

NATIONAL ASSOCIATION OF REALTORS®

Human Resources Tool Kit

Developing a Policy Manual: Policy Manual Sections

1. ASSOCIATION POLICY DISCLAIMER

Sample: “These guidelines are not intended to and do not create a contract of employment. Policies and guidelines may be revised at any time at the employer’s sole discretion.”

2. EMPLOYER/EMPLOYEE ISSUES

2a. NAR’s Professional Liability Insurance

The NATIONAL ASSOCIATION OF REALTORS® maintains a Professional Liability Insurance Policy for REALTOR® associations. All of the National Association’s constituent REALTOR® associations are eligible for coverage under this program, provided they have had their governing documents reviewed and approved by the National Association’s Member Policy staff on an annual basis. To be eligible to receive defense cost coverage for wrongful termination claims (up to \$1,000,000) under this policy, associations must follow the “NAR Employer/Employee Guidelines for Wrongful Termination.” It is also important to note that coverage for a claim is dependent on the terms and conditions of the insurance policy as well as compliance with NAR policy overall. For more information, contact NAR’s Legal Department.

2b. Equal Opportunity Employer

There are several federal and state employment laws that protect individuals from discrimination based upon race, color, religion, national origin, age, sex or disability. Some state legislation protects additional attributes, such as marital status and sexual orientation, so consult with an attorney regarding the specifics of both federal and state laws.

[Review the U.S. Department of Labor's Equal Employment Opportunity section >](#)

2c. Employee Classifications

Classify the various positions within the association as “nonexempt” or “exempt” and “full-time” or “part-time.” The classifications of “nonexempt” and “exempt” are defined and covered by the Fair Labor Standards Act (FLSA). The FLSA and its regulations are extremely detailed and complex, so consult with the association’s attorney when making any determinations relative to the Act.

* Nonexempt – The FLSA generally provides that employees who work under close supervision and perform primarily assigned duties (rather than those who supervise others or decide policy), are classified as “nonexempt” employees. Nonexempt employees must be paid at least minimum wage and receive overtime pay for hours worked per week in excess of 40.

* Exempt – The FLSA provides an exemption from the overtime pay provisions for individuals employed as bona fide "executive," "administrative," "professional," "outside sales" and certain "computer" employees.

Caution: The duties performed by an employee, not the employee’s job title, determine whether that individual is non-exempt or exempt. Nonexempt employees should be paid an hourly wage, computed on the basis of actual time worked. The overtime rate is one-and-one-half times an employee’s base hourly rate for all hours worked in excess of 40 in a work week. On the other hand, exempt employees should be paid a fixed salary. Compensatory time generally is not provided to nonexempt employees in lieu of overtime pay unless it is provided within the same pay week.

* Full-time – Employees normally are considered to be working full-time, unless otherwise qualified under one or more of the criteria presented under the “part-time” classification section that follows.

* Part-time – An individual is considered to be a part-time employee when he or she: 1) works less than a specific number of hours (generally established by each individual state’s employment security department) per week on a regular basis; 2) works more than the minimum number of hours, but is hired on a temporary basis with the understanding that employment will be for less than one year.

[Review the U.S. Department of Labor's FLSA Compliance section >](#)

2d. Compensation

Establish a policy to define how and when employees will be paid, and consult with the association's attorney to determine any state restrictions on the timing and method of pay. Indicate, as well, how salaries and increases will be determined. Initial pay rates and salaries are typically based on position and responsibilities. Increases can be determined on the basis of merit, cost-of-living increases, change in responsibilities and/or the achievement of goals. Some associations provide a bonus or incentive compensation program to staff. If offered, such a policy should clearly state how bonuses and incentives are defined and achieved.

