

ARLINGTON BOARD OF REALTORS[®], INC.

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Steve Young, Chairman of the Board

Larry W. Johnson, President/CEO

TO: Designated REALTOR[®]
REALTOR[®] Manager

SUBJECT: Limited Function Referral Organization (LFRO)

In accordance with NAR Policy, and the Arlington Board of REALTORS[®] Bylaws, Article 10, Section 2, Dues a broker is allowed to hold licensees under a Limited Function Referral Organization (LFRO). A LFRO is an entity that sponsors real estate licensees or appraisers whose sole function is to refer prospective clients to a particular broker. The licensees under a LFRO do not engage in any other brokerage or appraisal services. A REALTOR[®] may own a LFRO and the licensees under the LFRO refer the prospects to the REALTOR[®]. The above cited provision provides that the dues formula is not to take the licensees under the LFRO into account when calculating the REALTOR[®] dues, provided that the LFRO is a bona fide referral organization and the licensees under the LFRO engage in no brokerage activity except referrals.

A REALTOR[®] with a direct or indirect ownership interest in an entity engaged exclusively in soliciting referring clients and customers to the REALTOR[®] for consideration on a substantially exclusive basis annually may file with the association on a form approved by the association a list of the licensees affiliated with the 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 estate. The individual listed on such form shall not be deemed to be licensed with the REALTOR[®] filing the form for the 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 the certificate form submitted to the association who during the same calendar year applies for REALTOR[®] membership in the association. However, membership dues shall not be prorated if the licensee held REALTOR[®] membership during the preceding calendar year.

Cindy
Stevenson
Membership Services