

Superior School of Real Estate *Presents the*

Drama & The Code



Student Manual

**This course was created and designed to train and instruct real estate licensees on the practical application of the REALTOR® Code of Ethics and fulfills both a NCREC CE requirement and the REALTOR® Biennial Ethics Requirement
North Carolina Real Estate Commission**

Continuing Education Student Information Sheet

READ IMMEDIATELY UPON CHECKING IN

Basic CE Requirement (21 NCAC 58A.1702)

The CE requirement to maintain a license on active status is **eight (8) classroom hours per year** (each license period) consisting of the four (4) hour Real Estate Update course (mandatory for all licensees) and a four (4) hour elective. The content of the Update course changes each year.

Important Points to Note

- Newly licensed licensees do NOT need to take any CE prior to their **first license renewal**, but must satisfy the CE requirement prior to their **second license renewal**.
- A course may not be taken for CE credit twice in the same license period. Make sure you have not already taken this course during the current license period.
- If your license is **inactive**, you should check with the Commission to ascertain the amount of CE you need to activate your license.

Attendance Requirement

In order to receive CE credit for a course, students must attend the entire scheduled class session. Sponsors and instructors may, on an individual basis, excuse a student for good reason for up to 10% of the scheduled class session (20 minutes for a 4 hours class session); however, a student must attend a minimum of 90% of the scheduled class session in order to receive a course completion certificate and CE credit. No exceptions to the 90% attendance requirement are permitted for any reason.

Student Participation Requirement

To help assure that the mandatory continuing education program will be one of high quality, the Commission requires that students comply with the following student participation standards:

A student shall direct his active attention to the instruction being provided and refrain from engaging in activities unrelated to the instruction which are distracting to other students or the instructor, or which otherwise disrupt the orderly conduct of a class. **Examples of Prohibited Conduct:** Sleeping; reading a newspaper or book; performing office work; carrying on a conversation with another student; making or receiving a phone call on a cellular phone; receiving a page on a pager that makes a noise; loudly rattling or shifting papers; or repeatedly interrupting and/or challenging the instructor in a manner that disrupts the teaching of the course.

Sponsors and instructors are required to enforce the student participation standards. Sponsors have been directed to NOT issue a course completion certificate to a licensee who violates the standards and sponsors must report inappropriate behavior to the Commission.

Course Completion Reporting

Sponsors are responsible for reporting course completion information to the Commission via the Internet within **7 days of course completion**. Licensees are responsible for assuring that the real estate license number that they provide to the course sponsor is correct.

Licensees may address comments/complaints about courses, instructors, and/or sponsors to:

Continuing Education Officer
North Carolina Real Estate Commission
P.O. Box 17100
Raleigh, North Carolina 27619-7100

Certificates of Course Completion

Course sponsors will provide each licensee who satisfactorily completes an approved CE course a Certificate of Completion on a form prescribed by the Commission within 15 calendar days following a course. The certificate should be retained as the licensee's personal record of course completion. **It should not be submitted to the Commission unless the Commission specifically requests it.**

Check the Label of Your Newsletter

The number of continuing education credit hours credited by the Commission to your licensee record for the current license period as of a stated date will appear on the mailing label of each edition of the Commission's newsletter. You may also check your **current year's** CE credits online at the Commission's website: www.ncrec.state.nc.us. You will need to log in under Licensee Login using your license number and pin number. If you are unsure of your pin number, please follow the instructions on our website.

Please avoid calling the Commission office to verify the crediting of continuing education credit hours to your license record unless you believe that an error has been made. Please use our website to verify that your credit hours have been reported. Your cooperation in this regard will be especially needed during the May 15 - June30 period each year.

Len Elder, JD, DREI, Senior Instructor & Curriculum Developer



Len Elder is the Senior Instructor and Curriculum Developer for Superior School of Real Estate. With over 25,000 hours of live classroom presentations and teaching, Len has excelled to the top of his field and is recognized nationally as an author, speaker, course developer and a Distinguished Real Estate Instructor (DREI) by the national Real Estate Educators Association. Len joined Superior School in the fall of 2013.

With a B.A. degree in Speech Communications & Broadcasting and a law degree from Capital University, Len brings a multi-disciplinary approach into the classroom. His professional life spans the private practice of law, the mortgage banking industry, the real estate profession and the educational profession. He has served on numerous committees, acted as the President of the Southern Arizona Mortgage Brokers Association, served as a Board member of the national Real Estate Educators Association and is one of six elected people in the country who served on the Distinguished Real Estate Instructors Leadership Council.

For 10 years Len was the Senior Instructor at Hogan School of Real Estate in Southern Arizona and after that was the founder and CEO of the national education company, Course Creators. Len is a noted author **and** has written over 100 educational courses for real estate professionals throughout the United States, published law journal articles, been featured as the cover author of the REEA Magazine and created the national textbook for the training and development of instructors, ***Ovation – How To Present Like a Pro***. Len regularly delivers Instructor Development Workshops and has acted as the instructor for the real estate commissions and departments in North Carolina, Arizona, Utah, South Dakota, Iowa, Oregon, Idaho, Alabama, Oklahoma and others.

He is a regular presenter at national conventions and events. Most of all he believes that educational classes should be fun, exciting and he has dedicated his life to helping other people succeed.

**Recipient of the John Getgey Award for Academic
Excellence in the Practice of Law
Mortgage Broker of the Year, Tucson, Arizona
Marjorie Lewis Distinguished Service Award
Past Board Member of the National Real Estate Educators Association
Leadership Council of Distinguished Real Estate Instructors**

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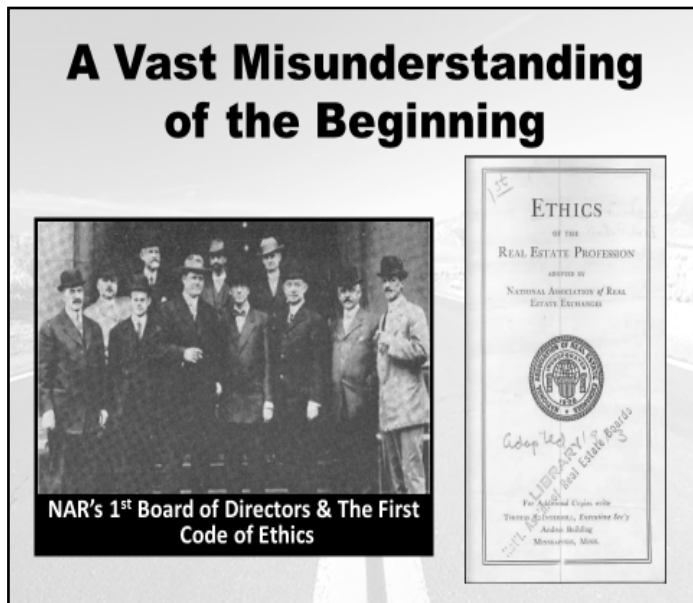
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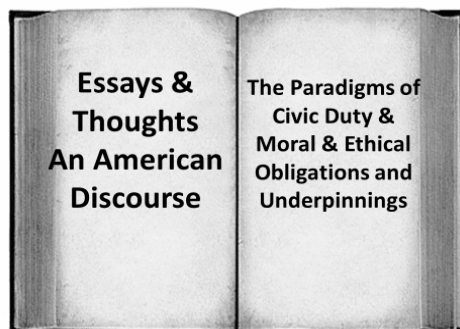
In The Beginning

Today we often look at the Code of Ethics as a set of rules, obligations and regulatory framework which if we do not follow can result in disciplinary action and civil liability. That viewpoint provides us a very narrow interpretation of the Code of Ethics and can prevent us from understanding its true value in protecting and promoting the interests of clients and the public. We sometimes fail to recognize the importance of the Code in building the trusted relationships that underlie and help define our profession.



The Code of Ethics was not written to simply be a set of rules and regulations that we were required to follow in order to avoid disciplinary action. The National Association of REALTORS® was founded as the National Association of Real Estate Exchanges on May 12, 1908 in Chicago with 120 founding members. It consisted of 18 boards and one state association. It's founding objective was "to unite the real estate men of America for the purpose of effectively exerting a combined influence upon matters affecting real estate interests."

In 1913 the very first Code of Ethics was written to help elevate the professionalism of the real estate industry. The first Board of Directors set out on a mission to help define why the public held certain professions in higher esteem than others. Collectively they wrote a set of instructions that outlined the conduct and activities that would positively add to the public's perception of real estate practitioners. The Code was intended to provide insight and guidance as to how real estate professionals could enhance an image which was tarnished at the time. Rather than a set of regulatory rules, the Code was the guide by which we could improve our professionalism and build a better image in the eyes of the public.



Student Notes

The Preamble to the Code of Ethics (PPT SLIDE # 21)

CODE OF ETHICS and STANDARDS OF PRACTICE of the NATIONAL ASSOCIATION OF REALTORS®

PREAMBLE...

Under all is the land. Upon its wise utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization. REALTORS® should recognize that the interests of the nation and its citizens require the highest and best use of the land and the widest distribution of land ownership. They require the creation of adequate housing, the building of functioning cities, the development of productive industries and farms, and the preservation of a healthful environment.

Such interests impose obligations beyond ordinary commerce. They impose grave social responsibility and a patriotic duty to which REALTORS® should dedicate themselves and for which they should be diligent in preparing themselves. REALTORS® therefore, are zealous to maintain and improve the standards of their calling and share with their fellow REALTORS® a common responsibility of its integrity and honor. The term REALTOR® has come to connote competency, fairness, and high integrity resulting from adherence to a lofty ideal of moral conduct in business relations. No inducement of profit and no instruction from clients can ever justify departure from this ideal.

Student Notes

Where Are We Today

Over 100 years have passed since the first Code of Ethics was adopted. Our profession should have advanced a great bit in the eyes of the public, so let's examine where we are today in terms of trust with the average consumer. Every year Gallup conducts a poll and asks Americans to rank the professions that they trust the most. The result is a list that ranks professions from the one that is trusted the most to the one that is trusted the least.

Can you put the following list of professions in the correct order? Number the following professions from 1-10. Give the profession you trust the most a number 1 and the profession you trust the least a number 10.

- ☐ **Bankers**
- ☐ **Congress Members**
- ☐ **Doctors**
- ☐ **Engineers**
- ☐ **Lawyers**
- ☐ **Nurses**
- ☐ **Pharmacists**
- ☐ **Police Officers**
- ☐ **Real Estate Agents**
- ☐ **Teachers**

Student Note

The recent results of a J.D. Powers' survey also found that the majority of home sellers were not satisfied with the services that they get from real estate professionals. Clearly, there is much we can do to continue to elevate our perception of trust and professionalism with the public. The NAR Survey of Home Buyers and Sellers continues to highlight that the public believes that honesty and integrity are the most important agent skills and qualities



List 3 Things You Can Do To Use the Code of Ethics To Build Better Relationships With The Public?