[Review sample policies from the REALTOR® Association Resource Exchange \(RARE\) >](#)

2e. Performance Review

Establish a policy that provides for the periodic review of employees. Reviews offer opportunities for consistent evaluation and constructive comments by both parties on a one-on-one basis. Design the review to evaluate performance and to discover possible procedural inefficiencies or other flaws in the system. In order to be eligible for wrongful termination insurance under NAR's Professional Liability Policy, your association must conduct formal performance appraisals at least annually.

[Review sample policies from the REALTOR® Association Resource Exchange \(RARE\) >](#)

2f. Drugs and Alcohol

An association should write a policy about the use and abuse of alcohol and drugs, prescription and illegal. Because the association's productivity and association employees' safety may be at stake, the policy should clearly state that abuse will not be tolerated. Check with the association's attorney to make sure the policy regarding prior use of alcohol and drugs does not violate the Americans with Disabilities Act. The policy should define illegal drugs, define alcohol consumption parameters, establish a policy on prescription drug medication, define search rights, and discuss drug and alcohol testing.

[Review a sample drug and alcohol policy from NAR's Legal Affairs staff >](#)

2g. Harassment

Racial, religious, ethnic or sexual harassment is illegal. Provide a written policy prohibiting the harassment of employees. Harassment can be any unwelcome verbal or physical conduct. It can include requests for sexual acts or favors in return for job advancements and threats of loss of employment or benefits if refused. It can also include any other conduct that has the purpose or effect of unreasonably interfering with an individual's work performance by creating a hostile, intimidating or offensive work environment.

When constructing a harassment policy:

- * Define sexual harassment – Typically, sexual harassment includes unwelcome sexual advances; unwelcome requests for sexual acts or favors; unwanted physical conduct; display of sexually explicit or suggestive materials; and other verbal or physical conduct that has the purpose or effect of unreasonably interfering with an individual's work performance by creating an intimidating, hostile, or offensive work environment.
- * Harassment is prohibited – State that sexual harassment in all forms strictly is prohibited and could result in termination of the relationship with the REALTOR® association.
- * Establish a detailed complaint procedure – An individual who believes that he has been sexually harassed by another employee, a member of the association, or by a guest or visitor of the association, should bring the problem to the attention of his supervisor, a human resources staff person, an attorney or the executive officer.
- * Encourage witnesses to report incidents without fear – Explain that persons who witness acts of harassment will be able to report them in complete confidence and without fear of reprisal.
- * Keep all reports confidential – The identity of all individuals accused of sexual harassment must be kept strictly confidential. Information about any sexual harassment charge will be made known only to an individual directly involved either as a party, witness, an investigatory team member, or the executive officer.
- * Provide for prompt and vigorous investigation – State that any employee who engages in sexual harassment is subject to severe discipline, including termination. Authority for the final resolution of all charges and the determination of appropriate sanctions rests with the association executive.

* Establish unfounded complaint procedures – Appropriate disciplinary measures may be taken against the employee who brought the complaint, if the sexual harassment complaint is found to be totally and completely without basis.

* Provide guidelines for follow-up – To ensure that the harassment has ceased and to find out if retaliation has occurred, follow-up procedures must be in place. A REALTOR® association might choose to provide counseling or other disciplinary measures to employees charged with sexual harassment.

* Distribute policies to employees – Guidelines should specify a source for staff to contact to learn more about their rights.

The NATIONAL ASSOCIATION OF REALTORS® addresses the issue of sexual harassment in its program, “Sexual Harassment: Awareness and Prevention.” The program addresses sexual harassment in the form of general, third-party sexual harassment, liability and potential damages, and provides guidance on how to investigate when a claim arises. The program, designed for three hours of continuing education credit, contains a 14-minute video, facilitator’s guide, sponsor’s guide, continuing education exams and a sales associate guide in an attractive binder. Sales associate guides can be purchased separately and are an ideal reference tool. To order, call NAR’s Information Central, (800) 874-6500.

