

**NATIONAL ASSOCIATION OF REALTORS®  
BOARD OF DIRECTORS MEETING  
SAN DIEGO, CALIFORNIA  
MANCHESTER GRAND HYATT  
SEAPORT BALLROOM  
MONDAY, NOVEMBER 16, 2015  
8:30 AM – 11:30 AM**

**CALL TO ORDER**

PRESIDING: Chris Polychron, Hot Springs, Arkansas, 2015 NAR President

President Polychron identified that a quorum was present and called the meeting to order at 8:30a.m. in the Seaport Ballroom of the Manchester Grand Hyatt, San Diego, California.

The invocation was delivered by Jim Hesel, Camp Hill, Pennsylvania, Distinguished Service Award Recipient and Past NAR Treasurer.

The Pledge of Allegiance was led by Tracy Kasper, Caldwell Board of REALTORS®, Caldwell, Idaho.

**REMEMBRANCE AND RESOLUTIONS OF DECEASED NATIONAL DIRECTORS**

President Polychron presented resolutions for Ebby Halliday, Texas, and Don Mason, Texas. Copies of the resolutions may be found in Exhibit A.

**APPROVAL OF EXCUSED ABSENCES**

A motion carried to approve requests for excused absences from this meeting. A list of directors who requested an excused absence is outlined in Exhibit B.

**APPROVAL OF MINUTES FROM BOARD OF DIRECTORS MEETING**

A motion carried to approve the minutes from the Board of Directors Meeting held at the 2015 REALTOR® Party Legislative Meetings in Washington, D.C. on May 16, 2015. The minutes may be found online at [Realtor.org/NARGovernance](http://Realtor.org/NARGovernance).

**APPROVAL OF THE CONSENT AGENDA**

A motion carried to approve the Consent Agenda as outlined in Exhibit C.

**APPROVAL OF PROPOSED AMENDMENTS TO THE BYLAWS OF THE CCIM INSTITUTE, REALTORS® LAND INSTITUTE, AND THE SOCIETY OF INDUSTRIAL AND OFFICE REALTORS®**

A motion carried to approve the proposed amendments to the bylaws of the CCIM Institute, REALTORS® Land Institute, and the Society of Industrial and Office REALTORS. The amendments may be found as Exhibit D.

These amendments were reviewed by the National Association's General Counsel and deemed not to be inconsistent with the policies and Constitution of the National Association.

**REALTORS® INFORMATION NETWORK, INC. (RIN) DIRECTOR REPORT**

Bob Goldberg, President and CEO, provided the directors with an update on RIN. (Refer to Exhibit E for the RIN report.)

quality of on-base housing, the majority of military families live off base. Those who live on base receive housing rent-free. The Basic Allowance for Housing (BAH) is meant to cover the costs of housing for those who live off-base, either by choice or by necessity. The BAH is based on geographic duty location, pay grade, and dependency status. BAH rates are set by surveying the cost of rental properties in each geographic location, and are based on the average cost of rent, utilities, and (until 2015) rental insurance for that area and for each type of home.

### **REPORT OF THE INSURANCE COMMITTEE**

Chair Donna Smith, Greenville, South Carolina, presented the Insurance Committee, report including the following recommendations which were approved:

**RESOLUTION 1.** That NAR support the development of a private market for flood insurance that is guided by the following principles:

#### ***PRIVATE MARKET FLOOD INSURANCE PRINCIPLES***

- a) *Private Flood Insurance Options***--The development of private market flood insurance options should be encouraged when property owners lack access to affordable coverage under the National Flood Insurance Program (NFIP).
- b) *NFIP – An Essential Component***-- While private flood insurance options are a vital complement, a reformed NFIP is essential to ensuring that flood insurance coverage is available to all property owners in all markets at all times, and especially those not served by the private flood insurance marketplace.
- c) *Continuous Coverage***-- Private flood insurance coverage should be taken into consideration when FEMA assesses whether a property owner has maintained “continuous coverage” for purposes of rate setting under the NFIP.
- d) *Dispute Resolution*** -- Private flood insurance customers should have access to alternative conflict resolution methods (e.g., arbitration, mediation, etc.) that provide a less costly alternative to litigation to resolve disputes over coverage terms or claims payments.
- e) *Flood Insurance Disclosure***-- Consumers have a right to know the full terms and costs of coverage purchased, including any caps on claim payments, limitations or exclusions, as well as whether the flood insurance rates and coverage terms are regulated by the state. Standard consumer disclosures should be developed and implemented to serve this purpose.
- f) *Federal Over-Regulation***-- Duplicative, overlapping or unnecessary federal requirements should be removed for private flood insurance companies that are already licensed and regulated by the state.
- g) *Federal Mortgage Programs and Regulatory Oversight***-- Federal flood insurance laws should not limit or supersede the authority of federal mortgage programs (e.g. Fannie, Freddie, FHA, VA, etc.) or federal financial regulators (e.g. FDIC, Federal Reserve, OCC, etc.) to set requirements on the financial solvency and claims-paying ability of private insurers underwriting flood insurance coverage for federally related mortgages.

*Rationale:* Congress is currently considering legislation to encourage the development of a private market for flood insurance. NAR does not currently have policy principles to guide NAR staff on private market legislation. These principles would position the Association in support of more flood insurance options for property owners as well as consumer protections including adequate disclosure, conflict resolution and financial oversight.

**RESOLUTION 2.** That NAR support national flood insurance program reforms in addition to a robust private market with the following policy:

#### ***NATIONAL FLOOD INSURANCE PROGRAM REFORMS***

The National Flood Insurance Program (NFIP) plays a critical role in ensuring that flood insurance remains available in all markets at all times and should continue to exist as an option for residential and

commercial property owners. NAR will continue to work to reauthorize, build on and improve the NFIP, not phase out or replace it.

**a) Long-term Reauthorization**-- NFIP's authority to provide flood insurance should be extended for multiples of years rather than months to bring certainty to real estate markets.

**b) Incremental Fiscal Reform** --Congress is considering ways to pay down or avoid future borrowing from the U.S. Treasury. Improving the enforcement of mandatory purchase of flood insurance requirements; temporarily establishing nominal surcharges; and allowing the NFIP to buy reinsurance are all options that could help the program to remain financially solvent in the long run. However, any major reforms should be incremental, gradual over a long period of time and provide sufficient advanced notice to avoid severely disrupting communities, neighborhoods or households.

**c) Affordable Insurance** -- As "full risk" premium rates phase in particularly for the pre-Flood Insurance Rate Map properties, many property owners will no longer be able to afford national flood insurance or sell their properties without a loss. Congress should provide reasonable alternatives to help ease the transition and make these families whole again, including:

- 1) Providing federally backed mitigation loans or grants directly to property owners to build higher or stronger; such assistance should be made available before floods as well as after.
- 2) Offering a one-time buy-out of high risk properties at fair market values for communities to convert to open space, parks or other flood-compatible uses that enhance neighborhood property values.
- 3) Streamlining and making consumer friendly the process for property owners to obtain mitigation loans, grants or buyouts with a minimum of paperwork, burden and red tape.
- 4) Providing a gradual glide path for flood insurance rates to reach full-risk levels so no one sees sudden or unreasonable premium jumps overnight or through no fault of their own.
- 5) Ensuring the accuracy of flood maps and insurance rates by providing for performance-based incentives as well as adequate training, quality assurance/control and oversight of the Write-Your-Own insurance companies and other NFIP contractors.
- 6) Grandfathering property owners who build/built higher or stronger so they won't build to one set of standards only to have them raised in the next flood map update only a few short years later.
- 7) Enabling communities to purchase flood insurance as most insurance pricing and coverage decisions are best kept at the state or local level.
- 8) Streamlining and encouraging the use of the Community Rating System, which offers insurance discounts in exchange for additional floodplain management investments by communities.