- 1.
- 2.
- 3.

Student Note

We believe that the participants in this course have had lots of experience with the REALTOR® Code of Ethics and are familiar with the various Articles and Standards of Practice. This course was written and created to provide a more in depth and thorough understanding of the dispute resolution practices under the Code. Regardless of how much you thought you knew or believed in the Code, William North's article, *A Gift of Vision*, will motivate you to look at the Code differently and inspire to uphold and enforce the Code.



The REALTOR®'S

Code of Ethics

A Gift of Vision

(The following article by William D. North, former Executive Vice President and General Counsel, first appeared in the August 1978 edition of *The Executive Officer*.)

The Code of Ethics of the NATIONALASSOCIATION OF REALTORS® represents one of those rare creations of man—a living document; a document which somehow preserves its significance, relevance and usefulness despite the passing of years and the changing of the times. The Code is an unusual Gift of Vision: the vision of those who dreamed that the business of real estate could become a profession, the vision of those who believed that the search for the highest and best use of the land required the highest and best measures of professional responsibility, and the vision of those who recognized private ownership of the land as indispensable to political democracy and a free and prosperous citizenry.

It is this Gift of Vision which has enabled the Code to survive half a century of unprecedented social, political, economic, and legal change substantially unchanged.

The creators and keepers of the Code have realized that to remain relevant and useful, the Code must be a great deal more than simply a set of rules for the conduct of real estate transactions. To endure, the Code must be a criterion of excellence while at the same time constituting a realistic standard of performance. It must be a guide to measure professional conduct, while at the same time representing the furthest reach of professional aspiration. The Code must remain constant without becoming absolute, must be enforceable without being oppressive, and must be meaningful without being dogmatic.

The Code of Ethics has been able to meet all these needs and reconcile all these objectives for one reason only—the vision of its creators in adopting as the unifying rationale of the Code the Concept of Service to the Public. Every Article of the Code is premised on this single concept. This single concept provides the philosophical basis by which each Article must be interpreted and applied. This single concept, by which the various Articles of the Code are rationalized, is the reason the Code has been and is a “living document.” “Service to the Public” is the “end” and the Code is the “means” to that end.

Origins of the Code

In today's world, preoccupied as it is with social responsibility and oriented as it is to consumer concerns, it is hard to visualize how truly revolutionary the Code of Ethics was when it was adopted in 1913. The history of the real estate business for the preceding 150 years was a history of rampant land speculation, exploitation, and disorder. It was an era before the adoption of state

regulatory licensing systems. It was a time when real estate agents, if they were licensed at all, were licensed as “peddlers.”

It was the era of the fraudulent subdivision, the fake city addition, the multiple “first” mortgage, the “net” listing, and a myriad of other “get rich quick” schemes involving the sale of land. It was the era of “caveat emptor” and the Robber Barons whose motto was not “Let the Public Be Served” but rather “Let the Public Be Damned.”

This was the era which produced the Code of Ethics of the National Association. With the exception of a now defunct association of printers, the REALTORS® were the first business group outside the “learned professions of medicine, engineering, and law” to adopt a Code of Ethics. It was an uncommon event with uncommon men and women making an uncommon commitment to business integrity and fair dealing.

It was not a commitment coerced by threat of government sanction but a commitment predicated on a need perceived by REALTORS® themselves. It was not a commitment mandated by the marketplace because it involved the voluntary acceptance of liabilities and responsibilities, duties and costs, limitations and obligations, which the public did not even perceive as their due. It was, in sum, a commitment to the concept of service to the public as an article of faith in professionalism.

Significance of the Code

The significance of the Code rests not merely in the guidance it provides those who subscribe to it, but also in the guidance it has provided the National Association in its growth and development. From the very beginning, the Code has provided the impetus for Association involvement in education of REALTORS® to support [the Preamble] and [Article] 11; in the protection of private property ownership to support [the Preamble]; in the creation and administration of multiple listing and other cooperative arrangements to support Articles [5] and [3]; in the arbitration of disputes to support Article [17]; in the protection of the consumer to support Articles [1] and [2].

The Code has been significant not merely in its impact on the focus of Association programs and activities, but also in its impact on Association organization and structure. Thus, the local Board of REALTORS® is an indispensable constituent of the REALTOR® family in large measure because it represents an effective forum for the enforcement of the Code. From this function, too, proceeds the need for Board jurisdictions and the structure of the State Association. Perhaps, more than anything else, the Code has provided the interdependent relationship which binds the National Association, its Member Boards, State Associations, and Institutes, Societies, and Councils into a single working constituency.

The Code and the Law

The Code of Ethics is never opposed to the law. The Code, in its application or implementation, must always be construed harmoniously and consistently with the law.

But the Code is not the law. It is supported not by the coercive power of the state but rather by the principles of contract. Acceptance of REALTOR® membership creates a form of “professional compact,” the terms of which the Code defines. No matter how similar the mandates of the Code may be to the dictates of the license laws and other legislation, the difference between them is fundamental and unavoidable.

The relation of the Code to the law is two-fold. First, the Code defines those duties and obligations required in the public interest which are beyond the capacity or power of the law to mandate, and second, the Code supports the law by requiring a higher sensitivity to the duties and obligations which it imposes.

In the performance of its first role, the Code is concerned with identifying the extensions of professionalism to serve the public’s evolving needs. In the performance of its other role, the Code is concerned with the refinement and specific application of legal principles to real estate transactions.

When the Code was first adopted, there were no statutory definitions of the professional responsibilities necessary to protect and serve the public. That such definitions exist today in state license laws is in large measure the result of the Code. Thus, as government came to recognize that the professional duties and obligations assumed by REALTORS® voluntarily under the Code truly served the public interest, it then conditioned licensure on the licensee’s acceptance to protect the whole public and not merely those served by REALTORS®.

While the task of identifying the extensions of professionalism continues, certainly in recent years, with the general licensure of the profession, the role of the Code in sensitizing REALTORS® to the full implications and applications of their legal obligations has become increasingly important. It is this role which has involved the Code so intimately with such legal doctrines as implied warranty, agency and fiduciary duty and equal opportunity.

Because the Code is a living document and real estate is a dynamic business and profession, the law need never be its substitute. So long as the aspiration to better serve the public remains the underlying concept of the Code it must evolve and grow in significance and importance consonant with but independent of the law.

The Code and Its Use

There is no idea which cannot be misapplied; no faith which cannot be exploited; no concept which cannot be abused; and no principle which cannot be perverted. For this reason, the integrity of the Code and the value of its vision of the real estate industry depends ultimately upon its use.

If it is applied inconsistently, it becomes arbitrary and hence oppressive. If it is applied without understanding, it becomes unreasonable and hence dogmatic. If it is used in ignorance, it becomes meaningless; if it is used inappropriately, it becomes irrelevant; and if it is used without moderation, it becomes irrational.

No Code of Ethics can long survive its misuse or misapplication. This is why the REALTORS® Code of Ethics must be applied with continuing and conscientious concern for procedural due process. Procedural due process is both an explicit and implied requirement of the Code. It is required explicitly by Article [14], which requires a “proper tribunal” and implicitly by the Preamble’s reliance on the Golden Rule. The due process requirement, after all, requires nothing more than a fair and diligent search for the truth—with an opportunity for all facts to be gathered; all views to be heard; all defenses to be raised and all prejudice or bias to be expunged. But while due process requires nothing more than a fair and diligent search for the truth, so the Code may be properly applied, due process permits “nothing less.” There is no acceptable level of unfairness, no permissible slight of the search.

Conclusion

In its Code of Ethics the family of REALTORS® has been offered a farsighted vision of the profession as it could be and should be. This vision, however, must not be blurred by myopic applications of the Code for shortsighted gains at the expense of farsighted objectives. A REALTOR® who serves the public serves himself by guaranteeing his future.

But neither must this vision, however clear, obscure the fact that the goals of the Code must be reached step by step, following the path of due process rather than the line of least resistance.

To REALTORS®, the Code of Ethics offers the lessons of hindsight, the guidance of foresight, and the understanding of insight—A Rare Gift of Vision.

Student Note

Student Note



Module 1

The Framework of Dispute Resolution

Student Note

Alternative Dispute Resolution Methods

In protecting and promoting the interests of the public it is critical that REALTOR®'s provide a method and manner of effectively and fairly dealing with disputes under the REALTOR® Code of Ethics. Let's face it, the typical consumer or REALTOR® who has a dispute with a member of the National Association of REALTORS® has three basic options if they feel aggrieved and want to seek remedy or redress:

- 1. Contact a lawyer and pursue litigation**
- 2. File a disciplinary action or complaint with the North Carolina Real Estate Commission**
- 3. Utilize the dispute resolution methods set up by the National Association of REALTORS®**

Student Note

Not all real estate licensees are subject to the REALTOR® Code of Ethics. Only REALTORS® are subject to the Code. They are held to the highest ethical standards as outlined by NAR's Code of Ethics and Standards of Practice. The Code of Ethics is designed to establish a public and professional consensus against which the practice and conduct of REALTORS® and REALTOR-ASSOCIATE®s may be judged. REALTORS® and REALTOR-ASSOCIATE®s in joining a Board signify their intention to abide by the Code and thereby enhance the public and professional image of themselves and all other REALTORS®. Adherence to the Code is the first great bond between REALTORS® and REALTOR-ASSOCIATE®s throughout the country, and is an obligation voluntarily accepted by them to ensure high standards of professional conduct to serve the interests of their clients and customers. Each Board is responsible for enforcing the Code of Ethics pursuant to the Bylaws of the National Association. This duty must be discharged conscientiously and responsibly.

Conscientious enforcement is essential if REALTORS® and REALTOR-ASSOCIATE®s are to be recognized as professionals subscribing to standards of business and ethical conduct higher than those required by law. This duty must be discharged responsibly because of the importance to REALTORS® and REALTOR-ASSOCIATE®s of their reputation and the esteem of their peers. (*Amended 4/96*) Membership in a Board of REALTORS® has been recognized by the courts as a valuable property right. Therefore, any action by a Board limiting or denying the rights and privileges of a member must be justified, not only substantively but also procedurally. It is for this reason that failure to accord due process to a REALTOR® accused of a violation of the Code of Ethics can result in the reversal of the Board's decision by the civil courts and can expose the Board and its officers and members to liability for monetary damages and other penalties.

