records – Audited financial statements, attorney contingent liability letters, year-end financial statements, deeds and mortgages and bills of sale, depreciation schedules.

Communications – Correspondence (legal and important matters), insurance records, current accident reports, claims, etc.

Pension and benefit records – Pension (ERISA) plan participant/beneficiary records, actuarial reports, related correspondence with government agencies, and support records.

B. Retain for ten years:

Government relations records – State and federal lobbying and political contributions reports and supporting records.

C. Retain for seven years:

Financial records – Accounts payable ledgers and schedules, expense analyses, expense distribution schedules, inventories of products, material and supplies, invoices (to customers, from vendors), withholding tax statements

Employee/employment records – Employee names, addresses, social security numbers, dates of birth, INS form I-9, resume/application materials, job descriptions, dates of hire and termination/separation, evaluations, compensation information, promotions, transfers, disciplinary matters, time/payroll records, leave/comp time/FMLA, engagement and discharge correspondence, documentation of basis for independent contractor status (retain for all current employees and independent contractors and for three years after departure of each individual.)

Agreements – Contracts, mortgages, notes and leases (expired).

D. Retain for three years:

Lease, insurance, and contract/license records – Software license agreements, vendor, hotel and service agreements, independent contractor agreements, employment agreements, consultant agreements, and all other agreements (retain during the term of the agreement and for three years after the termination, expiration, non-renewal of each agreement), expired insurance policies.

Financial records – bank statements, past budgets, bank reconciliations, deposit slips.

E. Retain for two years:

All other electronic records, documents and files – General correspondence files.

3. Exceptions.

Exceptions to these rules and terms for retention may be granted only by the Association's Board of Directors.

U. USE OF MEMBERSHIP DATABASE INFORMATION

The names, addresses and e-mail addresses of the members of the Association are considered to be confidential. Requests for membership lists shall be referred to the Executive Vice President who together with President and President-elect shall have the authority to determine who will receive member information and costs thereof. (Revised 2/07)

V. ERRORS AND OMISSIONS INSURANCE COVERAGE

As provided for under the blanket coverage of the National Association of REALTORS®, the Kentucky Association of REALTORS® is covered by Professional Liability and Errors and Omissions Insurance. As prescribed by the National Association, coverage is based on the Kentucky Association of REALTORS® compliance with National Association policies and recommendations. Failure to comply will result in loss of coverage. It shall be the policy to take action required to remain in compliance with NAR policies and recommendations. (Revised 2/07)

W. EDITORIAL POLICY

The President is the spokesperson for the Association. Any statement relating to the Association will be done by the President. The Executive Vice President will act as spokesperson for the Association in the absence of, or as delegated by the President. (Revised 2/07)

X. LINES OF AUTHORITY

The President of the Association is the chief executive officer. The Executive Vice President is the chief operating officer relative to the association and particularly relating to the staff. Each of these offices stands at the head of separate structures, each with its own line of authority. As in all organizations with dual structures, it is of paramount importance to keep the two lines of authority -- elected and staff -- clearly defined and observed.

Y. KAR POLICIES IN RELATION TO STRATEGIC BUSINESS PLANNING

1. **Annual Strategic Business Planning:** It shall be the policy of the Kentucky Association of REALTORS® Board of Directors that the Board's primary charge for developing a strategic business plan each year shall be to continue to review the real estate industry's environment by analyzing trends, member expectations and other available data. Based on this annual review, revision of the Plan may be made by the Board of Directors as needed. Such review of the strategic business plan shall be completed at such time as to allow the Board of Directors to report the results to the Delegate Body in a timely manner.
2. **Integration with the Association's programs, services and products:** It shall be the policy of the Kentucky Association of REALTORS® Board of Directors that the Association's Strategic Business Plan and its annual updates shall be provided to the Delegate Body at such time so that goals and objectives contained in the Plan or Plan updates may be properly

utilized and carried out. The Plan or Plan update shall be the basis for all Association programs, services and related products.

3. **Integration with the budget process:** It shall be the policy of the Kentucky Association of REALTORS® Board of Directors that the goals and prioritized objectives contained in the Association's Strategic Business Plan and its annual updates shall provide the primary basis upon which the Board of Directors shall engage in the annual budgeting process.

