

## **Modernizing Texas REALTORS® Disaster Relief Strategy**

### **Presented to: Texas REALTORS® Executive Board**

#### **Background and Purpose**

Texas REALTORS® has long operated two separate 501(c)(3) disaster relief funds—one for Texans generally and one exclusively for REALTORS®, which was created following Hurricane Harvey. These funds were originally designed to ensure that both communities and members received critical support following a disaster, and to facilitate access to the national REALTOR® Relief Foundation (RRF), which required a local 501(c)(3) to disburse funds.

However, this model has proven increasingly unsustainable due to:

- IRS compliance risks, particularly with the public fund's failure to meet the public support test.
- Operational hurdles in application review, fraud prevention, and outreach that cause delays which have negatively impacted efficiency and perceived responsiveness during crisis events.

NAR's REALTOR® Relief Foundation operates nationally and has been responsive to major disasters across the country. Critically, as evidenced recently, the RRF has demonstrated that they are willing and able to respond to smaller, local disasters. Local Texas boards are able to apply directly to the RRF if they wish to process applications from their community. If the local board does not operate a 501(c)(3) charity for disaster relief purposes, they can utilize the Voluntary Cooperative Program Agreement from the RRF. This agreement would still require the local board to apply to the RRF for grant approval, collect donations, and process and manage local applicants.

This shift opens the door for a leaner, more efficient, and strategically sound disaster response model for Texas REALTORS®.

#### **Proposal: A Two-Pronged Disaster Relief Strategy**

This proposal outlines a restructured, two-pronged approach that enhances community impact and ensures compliance while reducing operational strain.

#### **The Disaster Relief Work Group recommends to the Executive Board the following:**

##### **1. Convert the Texas REALTORS® Disaster Relief Funds into a single Foundation**

**Purpose:** A foundation will allow Texas REALTORS® to provide *immediate aid* to disaster-struck communities by making direct contributions to trusted local relief organizations

(e.g., Red Cross, local shelters, food banks).

**Why This Matters:**

- Provides critical supplies (food, water, shelter, diapers) to both Texans and REALTORS® alike when it matters most.
- Allows Texas REALTORS® and local associations to be visible, relevant community partners without handling individual applications.
- Removes the IRS public support test burden, simplifying regulatory compliance by allowing Texas REALTORS® to provide funds without the need to solicit members for donations.

**Action Items:**

- Initiate conversion of the 501(c)(3) Funds into a single Foundation structure. This will include a review of options for strategically spending the current dollars in the funds to maximize benefit.
- Develop criteria and a pre-approved list of reputable local and state relief organizations for rapid funding disbursement in times of disaster.
- Establish a committee to administer and oversee the Foundation, as we do for TARHOF. This committee must meet at least annually and may create additional factors for consideration in disbursing funds.

**2. Utilize the REALTOR® Relief Foundation (RRF) for Housing Assistance**

**Purpose:** Serve as the primary vehicle for individuals needing financial assistance for property damage, displacement, and housing recovery.

**Why This Matters:**

- RRF is now capable of supporting local boards directly – through the local board’s disaster relief charity or by utilizing the Voluntary Cooperative Program Agreement - and disbursing funds to the local board or the individual applicant
- Relieves Texas REALTORS® of the heavy administrative lift involved in processing aid.
- Provides scalable, national-level support without financial or compliance liability to the association.

**Action Items:**

- Collaborate with RRF to streamline referral processes and public communication.

- Support local associations in promoting RRF availability following a disaster.
- Determine resources available to assist local associations with processing applications.

This proposal reflects a forward-thinking approach to disaster relief—one that is *practical, compliant, and member-focused*. It ensures that Texas REALTORS® continues to play a meaningful, strategic role in disaster response while aligning with national resources and reducing internal burdens.

**Recommendation: Approve the proposed model and direct staff to implement necessary changes in preparation for the start of the 2026 storm season.**