Due process is not a difficult concept, but is an essential one. Due process means nothing more or less than the right to a full and fair hearing before an impartial tribunal with a full and complete knowledge of the charges made and with adequate opportunity to prepare a defense. While the concept of due process is not difficult, its application to specific situations involving enforcement of the Code of Ethics can be troublesome. Therefore, before taking any disciplinary action which may lead to diminution of a member's rights or privileges, it is strongly recommended that the Board's attorney be consulted. Counsel will bring to the proceedings an informed and objective view of the controversy. Moreover, counsel can assure that the due process provided satisfies the requirements of local law. Procedures outlined in the *Code of Ethics and Arbitration Manual* will satisfy most requirements of due process, but the individual differences in the laws of each state will require interpretation and possible supplementation of the process in individual states.

Different Types of Complaints



In exercising its responsibility for the enforcement of the Code of Ethics, it is particularly important for the Board to distinguish between controversies which are properly the subject of arbitration and controversies involving the Code of Ethics. The Code of Ethics must not be used as a club or lever to settle business disputes between REALTORS®. For this reason, in complaints involving both charges of unethical conduct and request for arbitration, the dual complaint must be severed and arbitration heard prior to hearing any ethics charges.

The Parties to Complaints

The Board or Association may hear and resolve complaints involving all of the following:

- Client vs. REALTOR®
- REALTOR® vs. Client
- Customer vs. REALTOR®
- REALTOR® vs. Customer
- REALTOR® vs. REALTOR®
- Board vs. REALTOR®
- REALTOR® vs. Board



Ethics Complaints

A violation of the Code of Ethics involves an offense against the Board and its members generally, as distinguished from an arbitration hearing which involves a dispute among two or more members individually, arising from some common transaction involving the rendering of real estate services. For this reason, it is never appropriate for a Board, in an ethics proceeding, to award money damages to another REALTOR®. An ethics proceeding has two essential purposes: education and vindication. It is educational in that it raises the consciousness of members to the meaning and significance of the Code. Many ethics violations occur

inadvertently or through ignorance, and the hearing proceeding serves as an effective educational tool. In filing a charge of an alleged violation of the Code of Ethics by a REALTOR®, the charge shall read as an alleged violation of one or more Articles of the Code. A Standard of Practice may be cited only in support of the charge. The Preamble is aspirational. Articles 1 through 17 establish specific obligations for which REALTORS® may be disciplined.

Code of Ethics Violation Penalties

The Board has wide latitude in the sanctions which may be applied for violations of the Code of Ethics. It must, however, act responsibly in the application of these sanctions, attempting always to make the punishment commensurate with the offense. Recommendations of Ethics Hearing Panels may range from a mild Letter of Warning to termination of membership as follows in order of severity, provided that such actions are specifically authorized in the Professional Standards procedures of the Board's bylaws:

- (a) Letter of Warning with copy to be placed in member's file;
- (b) Letter of Reprimand with copy to be placed in member's file;
- (c) Requirement that the member attend the ethics portion of the Board Indoctrination Course or other appropriate course or seminar specified by the Hearing Panel which the respondent could reasonably attend, taking into consideration cost, location, and duration;
- (d) Appropriate and reasonable fine not to exceed \$15,000 (*Revised 5/13*);
- (e) Membership of individual suspended for a stated period of time not less than thirty (30) days or more than one (1) year, with automatic reinstatement of membership in good standing at the end of the specified period of suspension. The thirty (30) day minimum and one (1) year maximum do not apply where suspension is imposed for a remediable violation of a membership duty (e.g., failure to pay dues or fees or failure to complete educational requirements.) The Directors may order suspension unconditionally, or they may, at their discretion, give the disciplined member the option of paying to the Board, within such time as the Directors shall designate, an assessment in an amount fixed by the Directors, which may not exceed \$15,000 and which can be utilized only once in any three (3) year period, in lieu of accepting suspension. But, if the conduct for which suspension is ordered consists of failure to submit a dispute to arbitration, the Directors may not permit the disciplined member to avoid suspension without submitting to the arbitration in addition to paying the assessment, unless in the meanwhile the dispute has been submitted to a court of law without any objection by any party that it should be arbitrated; (*Revised 11/13*)

- (f) Expulsion of individual from membership with no reinstatement privilege for a specified period of one (1) to three (3) years, with reinstatement of membership to be by application only after the specified period of expulsion, on the merits of the application at the time received (decision should be written clearly articulating all intended consequences, including denial of MLS participatory or access privileges); *(Amended 4/96)*
- (g) Suspension or termination of MLS rights and privileges may also be utilized. Suspension of MLS services may be no less than thirty (30) days nor more than one (1) year; termination of MLS services shall be for a stated period of one (1) to three (3) years; *(Revised 5/02)*
- (h) REALTORS® who participate in MLS or otherwise access MLS information through any Board or Association in which they do not hold membership are subject to the Code of Ethics in that Board or Association on the same terms and conditions as Board members. Discipline that may be imposed may be the same as but shall not exceed the discipline that may be imposed on members. Boards entering into a regional or reciprocal MLS agreements are encouraged to include provisions requiring signatory Boards to respect, to the extent feasible, decisions rendered by other Boards involving suspension or expulsion from membership or from MLS. *(Revised 4/96)*
- (i) Members may also be required to cease or refrain from continued conduct deemed to be in violation of the Code, or take affirmative steps to ensure compliance with the Code, within a time period to be determined by the hearing panel. Where discipline is imposed pursuant to this subsection, the decision should also include additional discipline (e.g., suspension or termination of membership) that will be imposed for failure to comply by the date specified, and to continue to comply for a specified period not to exceed three (3) years from the date of required compliance. *(Adopted 05/14)*

In addition to imposing discipline, the Hearing Panel can also recommend to the Board of Directors that the disciplined member be put on probation. Probation is not a form of discipline. When a member is put on probation the discipline recommended by the Hearing Panel is held in abeyance for a stipulated period of time not longer than one (1) year. Any subsequent finding of a violation of the Code of Ethics during the probationary period may, at the discretion of the Board of Directors, result in the imposition of the suspended discipline. Absent any subsequent findings of a violation during the probationary period, both the probationary status and the suspended discipline are considered fulfilled, and the member's record will reflect the fulfillment. The fact that one or more forms of discipline which will not be held in abeyance during the probationary period does not bar imposition of other forms of discipline which will not be held in

abeyance. *(Revised 05/14)* In addition to any discipline imposed, Boards and Associations may, at their discretion, impose administrative processing fees not to exceed \$500 against each respondent found in violation of the Code of Ethics or other membership duties. Any administrative processing fee will be in addition to, and not part of, any disciplinary sanction imposed. Boards and Associations shall determine in advance when, and under what circumstances, administrative processing fees will be imposed so that imposition is a matter of administrative routine. *(Revised 5/13)*

Board Officers and Hearing Panels should consult with the Board attorney and refer to the Case Interpretations as well as the Board bylaws and the *Code of Ethics and Arbitration Manual published by the National Association of REALTORS®*.

Arbitration Complaints

Requests for arbitration are separate from Code of Ethics complaints. As mentioned earlier, they are usually disputes arising between the parties in regard to the providing of some type of real estate services. Usually, the heart of most arbitration complaints is in regard to fees. Often times they are related to offers of cooperation within the Multiple Listing Service. One of the most common types of arbitrations that Boards may have to deal with involve the issue of procuring cause and the entitlement to fees from cooperating brokers.

In arbitration hearings the Hearing Panel does not usually get involved in Code of Ethics sanctions. In fact, if a Code of Ethics violation is in order it should be handled separately and pursued subsequent to the arbitration. In the arbitration the Hearing Panel has full authority to make an award in any manner which it determines is just and equitable based on the Findings of Fact.



**The North Carolina Association of REALTORS®
conducts arbitrations. You can locate more information
on their website at ncrealtors.org®.**

The Role of the Grievance Committee



The first stage of dispute resolution is review of the filed Complaints by a Grievance Committee. The function of the Grievance Committee is clearly distinguishable from the function of the Professional Standards Committee. The Professional Standards Committee is similar to a court. The court adjudicates matters that come before it. The Professional Standards Committee makes decisions on matters involving ethics or arbitration. If the function of the Professional Standards Committee is understood as similar to a court, the function of the Grievance Committee

can then be understood as similar to that of the grand jury. A grand jury evaluates potentially criminal conduct to determine whether the evidence and testimony presented warrants indictment and trial.

In a similar manner, the Grievance Committee receives ethics complaints and arbitration requests to determine if, taken as true on their face, a hearing is to be warranted. The Grievance Committee makes only such preliminary evaluation as is necessary to make these decisions. While the Grievance Committee has meetings, it does not hold hearings, and it does not decide whether members have violated the Code of Ethics. The Grievance Committee does not mediate or arbitrate business disputes. Grievance Committees are encouraged to hold regularly-scheduled meetings. Meetings should be called often enough to ensure timely review of ethics complaints and arbitration requests.

In evaluating ethics complaints, the Grievance Committee may require a written response from the respondent(s). In such instances the respondent(s) should be provided with a copy of the ethics complaint and advised that failure to respond may be the basis for a charge of having violated Article 14 of the Code of Ethics. ***(See Form #E-4, Grievance Committee Request for Information [Ethics Complaint] and Form #E-5, Response to Grievance Committee Request for Information.)***

In evaluating arbitration requests, the Grievance Committee may request a written response to the arbitration request from the respondent(s). ***(See Form #A-5, Grievance Committee Request for Information [Arbitration Request] and Form #A-6, Response to Grievance Committee Request for Information.)***

If no response is filed within the time allotted, the Grievance Committee shall make its determination as to whether an arbitration hearing should be scheduled based upon the information set forth in the arbitration request.

Grievance Committee's Review of an Ethics Complaint

Upon receipt of an ethics complaint from the Board Secretary, the Chairperson of the Grievance Committee shall review the complaint and any evidence and documentation attached. The Chairperson may assign one or more members of the Grievance Committee to review the complaint and to make any necessary evaluation. The member(s) may, if necessary, gather additional information on the matters complained of if additional information appears necessary to make a knowledgeable disposition of the complaint. The complaint shall be provided to the assigned members by the Board Secretary upon instruction from the Chairperson.

The reviewer(s), if appointed, shall complete the assignment promptly and prepare a report and recommendation for the Grievance Committee. After reviewing the report, the Chairperson shall schedule a meeting of the Grievance Committee and may instruct the Secretary to provide members of the Grievance Committee with copies of the case file including the reviewer's report, if any. At the option of the Board, such file may be sent to the Grievance Committee members prior to the meeting or may be distributed at the meeting.

Factors Considering in Reviewing an Ethics Complaint

In reviewing an ethics complaint, the Grievance Committee shall consider the following:

- (1) Is the ethics complaint acceptable in form as received by the Committee? If not in proper form, the Chairperson may request that the Elected Secretary or the Executive Officer contact the complainant to advise that the complaint must be submitted in proper form.
- (2) Are all necessary parties named in the Complaint?
- (3) Was the Complaint filed within one hundred eighty days (180) days of the time that the alleged offense and facts relating to it could have been known by the complainant in the exercise of reasonable diligence or within 180 days after the conclusion of the transaction, whichever is later?
- (4) Is the respondent named in the Complaint a member of the Board and was the respondent a member of the Board at the time of the alleged offense?

