

DATE: AUGUST 28, 2009

TO: ALL PRINCIPAL BROKERS

FROM: JULIE ALERT, ECBOR ASSOCIATION EXECUTIVE

SUBJECT: NAR DUES FORMULA

It is our obligation, in accordance with our Bylaws Article X, Section 2, Paragraph A, and Section 3, to enforce the dues formula established by the National Association of REALTORS®. Upon researching this issue, we found that many Principal Brokers do not understand their obligations or options in this area. Following are examples of how the NAR dues formula is calculated.

### NAR DUES FORMULA

The Principal Broker's (PB) member dues are based on the number of agents (salespersons or brokers) licensed with that Broker..

Example: Principal Broker "A", (Broker of record with the Real Estate Commission for Company "A"), has ten licenses under his/her brokers license, (two are brokers, eight are salespeople), five licensees are REALTOR® members of the local board and five licensees do not choose to be (aka non-member). Local Board dues for each REALTOR® are\* \$300.00. The annual dues for Principal Broker "A" would be \$1,800.00. This figure is based on the Principal Broker paying for the five non-member licensees plus his/her own dues, (300 X 6).

\*\$300.00 example only

#### Question #1

What if the Principal Broker does not want to pay a non-member assessment? The PB has four options in lieu of paying the assessment for the agent:

1. Require as a company policy, that licensees become REALTORS®.
2. Return the non-member license to the Real Estate Commission to be held in escrow.
3. Pay the non-member assessment and have the agent reimburse the Principal Broker.
4. Place the licensee in referral if the licensee does not wish to be active.

#### Question #2

What if a non-member licensee claims their dues have been paid and wants to know why their name does not appear in the Board roster?

A PB who pays the dues formula for an active agent to satisfy the NAR requirement is not entitled to any member benefits. Belonging to the Board requires more than just payment of dues. The agent, in addition to paying the dues assessment, must make application and pay the appropriate application fees to the local board, attend the required orientation program and subscribe to the Code of Ethics of the National Association of REALTORS® before being considered a REALTOR® member with full benefits. The Principal Broker may charge his/her non-member licensee for the NAR dues formula assessment amount. The Board of REALTORS® does not and cannot require a licensee under a Principal Broker to become a member and subscribe to the Code of Ethics. The Board does require that the Principal Broker pay dues based on the number of non-member licensees under his/her brokers' license if he/she wants to become a member or continue membership.

This dues formula, properly enforced is considered to be the most equitable method of administering board dues and has successfully withstood the test of our nation's courts.

#### Question #3

What about my Aunt Nelly who has an active license but never sells or lists? Can't the Board make an exception?

If the Principal Broker has an active license under his license, then the Broker must account for it. There are no exceptions. The only equitable manner in which to administer dues is to make no exceptions.

We hope this clears up some questions regarding dues billing. If you need further clarification, please contact Julie Alert, Executive Officer at 875-3283.