Z. THE KAR/KREEF RELATIONSHIP

The KAR/KREEF Relationship: Operating Policies & Cooperative Arrangements (Added 2/11)

I. Basic Commitments

- a. KAR has a continued commitment to and ultimate responsibility for providing educational services to its members and/or its member Boards. In fulfilling this commitment, KAR will continue to provide whatever full-time staff and overhead are required for the operation of the KAR Education Department.
- b. KAR has a continued commitment to KREEF as the sole educational arm of KAR. KREEF will function as the “education committee” of KAR, but will retain its identity as a Foundation with a mission broader than an education committee’s would be – to include the operation of education programs requested by KAR and within the capabilities of KREEF.
- c. KREEF – as the education arm of the Association – should set priorities for the Association’s educational programs and for the usage of the educational resources (staff, etc.) that KAR has put at KREEF’s disposal.

II. Collaborative Committees and Communications

Although (by chance rather than by design) KREEF’s and KAR’s respective interests have been well-represented in the past – through members of KAR’s Leadership concurrently serving as KREEF Trustees, and vice-versa-there should be more structured communication between the KREEF Trustees and KAR’s Leadership and Finance Committee

- a. There will be a KAR/KREEF Liaison Committee in KAR, composed of:
 1. KAR’s President
 2. KAR’s Immediate Past President
 3. KAR’s President-elect
 4. KAR’s Treasurer
 5. KREEF’s President
 6. KREEF’s President-elect
 7. KREEF’s Treasurer

KAR's immediate Past President will serve as Chairman of this Committee, and the KAR Director of Professional Development will serve as staff support.

Its primary purposes are communication and education...to meet and advise both KAR and KREEF-*on an annual basis*-to ensure shared goals and objectives.

- b. For better communication and coordination between KAR and KREEF, each year's KREEF Treasurer will also serve as a member of the KAR Finance Committee.
- c. The strategic planning activities for both KAR and KREEF will also be coordinated to allow for the productive exchange of goals and ideas in the planning stages. The KREEF President-elect shall serve on KAR's Strategic Planning Committee and the KAR President-elect who serves on the KREEF Trustees and KAR Strategic Planning Committee shall serve as the Strategic Planning Committee Liaison between KAR and KREEF.
- d. To ensure greater awareness of KREEF's activities among the KAR Board of Directors, the KREEF President will report to the KAR Directors.
- e. Educational activities and sessions at the KAR Annual Convention will be funded by Convention registration fees and/or sponsors, the KREEF President will annually appoint a Trustee to assist with the Convention Committee, and will meet with the KAR Convention Committee in that capacity.
- f. To provide awareness to members on educational activities, KREEF will meet at KAR Business meetings.
- g. Each June, the KREEF President and the KAR President will each appoint two individuals to serve on a KREEF Nominating Committee, with one of the KREEF President's appointments serving as Chairman of that committee. This Nominating Committee does two things:
 - 1. Formulates a slate of Trustees from among interested applicants, to include both new Trustees and any nominated for re-election. This slate is provided to the current Trustees of KREEF for their information and endorsement. The election of this slate is not final until the KAR Board of Directors has voted on it at their next scheduled Board of Directors meeting.
 - 2. Formulates a slate of KREEF Officers for the coming year. This slate is reported directly to the current Trustees of the Foundation for their election. This vote on KREEF officers is final when taken by KREEF. Newly-elected KREEF officers are reported to the KAR Directors for information only.

- h. The KAR President and KREEF President together will appoint the LKAR subcommittees and the subcommittee chair.

III. Financial Relationships

KAR is committed to the principal – and current policy – that all revenues received in education, will remain in education. Any cash transfers from KREEF to KAR should be limited to reimbursements for direct costs or expenses (e.g., postage) incurred by KAR for specific KREEF programs.