**d) Fair Premium Rates**-- According to independent actuaries, NFIP's rate setting methods are outdated and result in many property owners being overcharged. The federal program should modernize in order to better align insurance rates to the specific flood risk of properties, for instance by:

- 1) Dividing flood zones into coastal and inland subzones and creating a new rate table for each.
- 2) Moving toward site-specific hazard assessments rather than averaging across 30 national flood hazard scenarios.
- 3) Incorporating more precise risk factors (e.g., distance to river) in addition to the elevation and the general location of a structure.
- 4) Investigating the adoption of modern technologies such as catastrophe modeling or LIDAR.
- 5) Obtaining more granular and reliable property data, e.g., through commercial sources or incentivizing property owners to obtain elevation certificates.

**e) Accurate Flood Maps**-- The NFIP should:

- 1) Move toward higher resolution and property specific flood maps to improve the accuracy of the flood risk determinations;
- 2) Take advantage of recent technological advances including the availability of LIDAR and web-based mapping, as well as catastrophe modeling alternatives;
- 3) Provide a simpler, quicker and inexpensive appeals process in order to remove low-risk properties from high-risk maps; and
- 4) Reimburse all property owners who successfully appeal the accuracy of their flood map.

**f) Homeowner's Advocate**-- Even in its rudimentary current form, understanding the NFIP and the process of properly determining a property's risk is complex. As such, a fully funded and robust office of the homeowner's advocate is a key part of the solution to problems that property owners have in finding answers and/or assistance.

**g) NFIP Depopulation** -- If NFIP rates continue to rise, more policyholders may be able to find better coverage at lower cost from private insurance companies, where available. FEMA should encourage a private primary flood insurance market to assume NFIP policies, while preserving the federal program for those who need it.

**Rationale:** Next year, Congress will debate the future of national flood insurance. Congress has until September 30, 2017, to reauthorize the federal program, which is essential to completing half a million property sales annually according to NAR research. However, some members of Congress could propose to privatize parts or all of the program. Flood insurance is required for a federally related mortgage in 20,000 communities nationwide, and while the private flood insurance market is growing, often the NFIP is the only alternative for most of these communities. NAR has not updated its policy positions on flood insurance for many years. The Insurance Committee recommends that NAR adopt this updated statement of policy to help position the Association to respond in real time to the full range of proposals are expected to be discussed next year. (The Flood Informal Work Group Report is Exhibit J.)

#### **UPDATE ON CONSUMER ADVERTISING CAMPAIGN**

Greg Herb, Consumer Relations Liaison, provided an update on current "Get Realtor" advertising campaign.

#### **REPORT OF REALTOR® PARTY MEMBER INVOLVEMENT LIAISON**

Brooke Hunt, REALTOR® Party Member Involvement Liaison, provided an update on current campaigns and the success of members calls to action.

#### **RPAC FUNDRAISING REPORT**

Kit Hale, REALTOR® Party Fundraising Liaison, provided an update on current fundraising initiatives and their success.

#### **PASSING OF THE GAVEL**

Immediate Past President Steve Brown, on behalf of the 2015 Board of Directors, presented President Polychron with a plaque of appreciation for his outstanding leadership during the year. In closing, President Polychron acknowledged and praised the success of the National Association's efforts and initiatives during his year and thanked the directors for their service. President Polychron turned the presidential gavel over to 2016 NAR President, Tom Salomone, Margate, Florida.

#### **OTHER BUSINESS**

The Board of Directors recognized Clifford Niersbach, NAR Associate General Counsel for Board Policy & Programs and former staff executive of the Multiple Listing Issues and Policies Committee and the Professional Standards Committee. Mr. Niersbach was cited for his contributions to the evolution of the MLS as a tool for cooperation among REALTORS®, and for keeping the REALTOR® Code of Ethics relevant as the real estate industry has evolved.

#### **ADJOURNMENT**

There being no further business, the motion to adjourn was approved and meeting was adjourned at 11:30 a.m.