[Review a sample sexual harassment policy from NAR's Legal Affairs staff >](#)

2h. Conflicts of Interest

A conflict of interest occurs when an employee or any related party (such as a company, a partnership, an affiliate, management or members of the employee’s immediate family) is in a position to profit directly or indirectly because of the employee’s position with the association. The association should have a written policy in place dealing with conflicts of interest. Such a conflict can exist even if an employee’s actions do not adversely affect the association.

[Review sample policies from the REALTOR® Association Resource Exchange \(RARE\) >](#)

2i. Smoking

Depending on state laws, an association may be required to have a written smoking policy in its employee handbook. Regardless of state law, an association may wish to establish such a policy for employees and association members out of consideration for employee health and comfort, as well as safety concerns. Options include limiting smoking to designated areas, asking persons who smoke to use a clean air machine or prohibiting smoking on the premises altogether.

[Review sample policies from the REALTOR® Association Resource Exchange \(RARE\) >](#)

2j. Work Environment

[Review sample policies from the REALTOR® Association Resource Exchange \(RARE\) >](#)

3. WORK PERFORMANCE EXPECTATIONS

3a. Work Hours

Define the workweek to include the days and the hours an employee must be present and available for performance of assigned duties. In accordance with the FLSA and any applicable state laws, employees should be permitted periods of time away from their work routines.

3b. Overtime

Occasionally, overtime is necessary for an employee to complete tasks important to the function of an association. Under federal law, employers are required to pay nonexempt employees for hours worked in excess of 40 hours in one workweek at a rate of one and one-half times the employees’ regular wage rates. An employer is not required to include paid time off (such as sick days, vacation days and holidays) in hours worked for purposes of computing overtime. Most states also have laws concerning the paying of overtime. Check with your lawyer to ensure you are in compliance with wage and hour laws.

[Review the U.S. Department of Labor's Overtime section >](#)

3c. General Office Procedures/Priorities

To ensure maximum effectiveness, efficiency and safety, general standard procedures should be established for the office about how to properly: handle written and electronic correspondence, answer telephones,

order supplies, meet schedules and deadlines, operate office equipment and arrange for repairs, and use company-owned vehicles.

3d. Staff Meetings

Staff meetings are often useful to ensure that the entire staff or specific departments are aware of new programs, upcoming events, or changes in the normal routine. Additionally, staff meetings can be used to air problems and challenges or to discuss more efficient ways to handle certain tasks or situations. Meetings may be regularly scheduled or called, as needed.

3e. Industry Knowledge

You may wish to establish a policy to satisfy management's expectations of industry knowledge among staff. While an employee is not expected to have extensive knowledge about the real estate industry, it is to the advantage of employees and the association for them to possess a basic understanding of current events that affect the industry. In accordance with this philosophy, it might be appropriate to encourage or expect employees to read particular publications to keep abreast of industry information necessary to serve the membership well. Such publications might include newsletters, meeting minutes, brochures, publications, and information on Web sites of the state and national associations.

One way to ensure that staff have basic, broad knowledge of REALTOR® association management is to encourage employees to complete the REALTOR® Association Management self-study course. More in-depth REALTOR® association management knowledge can be gained by reading the REALTOR® Association Executive magazine, published by the NATIONAL ASSOCIATION, and by pursuing the REALTOR® association Certified Executive (RCE) designation.

3f. Courtesy

Explain that the major function of a REALTOR® association is to provide service to its members and the public. Simple deeds such as a cheerful greeting, a pleasant smile and a sympathetic ear can help establish and maintain the proper atmosphere. A written policy addressing the issue of courtesy can set the tone for the entire office.

3g. Telephone Calls

State any expectations regarding personal telephone use. Personal incoming and outgoing telephone calls may be allowed or not allowed during work hours. If allowed, specific rules and conditions should govern telephone call activity. In addition, adopt procedures to establish an efficient routing system to ensure that appropriate staff members receive their calls and messages quickly.

3h. Personal Use of E-Mail and the Internet

An association policy should remind employees that the computer network belongs to the association. State whether personal use of e-mail or the Internet will be permitted. A policy should also state that visits to pornographic or other offensive Web sites cannot be tolerated and may be cause for termination.