- a. In support of KAR education and KREEF’s activities, the following education expenses which KAR will pay:
 - 1. Administrative Expenses
 - a. KAR will pay for all staffing expenses, including salaries and benefits necessary to carry on the activities of KREEF.
 - b. KAR will pay for travel expenses related to state meetings for all KREEF related activities.
 - c. KAR will pay for all related staff training, travel and expenses related to KREEF.
 - d. KAR will pay for other related in state travel related to KREEF (e.g., local association visits).
 - e. KREEF will pay for National Meetings travel and any other outside travel related to KREEF.
 - 2. Operating Expenses
 - a. KAR will provide the necessary office space, equipment and furniture for KREEF related activities.
 - b. KAR will provide general office supplies for KREEF related activities.
 - c. KREEF shall pay any costs directly incurred for educational and/or KREEF related activities (e.g., instructor fee, course material, audit, meeting expense, etc.).
- b. KREEF may pay for the following-or ways it may invest its resources in-if it wishes to do so:
 - 1. Temporary/contract help for education programs, special projects
 - 2. Contributions to an endowment
 - 3. Education-specific equipment
 - 4. Special projects as determined by KREEF & the KAR Leadership Team
- c. KREEF may not pay for the following-or ways it may not invest it’s resources:
 - 1. Full-time staff
 - 2. Office space

3. General (non-educational-specific) equipment
- d. The following are agreed-upon activities-besides GRI-by which KREEF may sustain itself financially, or earn income.
 1. Royalties on KREEF-produced items such as forms, books, tapes (although net income from the sale of such items should be subject to some form of “profit-sharing” with KAR)
 2. Tuition income from special seminars or educational programs
 3. Endowment income
 4. Subscriptions/dues for special services provided to limited segments of the KAR membership or industry (above services normally provided free to member)
 5. Research grants
 6. Consulting fees
 - e. The KAR/KREEF liaison Committee may recommend to both KREEF and KAR in-kind contributions of educational services, which KREEF may provide to KAR, in lieu of any monetary contributions out of excess program revenues. Such recommended in-kind contributions would require the consideration of and approval by the KREEF Trustees before implementation.
 1. Examples of such services might be:
 - a. Leadership Training
 - b. Spokesperson training for KAR and Board officers
 - c. Financial planning/budgeting training for KAR (and/or Board) Finance Committee members
 - d. Seminars/education programs for KAR’s Legal and Governmental Affairs Department
 - e. Legal Education for Board Attorneys
 - f. Training programs/seminars for KAR’s Professional Standards Committee
 - g. Instructor Training for KAR and/or Boards
 - h. Training programs/seminars for KAR’s Equal Opportunity/Cultural Diversity Committee
 - i. Program Planning or Training for KAR (and/or Board) Strategic Planning Committee members

IV. Governance

- a. To maintain communication and accurate governance, KREEF’s Bylaws and Policies will be related to programming and services and KREEF’s administrative and operational policies will mirror that of KAR’s when possible.

V. Duration

- a. This agreement shall renew on an annual basis beginning January 1, 2009.

ADDENDUM #1 (Page 1)

**GUIDELINES
AND
NOMINATION FORM
FOR THE SELECTION OF REALTOR® OF THE YEAR**

NOMINATION: (1) EACH LOCAL ASSOCIATION/BOARD MAY SUBMIT ONLY ONE NOMINEE FOR THE KENTUCKY REALTOR® OF THE YEAR. (THIS NOMINEE MAY BE THE LOCAL ASSOCIATION'S/ BOARD'S REALTOR® OF THE YEAR OR IT MAY BE ANOTHER ACTIVE REALTOR® WHOSE PARTICIPATION IN THE STATE ASSOCIATION'S ACTIVITIES IS BELIEVED WORTHY OF RECOGNITION.)

(2) ANY REALTOR® MEMBER OF THE KENTUCKY ASSOCIATION OF REALTORS® MAY SUBMIT THE NAME OF ANOTHER REALTOR® FOR CONSIDERATION.

SUBMISSION FORM: ONLY NOMINATIONS SUBMITTED ON THE ATTACHED FORM (OR COPY THEREOF) WILL BE CONSIDERED.

DEADLINE: NOMINATIONS MUST BE POSTMARKED BY JUNE 1 AND SUBMITTED TO THE KAR HEADQUARTERS (Revised 6/08)

BASIS OF SELECTION: IN SELECTING THE KENTUCKY REALTOR® OF THE YEAR, THE FOLLOWING CATEGORIES WILL BE CONSIDERED: (1) REALTOR® SPIRIT, (2) LOCAL ASSOCIATION/ BOARD ACTIVITY, (3) KENTUCKY ASSOCIATION ACTIVITY, (4) SERVICE ON THE NATIONAL LEVEL, (5) BUSINESS AND EDUCATION EXPERIENCE, AND (6) CIVIC ACTIVITY.