- (5) Is litigation or any government agency investigation or other action pending related to the same transaction?
- (6) Is there any reason to conclude that the Board would be unable to provide an impartial Hearing Panel?
- (7) Are the specific Articles cited in the complaint appropriate in light of the facts provided? Should additional Articles be cited? Should certain Standards of Practice be cited in support of the Articles charged? Are any inappropriate Articles cited?
- (8) If the facts alleged in the complaint were taken as true on their face, is it possible that a violation of the Code of Ethics occurred?

The Grievance Committee after reviewing all relevant facts must make a determination as to the eventual disposition and further handling of the Complaint. The Grievance Committee may:

- 1. Dismiss the Complaint if it does not meet the above criteria, must give Notice to all parties and notify the parties of appeal rights;**
- 2. Refer the Complaint to Mediation**
- 3. Refer the Complaint to the Professional Standards Committee for Arbitration**

The Role & Purpose of Mediation



Ethics mediation is a process that may be adopted at the discretion of boards and associations. Ethics mediation will require adoption of these procedures (either verbatim or as amended locally) by action of the local board of directors (or as otherwise provided in the local bylaws).

The Chair of the Professional Standards Committee and/or the Board President will select one or more ethics mediators to act on behalf of the committee. Mediators should be thoroughly familiar with the Code of Ethics, state real estate regulations, and current real estate practice.

Complaints brought by the public or by other REALTORS® may be mediated under these procedures. Complaints brought by the Grievance Committee and complaints alleging a violation of the public trust (as defined in Article IV, Section 2 of the NAR Bylaws) may not be mediated.

The ethics mediation process can be initiated in two ways. First is through filing a written ethics complaint. Second, through a personal, telephone, or written inquiry or complaint generally alleging potentially unethical conduct but which (a) is not filed on the appropriate form or (b) is not specific as to which Article(s) may have been violated.

Where a written ethics complaint in the appropriate form is received, it will be reviewed by the Grievance Committee so a determination can be made whether a possible violation may have occurred or, alternatively, whether the complaint should be dismissed as not requiring a hearing. Where an informal inquiry or general letter of complaint that does not allege a potential violation of the public trust is received, it will not be reviewed by the Grievance Committee, but will be referred to an ethics mediator.

Persons inquiring about the process for filing ethics complaints will be advised that ethics mediation is available as an alternative to a formal ethics hearing provided that all parties agree to participate, and also be advised they may decline or withdraw from mediation and have their complaint considered at a formal ethics hearing. Similarly, REALTORS® complained about have the right to decline or withdraw from mediation and to have complaints against them considered at a formal ethics hearing.

When either a written ethics complaint in the appropriate form is reviewed by the Grievance Committee and the Grievance Committee concludes that a hearing is warranted, or when a general letter of inquiry or complaint is received, and the matter(s) complained of do not involve a possible violation of the “public trust”, the materials received will be referred to the ethics mediator who will contact the parties to schedule a meeting at a mutually agreeable time. During the mediation session the mediator will encourage all parties to openly and candidly discuss all issues and concerns giving rise to the inquiry or complaint, and to develop a resolution acceptable to all of the parties. In the event the mediator concludes that a potential violation of the public trust may have occurred, the mediation process shall be immediately terminated, and the parties shall be advised of their right to pursue a formal ethics complaint; to pursue a complaint with any appropriate governmental or regulatory body; to pursue litigation; or to pursue any other available remedy.

The mediator and the parties have considerable latitude in fashioning a mutually acceptable resolution. Resolutions can include, but are not limited to, payment of disputed

funds, repairs or restoration of property, written or oral apology, or acknowledgement of a violation of the Code of Ethics. In cases where a REALTOR® acknowledges that the Code has been violated, that admission may be sufficient to resolve the matter or, alternatively, the parties may agree that discipline should be imposed. The discipline may, at the agreement of all parties, include any of the forms of discipline established in the *Code of Ethics and Arbitration Manual* and may also include payment of monies to the complainant or to a third party. Also, the parties may agree that the complainant will withdraw a complaint or agree not to file a formal, written ethics complaint in return for the respondent's action or acknowledgement. Again, any discipline imposed must be agreed to by all of the parties.

Ethics mediators cannot refer concerns they have regarding the conduct of any party to mediation to the Grievance Committee, to the state real estate licensing authority or to any other regulatory body. This prohibition is intended to ensure impartiality and avoid the possible appearance of bias. Mediators are, however, authorized to refer concerns that the public trust may have been violated to the Grievance Committee.

Failure or refusal of a respondent to comply with the terms of any mutually agreed on resolution shall entitle the complaining party to resubmit the original complaint or, where a formal complaint in the appropriate form had not been filed, to file an ethics complaint. The time the matter was originally brought to the board or association's attention shall be considered the filing date for purposes of determining whether an ethics complaint is timely filed.

Guidelines for Mediators

The following guidelines are only suggestions for the mediation conference and are not intended to restrict the flexibility that is necessary for successful mediation. Failure to follow the guidelines does not affect an agreement otherwise acceptable to all parties.

- ☐ At the mediation conference, the Mediator advises the parties that the purpose of the conference is to afford them a place to amicably resolve the dispute themselves and thus to avoid an inter-board arbitration hearing where they will have no control over the decision handed down by the arbitrators.
- ☐ The Mediator may ask the complainant the nature of the dispute and/or what he/she is claiming, e.g. the dollar amount claimed and the basis for the claim.
- ☐ The Mediator may then ask the respondent why he/she feels the claim should be denied.
- ☐ The Mediator encourages the parties to discuss the disputed matter(s) and executes control only as needed. Communication between the parties is vitally important and encouraged.
- ☐ The Mediator may pull each party into a private discussion or caucus where he/she can note the strengths and weaknesses of each party's argument and discuss these with the parties.

- ❑ The Mediator may also point out the alternative to a mediated settlement - arbitration - where the parties have no control over the amount of the award.
- ❑ Styles of Mediators may vary. The Mediators will place open communications amongst the parties foremost, thus optimally enabling the parties to craft their own resolution to the dispute.

If the parties agree on a settlement, the Mediator reduces their agreement to writing and has each party sign a Mediation Agreement and Stipulated Arbitration Award. The Association is notified that arbitration will not be necessary.

Student Note



Module 2

Issues of Procedure & Evidence in Arbitration

Procedure Basics of Conducting Arbitration

Part Ten of the Code of Ethics and Arbitration Manual details the procedures for conducting arbitration hearings. Traditionally, and pursuant to the procedures in the Manual, hearings have been conducted by panels of REALTOR® members of the Professional Standards Committee, with a panel chair appointed by the Chair of the committee.

Any of the following four (4) hearing officer options may be adopted locally to supplement the hearing procedures in the Manual. It is important to note that authorizing use of hearing officers supplements and is not a substitute for the Manual's arbitration hearing procedures.

Local boards/associations electing to implement the hearing officer concept in their arbitration processes will need to choose one of the following:

- 1) *REALTOR® hearing officer(s) who chairs arbitration hearing panels of the Professional Standards Committee (either as an employee or as a volunteer).***
- 2) Staff hearing officer(s) who chairs arbitration hearing panels of the Professional Standards Committee.**
- 3) *REALTOR® hearing officer(s) who sits alone and conducts arbitration hearings.***
- 4) Staff hearing officer(s) who sits alone and conducts arbitration hearings.**

Where a board/association routinely utilizes hearing officers (either REALTOR® or staff) sitting alone, complainants and respondents retain the right to have arbitration requests considered by a panel composed of members of the local Professional Standards Committee. Boards and associations have considerable latitude in establishing criteria that hearing officers must satisfy on an ongoing basis.

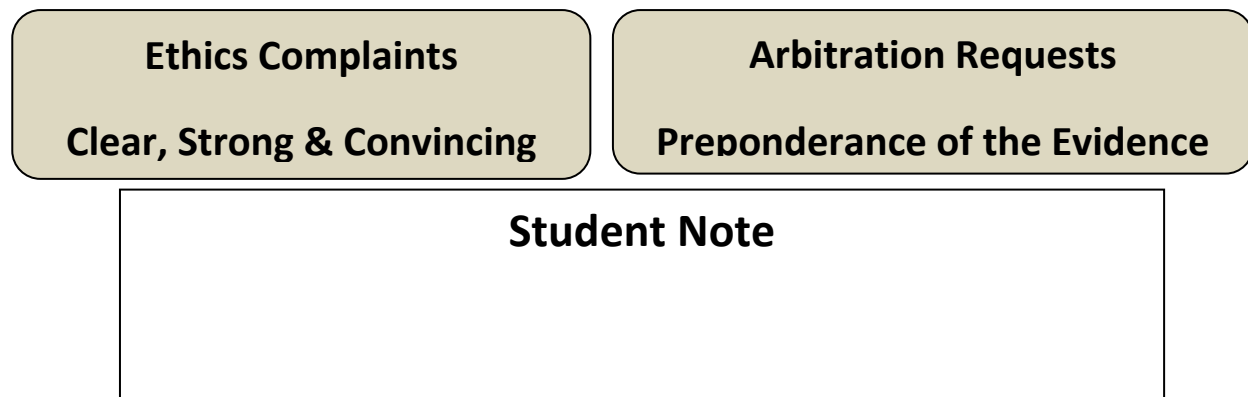
At a minimum, hearing officers must be thoroughly familiar with the arbitration procedures outlined in the Code of Ethics and Arbitration Manual, state real estate regulations, and current real estate practice. Hearing officers may also be required to periodically complete procedural training determined locally (e.g. seminars conducted by state or national associations, “distance learning” programs, including the Professional Standards component of NAR’s Advanced Administrative Concepts program, etc.).

Since enforcement of the Code of Ethics (including dispute resolution pursuant to Article 17) is a duty of the local Professional Standards Committee, hearing officers will act on behalf of and under the supervision of the Professional Standards Committee.

The Burden of Proof

In any ethics hearing or other hearing convened to consider alleged violations of membership duties and in any arbitration hearing, the ultimate burden of proving that the Code of Ethics or other membership duty has been violated, or that an arbitration award should be issued to the requesting party, is at all times on complainants and parties requesting arbitration.

The standard of proof on which an arbitration hearing decision is based shall be a “preponderance of the evidence.” Preponderance of the evidence shall be defined as evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; that is, evidence which as a whole shows that the facts sought to be proved are more probable than not. “Clear, strong, and convincing” shall be the standard of proof by which alleged violations of all membership duties, including violations of the Code of Ethics, are determined. Clear, strong, and convincing shall be defined as that measure or degree of proof which will produce a firm belief or conviction as to the allegations sought to be established.