3i. Personal Visitors

As with personal phone calls, if personal visitors are allowed, careful control of such visits should be established in accordance with reasonable security requirements. Outline clear parameters in a personal visitor policy.

3j. Staff Grievances

If problems or grievances develop among employees, a forum should be available for them to air such grievances. Because the association executive or the direct supervisor of the staff involved is responsible for the performance of staff, it is appropriate for one or both to become involved in any efforts to resolve any internal grievances. A process that allows the association executive to have the final word should be included in a policy.

3k. Personal Appearance

A dress code also can influence the tone and image of an office, so it is important to be specific about dress expectations in an association policy manual. During normal work hours, proper professional attire suitable

to a business environment or an employee's job description should be expected. Inform employees about the proper attire for special events, too, such as dinner meetings or awards banquets.

3l. Office Appearance

The policy should define management's expectations for workstation appearance. Adopt policies and procedures to cover employees' authorized use of other facilities, such as a lounge, kitchen, mail room, copy room, conference room, reception area or classroom. Also establish a policy that defines any permissible personal use of office equipment, such as the copy machine, fax machine, computers, etc. Specific procedures about smoking and eating in office areas might be included, as well.

3m. Tardiness and Absence

Specify acceptable reasons, who should be notified and when, and possible consequences for excessive tardiness and absenteeism.

3n. Leave

A leave policy should be reviewed by legal counsel to ensure its compliance with any applicable law, such as possibly the Pregnancy Discrimination Act of 1978, the EEOC's "Guidelines on Discrimination Because of Sex," the federal Family and Medical Leave Act, and any applicable state family-leave legislation. Include in the manual the association's policy about jury duty.

3o. Illness

State how many paid days are allowed for personal illness during any calendar year and how unused personal and sick days are handled.

3p. Personnel Records

Maintaining accurate and up-to-date personnel records is important. Examples of documents to maintain on file include each employee's original job application, resume, salary history and performance appraisals. Medical records should not be kept with other personnel records. After checking state law, establish and include a specific policy that defines when an employee can see his file and outlines who can access the file. All requests to review these files should be handled by the association's human resources staff or other appropriate staff person. Establish a policy to encourage employees to inform the association of changes in address, telephone numbers and who to contact in case of an emergency.

4. DISCIPLINARY ACTION

Establish specific policies for disciplining an employee for poor performance or violation of any rule of conduct. These standard disciplinary steps are arranged in ascending order of severity:

- Verbal warning
- Written warning
- Probation
- Suspension
- Termination

All incidents of misbehavior, all conversations with employees regarding those incidents, any memorandums, employee responses, and other information pertinent to the misbehavior or performance problems should be documented in a personnel file.

When documenting violations or performance problems, be objective and give only the facts. Do not include personal feelings or opinions about the employee or the incident in the memorandum or in any verbal warnings. Subjective judgment can create liability issues on an association's part.

[Access more information on disciplinary action in the "Wrongful Termination" section of this tool kit >](#)

5. EMPLOYEE BENEFITS

Establish and express specific policies for the following benefits:

- Vacation time
- Holidays

- Insurance
- Retirement plans

6. SPECIAL EMPLOYEE ISSUES

6a. Workers' Compensation

Generally required in most states, Workers' Compensation provides compensation for wage losses and medical expenses that arise out of injuries an employee incurs in the course of employment. Explain how and when employees must report on-the-job injuries and what procedure will be followed to determine if they will receive such compensation.

6b. Reimbursements

Tuition: When additional education or training may enhance an employee's effectiveness and provide value to a REALTOR® association, the association might choose to establish a policy of reimbursement for all or a portion of these expenses, as its budget allows.

Business travel: It might be necessary for certain employees to travel on association business. A policy defining who will travel and the basis and the amount of travel reimbursement are important considerations. An association's policy should define whether advance money will be provided or whether all expenses will be reimbursed following an event.