SELECTION COMMITTEE: THE KENTUCKY REALTOR® OF THE YEAR WILL BE NAMED FROM THE NOMINEES SUBMITTED TO THE REALTOR® OF THE YEAR SELECTION COMMITTEE WHICH IS COMPRISED OF ALL PAST REALTORS® OF THE YEAR WHO ARE KAR MEMBERS IN GOOD STANDING. (REVISED 09/07). CHAIRMAN & VICE CHAIRMAN - THE RECIPIENT OF THE REALTOR® OF THE YEAR AWARD TWO (2) YEARS PRECEDING SHALL SERVE AS THE CHAIRMAN WITH THE IMMEDIATE PAST RECIPIENT ACTING AS VICE CHAIRMAN.

VOTING: THE COMMITTEE WILL MEET AT THE SUMMER MEETING TO SELECT THE RECIPIENT. (REVISED 6/08) VOTING WILL BE DONE BY WRITTEN SECRET BALLOT. NO ABSENTEE BALLOTS WILL BE PERMITTED. ONLY THE COMMITTEE CHAIRMAN AND VICE CHAIRMAN WILL COUNT THE BALLOTS.

PRESENTATION: THE IMMEDIATE PAST REALTOR® OF THE YEAR WILL PRESENT AN ENGRAVED AWARD TO THE RECIPIENT OF THE HONOR OF KENTUCKY REALTOR® OF THE YEAR. (REVISED 6/08)

THE PURPOSE OF THE REALTOR® OF THE YEAR PROGRAM IS TO RECOGNIZE AN ACTIVE MEMBER OF THE LOCAL ASSOCIATION/BOARD WHO HAS PROVIDED OUTSTANDING SERVICE TO HIS PROFESSION AND HIS COMMUNITY. THIS SERVICE NEED NOT BE CONFINED TO ACTIVITY DURING THE PRECEDING OR PRESENT YEAR BUT HIS/HER TIME AS AN ASSOCIATION/BOARD MEMBER.

ADDENDUM #1 (Page 2)

KENTUCKY ASSOCIATION OF REALTORS®

NOMINEE FOR REALTOR® OF THE YEAR

Only nominations submitted on the following form will be considered.

This form is a MUST for use in submitting nominees for REALTOR® OF THE YEAR for the Kentucky Association of REALTORS®. No scrapbook can be accepted. A photo (black and white head shot) of the nominee no larger than 5x7 should accompany this form. Nominations must be postmarked by June 1 and submitted to KAR Headquarters. Entries cannot be accepted after that date. No entries can be considered if not submitted on this form. (Revised 6/08)

(MUST BE TYPED)

1. NAME OF NOMINEE: _____

2. FIRM ADDRESS: _____

3. HOME ADDRESS: _____

4. LOCAL ASSOCIATION/BOARD AFFILIATION: _____

5. YEAR LICENSED AS A SALESPERSON: _____ OR BROKER: _____

6. DATE ON WHICH REALTOR® MEMBERSHIP WAS GRANTED: _____

7. ACHIEVEMENTS AND CONTRIBUTIONS: (Please be as brief as possible but include all pertinent information.)

A. REALTOR® SPIRIT: Faithfulness to principles of organized real estate, laws, and regulations of his/her Board and the National Association of REALTORS® Code of Ethics, efforts to encourage good real estate practice and general public explaining the real estate profession.

B. ACTIVITY IN LOCAL BOARD: Board office and committee work, special assignments, seminar activity and educational work, membership and offices held in local chapters of institutes, councils, societies, etc.

ADDENDUM #1 (Page 3)

C. ACTIVITY IN STATE ASSOCIATION: List dates of any KAR office held, service as KAR committee members or committee chairman, attendance at KAR Board of Directors meetings and Convention.

D. SERVICES ON NATIONAL LEVEL INCLUDING NATIONAL AFFILIATES: Committee assignments, offices held and attendance at National meetings and conventions.

E. BUSINESS AND EDUCATIONAL EXPERIENCE: Statements as to educational courses completed in the real estate field, professional designations held in real estate such as CRS, etc., public recognition of business conduct, service to clients, imaginative and creative advertising programs.

