

GOOD SENSE GOVERNANCE

Legal Affairs & Association and MLS Governance

October 2018

MEMBERSHIP QUALIFICATION CRITERIA

IN A NUTSHELL

1. The Membership Qualification Criteria (adopted by the NAR Board of Directors) are the most rigorous qualifications that an association of REALTORS® can require for REALTOR® membership.
2. All membership qualification criteria should be reviewed with the association's legal counsel, and included in the association's bylaws if they are adopted.
3. Membership qualifications are ongoing requirements for membership.

NUTS AND BOLTS

Membership Qualification Criteria for Principals and Non-Principals

The Membership Qualification Criteria provides associations of REALTORS® with reasonable and nondiscriminatory requirements for membership. They are the most rigorous qualifications for membership that an association can require. The Membership Qualification Criteria are available at <https://www.nar.realtor/about-nar/policies/membership-qualification-criteria> and are referenced in Interpretation Number 5 of the NAR Bylaws. The association's bylaws must specify separate criteria for principals and non-principals. The term "principal" as used in NAR policy includes licensed or certified individuals who are sole proprietors, partners in a partnership, officers or majority shareholders of a corporation, or office managers (including branch office managers) acting on behalf of principals of a real estate firm. The term "non-principal," as used in NAR policy includes individuals who are engaged in the real estate profession other than as sole proprietors, partners, corporate officers, or branch office managers and are associated with a REALTOR® member. Note that the criteria for principals and non-principals in the Membership Qualification Criteria are different. For example, the Membership Qualification Criteria allows an association to consider bankruptcy within the past three years only for principal applicants and members.

Most associations have adopted all or most of the Membership Qualification Criteria for REALTOR® membership. All adopted membership qualifications must be included in the association's bylaws and should be reviewed with the association's legal counsel. Since NAR Board of Directors updates the Membership Qualification Criteria periodically, associations should always review their bylaws to ensure that it contains the current Membership Qualification Criteria.

Membership Application Review

Associations have the discretion to select the method for consideration and approval of applications for association membership. While NAR policy does not require board of director approval of membership applications, most associations have their board of directors approve all membership applications after they have been reviewed by staff or a membership committee. The process for reviewing membership application should be established in the association's bylaws.

When considering an individual's qualifications for membership, the association is limited to requiring the qualifications established in its bylaws. Additionally, when considering any of the locally adopted qualifications for membership, the association must follow the guidance in the Explanations of the Membership Qualification criteria on [nar.realtor](https://www.nar.realtor). Any denial of membership must be consistent with membership qualifications established in the bylaws and the guidance in the Explanations of the Membership Qualification criteria.

Criminal History and Background Checks

If an applicant has a criminal history, only those associations that have adopted NAR's Membership Qualification criteria regarding criminal history in its bylaws may consider the criminal history when reviewing the application. Depending on state law, an association that has adopted the applicable Membership Qualification criteria may perform background checks on applicants to determine if there is a history of criminal convictions or license law violations that might be considered in determining an applicant's eligibility. However, please note that the Explanations of the Membership Qualification criteria does not permit an association to take into consideration any pending criminal litigation or criminal convictions from eight or more years ago. Further, an association that receives letters from members or the public expressing opinions concerning the applicant cannot deny membership based on these letters because public opinion of the applicant is not included in the Qualification Criteria.

Ongoing Requirements

Once admitted to membership, the qualifications for membership established in an association's bylaws are ongoing obligations for all members and a member's status can be revisited if they no longer meet these requirements. Therefore, if an individual fails any membership requirements, the association may hold a hearing to consider whether the member still qualifies for membership in the association. If an applicant intentionally falsifies their application, the association may deny membership or revoke membership following a hearing as described below.

Before an association takes action to deny a membership application or to terminate membership, the association should provide the applicant or member with a hearing whenever reasonably possible. The hearing should give the individual advance Notice of Findings, an opportunity to appear before the board of directors, to call witnesses on the individual's behalf, to be represented by counsel, and to make such statements, as the person deems relevant. Associations should also consult with legal counsel prior any hearing rejecting any application for membership or terminating membership because the individual no longer qualifies for membership.

ASSOCIATION ACTION

1. Review the association's bylaws to ensure it contains the appropriate membership qualification criteria and amend the bylaws as necessary.
2. Make sure the membership application review process is established in the association's bylaws and being followed correctly.
3. Remind association members that they need to continue to meet membership qualifications.
4. Be sure to consult with association's legal counsel and to review Membership Qualification Criteria Explanations, prior to taking any negative action on an application for membership or a member's continued eligibility.