Defining Arbitrable Issues

As used in Article 17 of the Code of Ethics, the terms “dispute” and “arbitrable matter” are defined as those contractual issues and questions, and specific non-contractual issues and questions defined in Standard of Practice 17-4, including entitlement to commissions and compensation in cooperative transactions, that arise out of the business relationships between REALTORS® and between REALTORS® and their clients and customers.

A Member Board should determine through advice of legal counsel:

- (1) Whether state law permits an agreement to binding arbitration in advance of a dispute or only after the dispute occurs, or;
 - (2) If binding arbitration is not recognized and is thus unenforceable by state law, the Board’s arbitration procedures must conform to applicable state law.
- In 2001, Article 17 was amended by the addition of the following paragraph:

The obligation to participate in arbitration contemplated by this Article includes the obligation of REALTORS® (principals) to cause their firms to arbitrate and be bound by any award.

This expansion in the scope of Article 17 does not diminish the personal responsibility of REALTORS® to participate in arbitration. While Article 17 obligates REALTORS® to “. . . cause their firms to arbitrate and be bound by any award . . . ,” it does not confer REALTOR®

membership status on real estate firms. Membership, and the duties membership imposes including adherence to the Code of Ethics, is still personal to every REALTOR®.

The change to Article 17 enhances the dispute resolution process by increasing the availability of arbitration—and the likelihood that awards will be enforceable and paid. In many instances, the disputes giving rise to arbitration under Article 17 relate to contracts between REALTORS®' firms or between REALTORS® acting on behalf of their respective firms. Even where disputes are actually between firms, Article 17 has required that arbitration complainants and respondents be individual REALTORS® (principals), and that awards be rendered in favor of and against individual REALTORS® (principals). In some instances this requirement has resulted in unfair results or rendered the arbitration process impotent because awards were uncollectible. Examples include REALTOR® (principal) respondents leaving the association's jurisdiction, leaving the real estate business, relinquishing their status as a principal in the firm, or being insolvent or "judgment-proof."

The expansion of Article 17 does not require substantive changes to the way associations of REALTORS® conduct arbitration. It does, however, give both arbitration complainants and respondents greater latitude in determining who the parties are and how any resulting award will be made. For example, a REALTOR® seeking to invoke arbitration could name a REALTOR® (principal) in another firm as the sole respondent; could name multiple REALTORS® (principals) in the other firm as respondents; could name a firm (comprised of REALTOR® principals) as the respondent; or could name both individual REALTORS® (principals) and their firm as respondents. In this way, the likelihood of the arbitration process being thwarted because a named respondent is no longer subject to an association's jurisdiction before, during or after the arbitration process, or an award being uncollectible, is greatly reduced.

Similarly, individual REALTOR® respondents who want either additional REALTOR® principals or their firms (or both) to be parties to the dispute can file an arbitration request against the original complainants with additional REALTORS® (principals) or the firm (or both) named as complainants. In such cases both claims would be consolidated by the Grievance Committee and all claims would be resolved in a single hearing.

Common Procedural Arbitration Questions

(1) If only an individual REALTOR® (principal) is named as the respondent in an arbitration request, can a Hearing Panel make an award against the respondent's firm?

No. Awards can only be made against named parties in the arbitration request and agreement.

(2) If only an individual REALTOR® (principal) is named as the complainant in an arbitration request, can a Hearing Panel make an award in favor of the complainant's firm?

No. Awards can only be made in favor of parties named in the arbitration request and agreement.

(3) If an award is made against an individual REALTOR® (principal), is it enforceable against the respondent's firm?

Awards are generally enforceable against parties named in the award.

(4) Can I name both a REALTOR® (principal) and his firm as respondents in an arbitration request?

Yes.

(5) What is the advantage to naming both a REALTOR® (principal) and his firm as respondents in an arbitration request?

Naming a REALTOR® (principal) as respondent lets the complainant know who will appear at the hearing, and naming the firm as respondent increases the chances of collecting any resulting award.

(6) If a REALTOR®'s firm is named as the respondent in an arbitration request and refuses to arbitrate, who can be named as respondent in a complaint alleging that Article 17 has been violated?

Any REALTOR® (principal) who holds membership locally or who enjoys MLS participatory rights through the association can be named as respondent.

(7) If only a REALTOR®'s firm is named as respondent in an arbitration request, who is served with notices?

Any REALTOR® (principal) in the firm may be served with notices.

Proper Handling of Documents, Exhibits & Witnesses

Arbitrations are not subject to the very strict evidentiary issues that attorneys and judges face in courtroom procedures. The goal is that all parties will have a right to be heard

and be able to freely and fairly represent their position and may support that position through the use of their own statements, witness testimony and accompanying documentation.

Generally the arbitrations shall begin with an opening statement by the parties or their respective attorneys which shall briefly outline the basic premise of the parties' positions in respect to the matter being arbitrated.

The complainant may give testimony and present evidence as deemed appropriate to the arbitration by the Hearing Panel. Following presentation by the complainant, the respondent shall testify. The parties shall present to the arbitrators their oral testimony and such written statements and proof as the arbitrators may require. Proof may be by affidavit or other form acceptable to the arbitrators. At the conclusion of testimony by each party, or by a witness, the opposing party and/or his/her counsel may cross-examine the party or witness.

Administrative Time Frames—Arbitration Proceedings Situation Time Table

Grievance

- Request filed 180 days . . .
- Response required/# of days to submit Optional/15 days from mailing request to respondent if response solicited
- Appeal dismissal to Directors 20 days from mailing dismissal notice
- Appeal of mandatory vs. voluntary classification 20 days from receipt of decision

Hearing

- Notification to respondent of request 5 days from receipt of Grievance Committee's instruction
- Response required 15 days from mailing request to respondent
- Challenge forms 10 days to challenge from date forms mailed
- Panel named 15 days from mailing challenge forms
- Hearing notice 21 days before hearing
- Arbitration case to panel Board option
- Notice of witnesses and attorney 15 days before hearing to Board and other party

Procedural Review

- Request filed 20 days from mailing award
- Preliminary review Optional number of days
- Amendment received Within 10 days of notice
- Review held by Directors Next/special meeting giving not less than 10 days notice

Student Note

Student Note



Module 3

Mock Arbitration

"It Was My Client"

Instructor Note

This Module of the material involves a mock arbitration and will take the instructor 75 Instruction Minutes to complete. There are four subpoenas that are supplemental material for this course and prior to class the instructor should select four class members to play the role of the witnesses in the mock arbitration. The information that each of them need is contained in the subpoenas.

The additional facts contained in the subpoenas should not be provided to the other students in the class. The mock arbitration begins with the instructor's presentation of the following fact pattern which the instructor and all of the students should review together. This presentation of the fact pattern should take only 5 minutes of class time. A set of PowerPoint slides have been created and integrated into the following fact pattern to assist the instructor in telling the story

One cold and snowy day Jan and Steve Relo, two Chicago residents were saddened by the deep snow and cold arctic winds that plagued their days. Heavily motivated they logged onto the internet and found a real estate agent, Sally Service, who lived in a much warmer climate. Expressing their needs and desires to relocate the Relos made plans to travel the following weekend to Sally's city and begin working with her to help find a suitable home in a much more desirable location.

Jan and Steve arrived on Wednesday night and early on Thursday morning they met Sally at Beautiful City Real Estate. The Relos explained that they were looking for a home in the \$500,000 range and that they would probably pay cash. Excited, Sally went through the Working with Real Estate Agents Brochure with the Relos. After her glowing presentation Jan and Steve both signed an exclusive buyer brokerage representation agreement and Sally spent two hours explaining to them the purchase process.

For the next three days, Sally showed Jan and Steve 24 different homes. While they were touring homes, Jan & Steve asked about a property that they drove by which was listed by Barney Bargain, an agent from another company, for \$1.2 million. Although the Relos said it was outside of their price range they wanted to see the home. Sally gave them a copy of the MLS listing and used her lock box key to show them the home. As they continued their search, the Relos spent hours with Sally and late on Saturday night Jan and Steve, exhausted by the search for homes indicated that they were having difficulty making up their minds with so many visions of homes swimming in their heads. They told Sally that they were going to return home to the snowdrifts of Chicago and "think about it."

For the next several weeks Sally tried calling the Relos multiple times and sent them several emails. Her attempts to contact them went unanswered. Giving up on her dream of another real estate client and closing, Sally returned to the phone book and began cold calling once again.

Six months later Sally had searched the floor of her car and found enough spare change to try and drown her sorrows at a local Starbucks. While she was sipping on her low-fat latte up came the Relos. Sally had trouble at first discerning the reason for the broad smile across Jan Relo's face, but Jan quickly and excitedly explained. "It is so good to see you. Do you know we finally closed on a new home here. Steve and I just bought a gorgeous home for \$1.2 million. You really should see it. We are so happy and excited. By the way, we want to thank you for everything you did when we first started looking here. You know we probably wouldn't have moved here, except we had such a great time with you."

Sally used her last few dollars after she left Starbucks to put just enough gas in her car and drove to her local Board and filed a Complaint against Barney Bargain claiming that he had stolen her clients and that she was entitled to a buyer's representation fee in regard to the closed transaction.

Student Notes

Preliminary Polling of Opinions

Having read the above fact pattern I believe that the following resolution should occur in this case:

- ☐ **Barney Bargain should be ordered to pay the full co-op fee to Sally Service**
- ☐ **Sally Service is not entitled to a co-op fee**
- ☐ **Sally Service should be paid _____ amount as a portion of the co-op fee**
- ☐ **I am glad someone else makes these decisions, I don't know**

Findings of Fact That Led to My Opinion

In reaching the above decision I relied on the following findings of fact that I determined from the case study:

Conducting the Arbitration

Student Notes

Student Notes from the Testimony of Sally Service

**Write Down 3 Issues Created or Resolved
By Sally Service's Testimony**

1.

2.

3.

Student Notes from the Testimony of Steve Relo

**Write Down 3 Issues Created or Resolved
By Steve Relo's Testimony**

1.

2.

3.

Student Notes from the Testimony of Barney Bargain

**Write Down 3 Issues Created or Resolved
By Barney Bargain's Testimony**

1.

2.

3.

Student Notes from the Testimony of Jan Relo

**Write Down 3 Issues Created or Resolved
By Jan Relo's Testimony**

1.

2.

3.