F. CIVIC ACTIVITY: Activities connected with work in civic groups, religious organizations, etc., service clubs and offices held, campaigns such as Red Cross, United Way, etc., political organizations activity as a worker or committee member, public offices held and service on boards such as planning, zoning, etc.

NOTE: If Association/Board nominee, Association/Board President and/or Association/Board Secretary should sign. If an individual nominee, the person submitting the application should sign.

- Local Association/Board Nominee
- Individual Nominee

Nominator(s)

Address

PLEASE RETURN TO:
KENTUCKY ASSOCIATION OF REALTORS®
REALTOR® OF THE YEAR COMMITTEE
161 PROSPEROUS PLACE
LEXINGTON, KY 40509

ADDENDUM #2

KENTUCKY ASSOCIATION OF REALTORS®

**DISTINGUISHED SERVICE AWARD (DSA)
LIFE TIME ACHIEVEMENT (LTA)**

CANDIDATE NOMINATION FORM

All information must be completed on this form with personal information attached. Only nominations submitted on this form will be considered. All DSA/LTA nomination forms submitted for consideration are kept strictly confidential. All materials submitted become the property of the Kentucky Association of REALTORS® and will not be returned.

Nominee Name: _____

Address: _____

Date of Birth: _____

Association/Board Name: _____

Address: _____

Telephone: _____

Nominated By: _____

Association/Board Name: _____

Date Submitted: _____

How long has the nominee been a member of KAR? _____

NOMINATED BY _____

NOMINEE'S ASSOCIATION/BOARD PRESIDENT

Resumes may be attached in addition to the completed nomination form

ADDENDUM #3 (Page 1)

LeadershipKAR

Committee and Staff Responsibilities

The Committee shall meet no less than three (3) times per year. A planning meeting of the incoming Committee members shall take place at a time to be determined by the Chair, and will include the sitting Committee members, the planning meeting shall not be considered a business meeting. Presence at the planning meeting shall be required for all Committee members. At all meetings, the Committee members present shall constitute a quorum for the conducting of business and a majority vote of those members present at any meeting shall be binding.

Absence from any two (2) meetings within a two-year period, without written excuse deemed valid and so recorded by the Committee, shall be construed as a resignation. The current President of KAR shall appoint a member to replace the Committee member(s) who is considered to have resigned. The Committee chair shall immediately notify the current President of KAR that the Committee member position is considered vacant and needs to be filled.

The Chair shall:

- Preside over all meetings of the Committee, with the exception of the annual planning meeting, where the chair elect will preside. In the absence of the chair, the chair elect shall preside over the meeting.
- Ensure that one or more of the committee members serve as Moderators / Deans of each LeadershipKAR retreat.
- Assign duties and responsibilities to Committee members so as not to overburden any one member and shall ensure that all Committee members are involved.
- Coordinate with the staff of the Kentucky Association of REALTORS® the selection of retreat locations, dates and retreat moderators/deans.
- Report to the Board of Directors of the Kentucky Association of REALTORS® at each KAR business meeting the progress and financial status of the LeadershipKAR program.

The Committee member's responsibilities include:

- Assist in coordinating the selection of speakers for each retreat and the networking opportunities within the retreat.
- Assist with the logistics for each retreat.
- Ensure that the overall cost of each retreat stays within the budget allocated for that retreat.
- Introduce all retreat speakers; present them with the appropriate honorarium and/or gifts.

It shall be the responsibility of the Executive Vice President of the Kentucky Association of REALTORS® to appoint staff to work with LeadershipKAR.

ADDENDUM #3 (Page 2)

Finances

Application fees shall be determined each year based on a review of the previous year's financial records. Recommendations for the following year's fees shall be submitted to the Treasurer, Treasurer Elect and the Executive Vice President of the Kentucky Association of REALTORS® and approved by the Kentucky Association of REALTORS® Board of Directors at the Annual meeting of the Kentucky Association of REALTORS®. The finances of LeadershipKAR shall be accounted for through the appropriate program budget line items of the Kentucky Association of REALTORS®. Actual expense and income statements shall be submitted to the Committee prior to all scheduled meetings.