6c. Emergency, Safety and Security Procedures

An association should write procedures for handling emergencies and staff safety. Items to be covered should include fires and evacuations, medical emergencies and injuries at work, and office closings due to adverse conditions. Clearly state all safety or security measures adopted by the association or required by law, such as the Occupational Safety and Health Act (OSHA).

In the case of general building security, issues vary depending on the size of a building and who is allowed access. Security levels often are determined by the size of the membership served by an association, too. Every association should, regardless of its size, analyze its needs and consider building security carefully, then put the appropriate measures in place.

6d. Leaving the Association

Leaving a REALTOR® association's employment can sometimes be a difficult experience for an exiting employee. Create procedures for the exit process (both voluntary and involuntary) that reflect professionalism, courtesy and compassion for all concerned.

6e. References

With the association's attorney, determine whether and how the association will provide references to potential employers. Many organizations prefer only to confirm employment dates.

6f. Staff Reductions or Restructuring

An association should establish a policy and implement procedures for employee layoffs due to restructuring, mergers or staff reductions. Such a policy should address: advance notice, effective date, date of expected return (if known), severance pay (if any), manner in which accrued salary/wages and benefits will be handled, and assistance the association may provide employees in their search for new jobs.

7. ASSOCIATION ADMINISTRATION

7a. Association Purpose/Mission Statement

In this section of an association's policy manual, information about the association's strategic plan and the process and timeline for its review and revision should be included. Also consider including or referring to the association bylaws, articles of incorporation, and standing rules and procedures.

7b. Chain of Command

This section should contain an organizational chart and job descriptions for elected leaders, directors, committee chairs, the executive officer and staff.

7c. Committees and Meeting Protocol

Provide a list of the association's annual meetings and the general objectives for each meeting, along with the association's annual calendar of events.

7d. Finances

Clearly state your association's rules for budgeting, dues collection and expense reporting.

7e. Record Retention and Accessibility

A REALTOR® association must have readily accessible files and archives and should include a written policy about record retention procedures. Research and establish an appropriate timeline of record retention and purging of useless files. A suggested (not mandated) timeline for records retention is as follows:

Type of Record	Recommended Period
Accident reports and claims	7 years
Basic corporate documents (includes bylaws, minutes, articles of incorporation, not-for-profit recognition letter from IRS, charter, annual financial operation, and sales reports)	Permanently
General correspondence	2 years
Legal correspondence	Permanently
Financial documents such as accounting journals and ledgers	10 years
Accounts receivable and credit (not cash) receipts	2 years
Audits	Permanently
Billing and cash receipts record	Until federal and state tax clearance
Canceled general checks	6 to 10 years
Canceled payroll checks	3 to 6 years
Chart of accounts	Permanently
Depreciation schedules	Permanently
Financial statements (monthly and quarterly)	2 years
Paychecks (canceled)	2 years
Insurance policies (expired)	3 years following expiration
Other records (claims, and so on)	Permanently
Legal documents and copyrights	Permanently
Contracts and leases (expired)	6 years after expiration date
Deeds	Permanently
Lawsuits (settled)	6 to 10 years after settlement
Membership applications	3 years
Payroll and earnings records	4 years
Payroll register	4 to 6 years
Pension information	Permanently
*Personnel files	3 years from termination

(*Be sure to check state record retention statutes. OSHA requires that records of any occupational injury be maintained for five years and records of any exposure to toxic or hazardous materials be maintained for 30 years.)

Outline procedures for member access to association records and employee access to personnel records. Work with legal counsel to ensure compliance with state and federal laws regarding this matter.

8. NAR'S EMPLOYER/EMPLOYEE GUIDELINES FOR WRONGFUL TERMINATION

The principles and procedures are discussed in greater detail in an entire section devoted to this topic.

[Access the "Wrongful Termination" section of this tool kit >](#)