Student Notes

NAR Procuring Cause Worksheet for Analysis

<i>Issue</i>	Favors Complainant	Favors Respondent	Favors Neither
1. Was an offer of compensation made through the MLS or otherwise?			
2. Is the claimant a party to whom the listing broker's offer of compensation was extended?			
3. What was the nature of any buyer representation agreement(s)? Was the agreement(s) exclusive or non-exclusive? What capacities was the cooperating brokers functioning in, e.g. agent, legally-recognized non-agent, other?			
4. Were any of the brokers acting as subagents? As buyer brokers? In another recognized capacity?			
5. How was the first introduction to the property that was sold/leased made?			
(a) Did the buyer/tenant find the property on their own?			
(b) Who first introduced the purchaser or tenant to the property			
(c) Was the introduction made to a different representative of the buyer/tenant?			
(d) Was the "introduction" merely a mention that the property was listed?			
(e) Was the property introduced as an open house?			
(f) What subsequent efforts were made by the broker after the open house?			

(g) What property was first introduced?			
6. When was the first introduction to the property that was sold/leased made?			
(a) Was the introduction made when the buyer/tenant had a specific need for that type of property?			
(b) Was the introduction instrumental in creating the desire to purchase/lease?			
(c) Did the buyer know about the property before the broker contacted him? Did he know it was for sale/lease?			
(d) Were there previous dealings between the buyer and the seller?			
7. What efforts subsequent to the first introduction to the property were made by the broker introducing the property that was sold or leased?			
8. If more than one cooperating broker was involved, how and when did the second cooperating broker enter the transaction?			
9. Did the broker who made the initial introduction to the property engage in conduct (or fail to take some action) which caused the purchaser or tenant to utilize the services of another broker? (estrangement)			
(a) Were agency disclosures made? When?			
(b) Was the potential for dual agency disclosed? When?			
10. Did the broker who made the initial introduction to the property maintain contact with the purchaser or tenant, or could the broker's inaction have reasonably been viewed by the			

buyer or tenant as a withdrawal from the transaction? (abandonment)?			
11. Was the entry of any cooperating broker into the transaction an intrusion into an existing relationship between the purchaser and another broker, or was it the result of abandonment or estrangement of the purchaser?			
12. Did the buyer make the decision to buy independent of the broker's efforts/information?			
13. Did the seller act in bad faith to deprive the broker of his commission?			
(a) Was there bad faith evident from the fact that the difference between the original bid submitted and the final sales price equaled the broker's commission?			
(b) Was there bad faith evident from the fact that a sale to a third party was a straw transaction (one in which a non-involved party posed as the buyer) which was designed to avoid paying commission?			
(c) Did the seller freeze out the broker to avoid a commission dispute or to avoid paying a commission at all?			
14. Did the buyer seek to freeze out the broker?			
(a) Did the buyer seek another broker in order to get a lower price?			
(b) Did the buyer express the desire not to deal with the broker and refuse to negotiate through him?			
(c) Did the contract provide that no brokers or certain brokers had been involved?			

15. Did the original introduction of the purchaser or tenant to the property start an uninterrupted series of events leading to the sale or lease, or was the series of events hindered or interrupted in any way?			
16. If there was an interruption or break in the original series of events, how was it caused, and by whom?			
(a) Did the seller change the listing agreement from an open listing to an exclusive listing agreement with another broker?			
(b) Did the buyer terminate the relationship with the broker? Why?			
(c) Was there interference in the series of events from any outside or intervening cause or party?			
(b) Was there abandonment or estrangement?			
17. Did the cooperating broker (or second cooperating broker) initiate a separate series of events, unrelated to and not dependent on any other broker's efforts, which led to the successful transaction—that is, did the broker perform services which assisted the buyer in making his decision to purchase?			
(a) Did the broker make preparations to show the property to the buyer?			
(b) Did the broker make continued efforts after showing the property?			
(c) Did the broker remove an impediment to the sale?			
(d) Did the broker make a proposal upon which the final transaction was based?			
(e) Did the broker motivate the buyer to purchase?			



REALTOR®

Arbitration Decision of the Professional Standards Committee

Your Board of REALTORS®

Board or State Association

REALTOR® Sally Service
Complainant(s)

vs.

REALTOR® Barney Bargain
Respondent(s)

Findings of Fact: The basis for our decision is the conclusion of the Hearing Panel as to the following facts (use additional pages if required):

Conclusions of the Hearing Panel: We, the members of the Hearing Panel in the above-stated case, find and order the following resolution of this Arbitration Hearing:

The decision, findings of fact, and recommendation(s) preceding were rendered by a Hearing Panel comprising the following members whose signatures are affixed below. The hearing took place on _____, 20____.

Member Name

Signature

Notice: This decision is not final and is subject to certain rights of both the complainant and the respondent.

Complainant's Rights: Within twenty (20) days of transmittal of this notification, the complainant may request a rehearing by the original Hearing Panel solely on the grounds of newly discovered material evidence which the complainant, in the exercise of reasonable diligence, could not have discovered and produced at the original hearing. This request shall be directed to the Hearing Panel and the Hearing Panel shall consider the request, which shall include (1) a summary of the new evidence and (2) a statement of what the new evidence is intended to show and how it might affect the Hearing Panel's decision. If no rehearing is requested, or within ten (10) days after denial of a petition for rehearing, the complainant may, within twenty (20) days of transmittal of this notification, file an appeal with the President for a hearing before the Directors based only upon an allegation of procedural deficiencies or other lack of procedural due process that may have deprived the complainant of a fair hearing. A transcript or summary of the hearing shall be presented to the Directors by the Chairperson of the Hearing Panel, and the parties and their counsel may be heard to correct the summary or the transcript. No new evidence will be received (except such new evidence as may bear upon a claim of deprivation of due process), and the appeal will be decided on the transcript or summary.

Respondent's Rights: Within twenty (20) days of transmittal of this notification, the respondent may request a rehearing by the original Hearing Panel solely on the grounds of newly discovered material evidence which the respondent, in the exercise of reasonable diligence, could not have discovered and produced at the original hearing. This request shall be directed to the Hearing Panel and the Hearing Panel shall consider the request, which shall include (1) a summary of the new evidence and (2) a statement of what the new evidence is intended to show and how it might affect the Hearing Panel's decision. If no rehearing is requested, or within ten (10) days after denial of a petition for rehearing, the respondent may, within twenty (20) days of transmittal of this notification, file an appeal with the President for a hearing before the Directors challenging the decision and/or recommendation for discipline. A transcript or summary of the hearing shall be presented to the Directors by the Chairperson of the Hearing Panel, and the parties and their counsel may be heard to correct the summary or transcript. No new evidence will be received (except such new evidence as may bear upon a claim of deprivation of due process), and the appeal will be decided on the transcript or summary.

Final Action by Directors: Both the complainant and respondent will be notified upon final action of the Directors.

Student Notes



Module 4

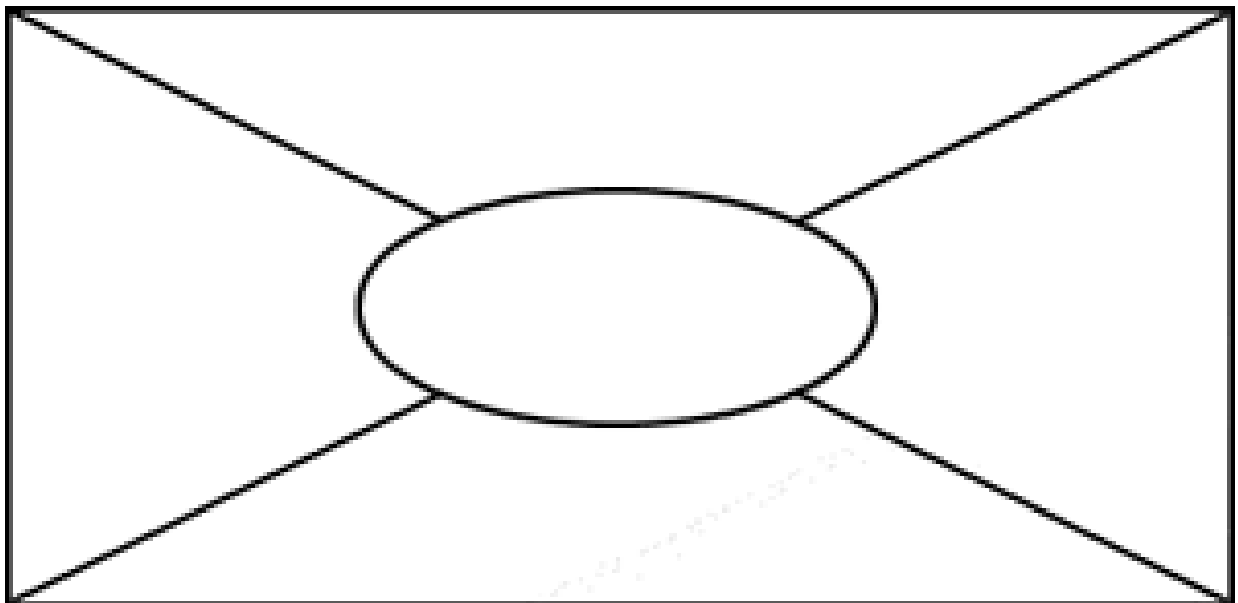
Resolving & Dealing With Problematic Issues

Student Notes

This module is intended to create a general question and answer session based on all of the foregoing material. It is also intended to raise the level of awareness of particularly problematic areas of the Code of Ethics which are currently hot topics.