Selection Process and Participant Responsibilities (Revised 9/09)

Application forms for participation in LeadershipKAR program shall be made available annually for member participation in the program at a time determined by the Committee. The application forms shall be distributed to all local boards/associations that are members of the Kentucky Association of REALTORS®. The application forms shall be made available electronically through the use of the KAR website, and other means which would further participation in the program.

There shall be a Candidate Selection Group, which will be comprised of the sitting members of the LeadershipKAR Committee. The Executive Vice President of the Kentucky Association of REALTORS®, and the assigned staff, shall be a part of the Candidate Selection Group as non-voting members.

The Candidate Selection Group will review all completed applications and make their final selection based on the qualifications of the candidates. While assuring equal opportunity for all qualified candidates, the Candidate Selection Group shall select a class that is reflective of the diversity within the Kentucky Association of REALTORS® and try to include representatives from all regions within KAR. No local association/board should have more than three representatives unless there are not enough qualified applicants from each region to fill the class. (Revised 6/07)

All candidates will be notified as to whether or not they have been selected to participate in the program. Such notification will be made no later than 15 days after the Candidate Selection Group has made their selections. All candidates will be notified by mail.

The Candidate Selection Group shall establish a list of alternate candidates from the original pool of applicants submitted. Should a vacancy occur prior to the first scheduled LeadershipKAR meeting, the group shall select a new candidate from the list of alternate candidates. All applications received by the Selection Group shall be maintained by the Committee for a period of one (1) year.

The size of the LeadershipKAR class shall be no less than 12 and shall not exceed 15 persons. (Revised 6/07)

ADDENDUM #3 (Page 3)

All LeadershipKAR Committee decisions shall be final.

All persons selected to participate in the LeadershipKAR program shall be expected to attend and participate in the sessions mentioned above. The following guidelines shall apply regarding absences:

- A. It shall be the responsibility of the participant to communicate in writing all anticipated and/or actual full or partial day absences to the chair of the LeadershipKAR Committee (through the KAR office) along with an explanation of the circumstances of such as soon as known. It is expected that all communications regarding the actual absences (full or partial) will be received (prior to the session, if possible, but) within five business days after the actual absence. If the participant fails to meet this expectation, the LeadershipKAR Committee may, after review, drop the participant from the program with no refund in tuition.
- B. The Committee retains the right in their discretion to consider extenuating circumstances for being late for a day or a partial day. Committee will make the final decision on how a participant will make up a day or partial day absence.
- C. Regarding the sessions themselves:
 1. If a participant fails to attend the mandatory opening Retreat One, the participant shall be automatically dropped from the program. The participant is welcome to re-apply for a subsequent year's class but is not automatically guaranteed position because of prior selection.
 2. Participants who miss no more than one session (retreat or meeting) with an excused absence at the discretion of the LeadershipKAR Committee, may make up by attending the appropriate session of the following year. Once the make up session is completed, the participant will receive a certificate of completion and be considered a graduate of their original class. Participants will be required to cover the cost of attending any make-up session. This does not apply to the mandatory Retreat One.
 3. Should a participant miss more than one complete session (retreat or meeting), the participant automatically becomes ineligible to receive a certificate of completion. Additionally, the LeadershipKAR Committee shall automatically review the circumstances as submitted by the participant regarding any absence/aggregate absences of greater than one complete session. The Committee may at their discretion and upon majority vote, based on those circumstances, immediately drop the participant from the program without refund of tuition.

It shall be the responsibility of the LeadershipKAR Committee to communicate these attendance policies and financial obligation to all candidates for their information prior to finalizing the application so as to facilitate early and complete understanding of the expectations. (Added 9/09)

The graduation ceremony for the Leadership KAR Class will be held at a time mutually agreed upon by the LeadershipKAR Committee and the KAR Leadership Team. (Revised 2/07)

These Policies and Procedures may be amended at any regular or called meeting of the Board of Directors of the Kentucky Association of REALTORS®.

The dissolution of LeadershipKAR shall only be carried out with the approval of the Board of Directors of the Kentucky Association of REALTORS®.

ADDENDUM #4 (ADDENDUM ADDED 9/07)

SCHEDULE OF APPOINTMENTS – ECONOMIC DEVELOPMENT COMMITTEE

Board/Association	Proposed Terms for 2008 (The first year of the committee as a standing committee. All appointments for 2009 and forward are for 3 year terms)	2009 Appoint (Yes or No)	2010 Appoint (Yes or No)	2011 Appoint (Yes or No)
<i>Region One</i>				
Henderson-Audubon Board of REALTORS®	1/1/08 - 12/31/10 (3 YR)	N	N	Y
Hopkinsville-Christian Board of REALTORS®	1/1/08 - 12/31/09 (2 YR)	N	Y	N
Kentucky-Barkley Lakes Board of REALTORS®	1/1/08 - 12/31/08 (1 YR)	Y	N	N
Madisonville-Hopkins Board of REALTORS®	1/1/08 - 12/31/10 (3 YR)	N	N	Y
Mayfield-Graves Board of REALTORS®	1/1/08 - 12/31/09 (2 YR)	N	Y	N
Murray Calloway County Board of REALTORS®	1/1/08 - 12/31/08 (1 YR)	Y	N	N
Owensboro Board of REALTORS®	1/1/08 - 12/31/10 (3 YR)	N	N	Y
Paducah Board of REALTORS®	1/1/08 - 12/31/09 (2 YR)	N	Y	N
Pennyriple Board of REALTORS®	1/1/08 - 12/31/08 (1 YR)	Y	N	N
<i>Region Two</i>				
Central KY Association of REALTORS®	1/1/08 - 12/31/10 (3 YR)	N	N	Y
Heart of KY Association of REALTORS®	1/1/08 - 12/31/09 (2 YR)	N	Y	N
Old KY Home Board of REALTORS®	1/1/08 - 12/31/08 (1 YR)	Y	N	N
REALTOR® Association of Southern KY	1/1/08 - 12/31/10 (3 YR)	N	N	Y
Russellville-Logan Board of REALTORS®	1/1/08 - 12/31/09 (2 YR)	N	Y	N
Shelbyville Board of REALTORS®	1/1/08 - 12/31/08 (1 YR)	Y	N	N

ADDENDUM #4
(Page 2)

South Central KY Association of REALTORS®	1/1/08 - 12/31/10 (3 YR)	N	N	Y
Region Three				
Greater Louisville Association of REALTORS®	1/1/08 - 12/31/10 (3 YR)	N	N	Y
Region Four				
Lexington Bluegrass Association of REALTORS®	1/1/08 - 12/31/09 (2 YR)	N	Y	N
Region Five				
Northern Kentucky Association of REALTORS®	1/1/08 - 12/31/08 (1 YR)	Y	N	N
Region Six				
Ashland Area Board of REALTORS®	1/1/08 - 12/31/10 (3 YR)	N	N	Y
Cumberland Valley Board of REALTORS®	1/1/08 - 12/31/09 (2 YR)	N	Y	N
Cynthiana-Harrison County Board of REALTORS®	1/1/08 - 12/31/08 (1 YR)	Y	N	N
Dix River Board of REALTORS®	1/1/08 - 12/31/10 (3 YR)	N	N	Y
Eastern Kentucky Association of REALTORS®	1/1/08 - 12/31/09 (2 YR)	N	Y	N
Madison County Board of REALTORS®	1/1/08 - 12/31/08 (1 YR)	Y	N	N
Pioneer Trace Board of REALTORS®	1/1/08 - 12/31/10 (3 YR)	N	N	Y
Somerset-Lake Cumberland Board of REALTORS®	1/1/08 - 12/31/09 (2 YR)	N	Y	N

NOTE:

Frankfort not included in Region 6

Cave Run Association is not included in Region 6

ADDENDUM #5 (ADDENDUM ADDED 2/09)

**Kentucky Association of Realtors
EXPENSE SHEET**

Name:								Date:		
Address:										
Description:										
Location / Dates:										
Date	/	/	/	/	/	/	/	2010		
Expense Items	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Totals		
AirFare										
Breakfast										
Lunch										
Dinner										
Hotel										
Entertainment										
Tips										
Parking Fees										
Taxi										
Bag Charges										
# Miles@ .50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Misc. Expenses*										
TOTALS										
# Miles Driven										
MB=Master Bill, CC= Credit Card, TC= Travel Card										
Signed:								Total Expenses	0	
								Less Cash Adv		
APPROVED:								Balance Due	0	
Use the codes in the Total column where applicable.										
	*Date	List Details and other parties attending					Amount			

Adopted by BOD 2/09
Revised 1/10