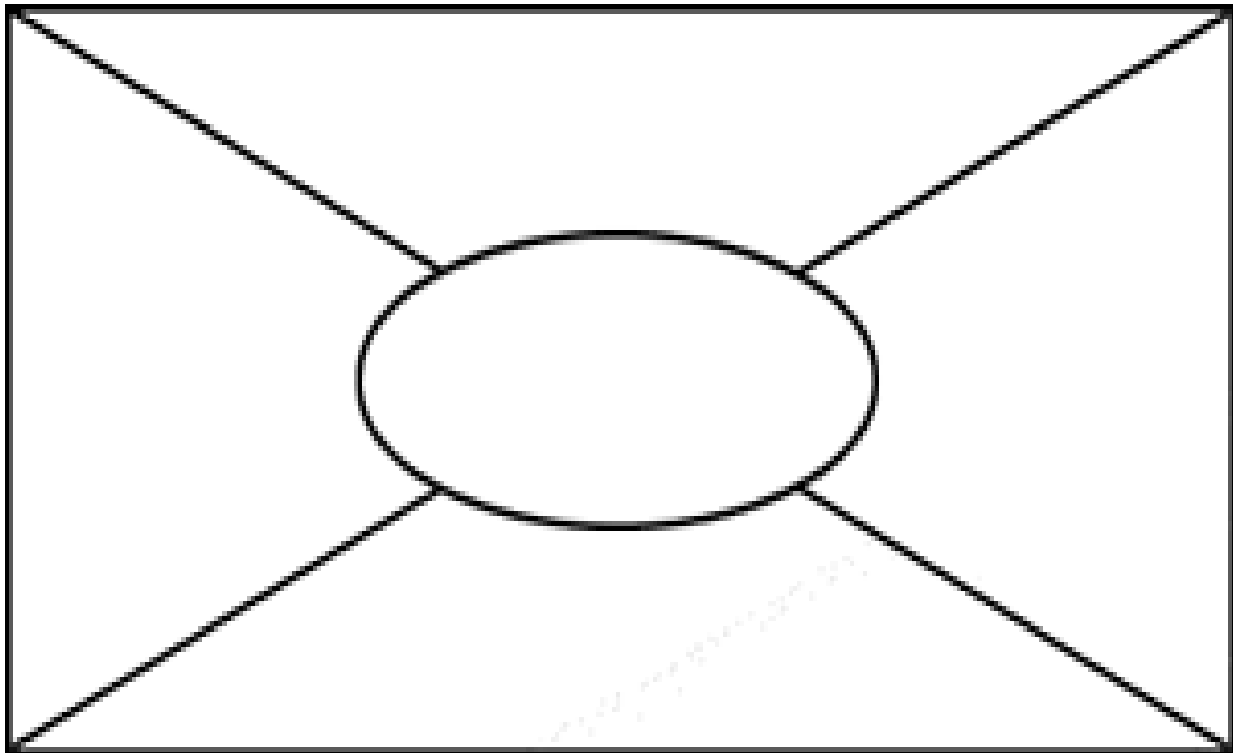
Group Class Participation Activity #1

In groups of four, each of you needs to contribute one new thing or concept you heard about in class today. Each of you needs to write your idea on one of the four outside areas of the following template. Then as a group decide from those four, the best idea or piece of information that you learned and write that one item into the circle in the center.



Group Class Participation Activity #2

In groups of four, each of you needs to identify one question that you have concerning the Code of Ethics and the material presented in this course. Each of you needs to write down your question on one of the four outside areas of the following template. Then as a group decide from those four, the best question that your group would like to ask.



Student Note

Code of Ethics Case Interpretations

The NAR Arbitration Manual contains several interpretations of the Code of Ethics based on fact patterns and scenarios that commonly arise in disciplinary actions. The following Case Studies are from those interpretations and highlight some current issues and concerns being raised in conjunction with the Code of Ethics.

Subsequent Offers & the Short Sale Implications



Case #1-13: Obligation to Present Subsequent Offers After an Offer to Purchase Has Been Accepted by the Seller (Adopted November, 1987 as Case #7-17. Transferred to Article 1 November, 1994.)

REALTOR® A had a 90-day exclusive listing on Seller X's property. Seller X instructed REALTOR® A to list the property at \$150,000 based upon the sales price of a neighbor's house, which had sold a month earlier. REALTOR® A aggressively marketed the property, filing the listing with the Board's MLS, running a series of advertisements in the local newspaper, holding several "Open Houses," and distributing flyers on the property at local

supermarkets.

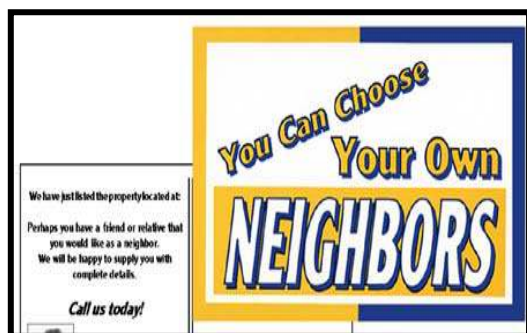
REALTOR® A, whose listing contract was nearing expiration, held another "Open House" on the property, which resulted in an offer to purchase from Buyer Y at \$15,000 less than the listed price. REALTOR® A, convinced that this was the best offer Seller X was likely to obtain, persuaded Seller X to accept the offer. Seller X expressed dissatisfaction with REALTOR® A's failure to obtain a full price offer, but signed the purchase agreement nonetheless. The next day, REALTOR® B, a cooperating broker, delivered to REALTOR® A a full price offer on Seller X's property from Buyer Z. Buyer Z had attended an earlier "Open House" and was very enthusiastic about the home's location, stating that it would be perfect for his mother.

REALTOR® A advised REALTOR® B and Buyer Z that an offer had already been accepted by Seller X and that he, REALTOR® A, would not present Buyer Z's offer. REALTOR® B and Buyer Z then promptly filed a complaint with the Board charging REALTOR® A with a violation of Article 1, as interpreted by Standard of Practice 1-7, obligation to present Buyer Z's offer, since the listing agreement did not specifically provide that subsequent offers would be presented to the seller. Further, REALTOR® A felt that such a practice could only lead to controversy between buyers and sellers, as well as result in breached contracts. "Why get everyone in an uproar," said REALTOR® A, "by presenting offers after one has been accepted? And what would I do if Seller X wanted to back out of the first purchase contract and accept Buyer Z's offer?"

The Hearing Panel found REALTOR® A in violation of Article 1. In their “Findings of Fact and Conclusions,” the Hearing Panel cited REALTOR® A’s lack of understanding of the requirements of Article 1, as interpreted by Standard of Practice 1-7. The panel noted that state law did not prohibit the presentation of offers after an offer had been accepted by the seller; that the fact that the listing contract was silent on whether subsequent offers would be presented did not relieve REALTOR® A from the obligation to present such offers; that as the agent of the seller, REALTOR® A must always act in the seller’s best interest and advise the seller of all offers submitted; and that should the seller wish to consider accepting a subsequent offer, REALTOR® A must advise the seller to seek the advice of legal counsel.

Choose Your Neighbor Campaigns

REALTOR® A listed a property in a new subdivision. At the instruction of his client, Seller X, REALTOR® A did not file information on the listing with his Board’s MLS, did not place a “For Sale” sign on the property and did not advertise the property in the local newspaper. Seller X had told REALTOR® A that he wanted the sale handled quietly, with the new purchasers being people who would “fit into the neighborhood—people with the same socioeconomic background” as the other residents of the subdivision.



Based on his conversation with Seller X, REALTOR® A’s only marketing effort was mailing a letter to the other residents of the subdivision, inviting them “. . . to play a part in the decision of who your next neighbor will be. If you know of someone who you would like to live in the neighborhood, please let them know of the availability of this home, or call me and I will be happy to contact them and arrange a private showing.”

REALTOR® A’s marketing strategy came to the attention of REALTOR® B, whose mother lived in the subdivision. REALTOR® B filed a complaint charging REALTOR® A with a violation of Article 10 of the Code of Ethics. At the hearing, REALTOR® B told the Hearing Panel of receiving a copy of the marketing letter from his mother, who had recently moved to the subdivision. REALTOR® B advised the panel that he had checked the Board’s MLS for information on the property, had driven past the house to look for a “For Sale” sign and had scanned the Sunday real estate section of the local newspaper for information on the property. Finding no mention of the property in either the MLS or the newspaper and noting the absence of a sign on the property, REALTOR® B concluded that REALTOR® A’s marketing strategy was to limit access to the property to individuals preselected by the current residents. “In my mind,” said REALTOR® B, “this could only mean one thing. REALTOR® A was deliberately discriminating against home seekers from other areas, or those with different backgrounds, who would never have the

opportunity to learn about the house's availability. Obviously, REALTOR® A was directing all of his marketing energies into finding purchasers who would not disrupt the ethnic and economic character of the neighborhood."

REALTOR® A defended his actions by advising the panel that he was acting on Seller X's instructions. Seller X appeared as a witness for REALTOR® A and confirmed this fact, adding that he and the other residents of his block had an informal agreement that they would try to find "suitable" purchasers for their homes if they ever decided to sell. Seller X felt that by broadening the marketing campaign to include all residents of the subdivision he had increased the chances of finding such potential purchasers.

The Hearing Panel found REALTOR® A in violation of Article 10 of the Code of Ethics. In their decision, the panel advised REALTOR® A that no instruction from a client could absolve a REALTOR® from the obligation to market properties without regard to race, color, religion, sex, handicap, familial status, or country of national origin, as expressed in Article 10. There was no doubt, in the panel's opinion, that the exclusive use of "Choose Your Neighbor" letters to market the property was designed to circumvent the requirements of Article 10.

The Domain Game

Case #12-17: Use of Deceptive Domain Name/URL ("Uniform Resource Locator")

(Adopted May, 2001.)



REALTOR® X, a principal broker in the firm XYZ, was technologically savvy and constantly looking for ways to use the Internet to promote his firm and drive additional traffic to his website. Being an early adapter to the Internet, he had registered, but not used, domain names that incorporated or played on the names of many of his competitors and their firms, including ABC, REALTORS®.

REALTOR® X and his information technology staff concluded that one way to drive traffic to the firm's website would be to take advantage of the search engines commonly used by potential buyers and sellers. They realized that when potential buyers or sellers searched on key words like "real estate" or "REALTORS®" or on similar words, lists of domain names would appear, and that when consumers searched the Internet for ABC, REALTORS®, one of the domain names that might appear would be REALTOR® X's domain name, abcrealtors.com. REALTOR® X decided to take advantage of the domain names that he had previously registered, and pointed several that used, in various ways, the names of his competitors, including "abcrealtors.com," to his site.

In a matter of days, REALTOR® X learned that he had been charged with a violation of Article 12 of the Code of Ethics by REALTOR® A, the owner of ABC, REALTORS®, alleging that his

REALTOR® X's) use of the domain name "abcrealtors.com" presented a false picture to potential buyers and sellers and others on the Internet.

At the hearing, REALTOR® X defended himself indicating that, in his opinion, use of a domain name was not advertising or a "representation" to the public but simply a convenient way for Internet users to find relevant websites. Moreover, "When web surfers reach my home page, there is no question that it is my site since I clearly show XYZ's name and our status as REALTORS®," he continued. "These complaints are just a lot of sour grapes from dinosaurs who aren't keeping up and who don't realize that on the Internet it's 'every man for himself.' "

The Hearing Panel disagreed with REALTOR® X's justification, indicating that while his use of a domain name that employed another firm's name might not be precluded by law or regulation, it did not comply with the Code's higher duty to present a "true picture." REALTOR® X was found in violation of Article 12, presenting an untrue picture in his representation to the public.

Words of Caution to Property Managers

Case #6-1: Profit on Supplies Used in Property Management (Reaffirmed Case #16-1 May, 1988. Transferred to Article 6 November, 1994.)



REALTOR® A, a property manager, bought at wholesale prices, janitorial supplies used in cleaning and maintenance of an office building which he managed for his client, Owner B. In his statements to Owner B, he billed these supplies at retail prices.

REALTOR® A's practice came to the attention of Owner B who filed a complaint with the local Board of REALTORS®, charging REALTOR® A with unethical conduct in violation of Article 6 of the Code of Ethics. In questioning during the hearing called by the Board's Professional Standards Committee, REALTOR® A's defense was that the prices at which he billed these supplies to his client were no higher than the prices which Owner B had been paying prior to putting the property under REALTOR® A's management.

It was clearly established that no disclosure of this profit or supplies used in property management had been made, and also that in proposing the management contract, REALTOR® A had held out to Owner B the inducement of attainable economies in operation. REALTOR® A was found by the Hearing Panel to be in violation of Article 6.

The Case of the Bus Stop

Case #1-2: Honest Treatment of All Parties (Originally Case #7-2. Revised May, 1988. Transferred to Article 1 November, 1994. Cross-reference Case #2-18.)



As the exclusive agent of Client A, REALTOR® B offered Client A's house for sale, advertising it as being located near a bus stop. Prospect C, who explained that his daily schedule made it necessary for him to have a house near the bus stop, was shown Client A's property, liked it, and made a deposit. Two days later, REALTOR® B read a notice that the bus line running near Client A's house was being discontinued. He informed Prospect C of this, and Prospect C responded that he was no longer interested in Client A's house since the availability of bus transportation was essential to him. REALTOR® B informed Client A and recommended that Prospect C's deposit be returned.

Client A reluctantly complied with REALTOR® B's recommendation, but then complained to the Board of REALTORS® that REALTOR® B had not faithfully protected and promoted his interests; that after Prospect C had expressed his willingness to buy, REALTOR® B should not have made a disclosure that killed the sale since the point actually was not of major importance. The new bus route, he showed, would put a stop within six blocks of the property.

In a hearing before a Hearing Panel of the Board's Professional Standards Committee, REALTOR® B explained that in advertising Client A's property, the fact that a bus stop was less than a block from the property had been prominently featured. He also made the point that Prospect C, in consulting with him, had emphasized that Prospect C's physical disability necessitated a home near a bus stop. Thus, in his judgment, the change in bus routing materially changed the characteristics of the property in the eyes of the prospective buyer, and he felt under his obligation to give honest treatment to all parties in the transaction, that he should inform Prospect C, and that in so doing he was not violating his obligation to his client.

The Hearing Panel concluded that REALTOR® B had not violated Article 1, but had acted properly under both the spirit and the letter of the Code of Ethics. The panel noted that the decision to refund Prospect C's deposit was made by the seller, Client A, even though the listing broker, REALTOR® B, had suggested that it was only fair due to the change in circumstances.

Student Notes

Frequent Questions & Their Answers

1. Can the Board of Directors direct a Grievance Committee to always (or, conversely, never) solicit responses in ethics and arbitration proceedings?

Yes, but such direction might prove limiting in some instances. For example, given a timely filed arbitration request where the Grievance Committee is able to determine that an arbitrable issue exists of a mandatory nature and that all appropriate parties are enjoined, there would be little cause to solicit a response. But this might not be true in every instance.

2. A respondent in an ethics hearing has notified the Board that she will be represented by legal counsel. Is it appropriate for her counsel to take an active role in the hearing?

Every party to an ethics or arbitration hearing has the right to be represented by legal counsel. Counsel may take an active role in presenting the opening and closing statements, the party's claim/defense, and the cross-examination of the other party and the other party's witnesses. Regardless of how actively counsel participates in a hearing, it is important to remember that no REALTOR® may refuse to answer questions directly put to him or her (though the party may confer with counsel prior to answering), and at no time must a Hearing Panel countenance any attempt by counsel to harass, intimidate, coerce, or confuse the panel or any party to the proceeding.

3. A salesperson is the respondent in an ethics complaint. The respondent asks that his principal broker (who is also a REALTOR®) serve as his counsel during the hearing. Is this permitted?

Yes. As used in the Code of Ethics and Arbitration Manual, the term "counsel" refers to an attorney at law or to a REALTOR® of the parties' choosing (or both) in an ethics proceeding. However, it would be inappropriate for anyone other than a licensed attorney to act as counsel for a party to an arbitration proceeding.

4. What does NAR recommend with respect to an Executive Officer's role in ethics and arbitration hearings?

Whether an Executive Officer attends hearings in an administrative capacity, or participates pursuant to the optional hearing officer policies, is a matter of local discretion. Some Boards and Associations have determined that it is beneficial to have the Executive Officer present to provide technical assistance and expertise, while other Boards and Associations choose to have one of the panelists (or Board counsel) provide procedural guidance. This is a matter to be determined by each Board and Association depending on, for example, staff resources, staff experience in professional standards matters, hearing panelists' experience relative to procedures and enforcement of the Code of Ethics, the complexity of the issue, and whether or not Board counsel will be present.

5. Our Board is small, and if we are unable to impanel an impartial tribunal of five Directors to consider an appeal, can we refer the appeal to another Board?

No; if a Board is unable to impanel an impartial appeal tribunal, the Board of Directors could refer the matter to the State Association. Refer to Professional Standards Policy Statement #18 in the Code of Ethics and Arbitration Manual.

6. How long should our Board retain professional standards records?

The National Association has no policy governing retention of professional standards records. Boards are encouraged to consult legal counsel when determining how long professional standards records should be kept. NAR recommends that records relative to ethics hearings be retained for one year after any discipline has been complied with absent a threat of litigation. In arbitration cases, records should be retained for one year after the award has been paid absent a threat of litigation. Minimally, all professional standards records should be retained until the appeal or procedural review period has expired and it is recommended that the final decision of arbitration Hearing Panels and the Board of Directors relative to ethics proceedings be retained permanently in the respondent's membership file. (Revised 11/07)

7. Can an extension be granted for responses to be submitted to the Board of REALTOR®?

Yes; extensions can be granted as a matter of discretion by the appropriate tribunal.

8. Can an individual who is not a named party attend an ethics or arbitration hearing?

No; attendance at any hearing is limited to the parties and the parties' respective counsel and/or witnesses (witnesses are excused except during their testimony); the Hearing Panel members (including alternates); Board staff and/or counsel, as deemed necessary; and the court reporter, if utilized. In any ethics proceeding, the REALTOR® principal, consistent with Part Two, Section 13(d) of the Code of Ethics and Arbitration Manual may attend. In any arbitration proceeding, REALTOR® non principals and REALTOR®-Associates who have a vested financial interest consistent with Part Ten, Section 44(a)(2) of this Manual may also attend.

9. Must our Board grant a postponement each time one is requested? Or, if one party receives a postponement, is the other party automatically entitled to a postponement if requested?

A Board is under no obligation to grant a postponement, much less honor repeated requests for postponement. However, extenuating circumstances should be considered in determining if a requested continuance will be granted.

10. What is an "arbitrable issue?"

An arbitrable issue is defined as a question arising out of a transaction between parties to a contract (and specific non-contractual disputes as defined in Standard of Practice 17-4). To proceed with arbitration, there must be a dispute between the parties that arises out of a real estate transaction and a disagreement between the parties as to entitlement to a sum of money. See Part Ten, Section 43, Arbitrable Issue, of this Manual.

11. Can a mandatory arbitration exist between two cooperating brokers?

Possibly. Refer to Appendices I and II to Part Ten of the Code of Ethics and Arbitration Manual and Standard of Practice 17-4.

12. A Board has scheduled an arbitration hearing, and the respondent advises the Board that he will not attend the hearing. Can the scheduled hearing proceed?

Arbitration in the absence of a respondent may take place where permitted by state statute or case law. The Code of Ethics and Arbitration Manual, in Part Ten, Section 48, provides three (3) options addressing the circumstances under which Boards may conduct arbitration. Boards should consult with Board or State Association legal counsel and determine which of these options the Board should adopt.

Additionally, no arbitration hearing may be held in the absence of the complainant, and no award may be rendered without a hearing on the merits.

13. Can a Board, prior to an arbitration hearing being held, hold the disputed funds in its

escrow account if voluntarily submitted by the parties?

Yes, but this is a matter of local option. Under no circumstances may a Board require the parties to deposit the funds prior to an arbitration hearing being held. See Professional Standards Policy Statement #8.

14. Can a client request arbitration with a REALTOR® principal?

Yes.

15. Can a REALTOR® principal invoke arbitration if the dispute arose prior to the time the requestor became a REALTOR®?

No; refer to the Professional Standards Policy Statement #23, Code of Ethics and Arbitration Manual.

16. Who can amend an ethics complaint, and when can it be amended?

Before an ethics complaint is referred to the Professional Standards Committee for hearing, it may be amended either by the complainant or by the Grievance Committee. If the Grievance Committee dismisses an Article(s) cited by the complainant, the complainant may appeal that dismissal to the Board of Directors.

After referral to the Professional Standards Committee, the complaint may be amended only by the complainant with the agreement of the Hearing Panel. The respondent should then be provided with a copy of the amended complaint and be given an opportunity to file an amended response.

An ethics complaint may also be amended by either the complainant, subject to concurrence of the panel, or upon action of the Hearing Panel during the hearing to add previously uncited Articles or additional respondents. If this occurs, the respondent should be given an opportunity to request a postponement to prepare a response to the amended complaint.

Arbitration requests may be amended to add or delete parties only by the complainant or respondent. During its initial review, however, the Grievance Committee may suggest that such amendments be made in order to ensure that all related claims arising out of the same transaction can be resolved at the same time. Refer to Professional Standards Policy Statement #27, Code of Ethics and Arbitration Manual.

17. Who can withdraw a complaint, and when can this be done?

Complainants may withdraw their complaints at any time prior to the start of an ethics hearing. If a complaint is withdrawn by the complainant after the Grievance Committee determines the complaint requires a hearing, it will be referred back to the Grievance Committee to determine whether a potential violation of the public trust (as defined in

Article IV, Section 2 of the National Association's Bylaws) may have occurred. Only where the Grievance Committee determines a potential violation of the public trust may have occurred may the Grievance Committee proceed as the complainant. A complaint so withdrawn shall not be deemed a final determination on the merits. (Amended 5/04)

18. If the alleged offense is a violation of an MLS rule or regulation and does not involve a charge of unethical conduct or request for arbitration, it may be administratively considered and determined by the Multiple Listing Service Committee, and if a violation is determined, that committee may direct the imposition of a sanction. The recipient of such a sanction, however, may then request a hearing before the Professional Standards Committee within twenty (20) days following receipt of the Multiple Listing Service Committee's decision.

Any alleged violation of an MLS rule or regulation that includes charges of unethical conduct should be forwarded to the Grievance Committee for review and possible referral to the Professional Standards Committee. Refer to Section 7.1, Handbook on Multiple Listing Policy.

19. Is there a policy that would allow ethics complaints that involve several REALTORS® to be consolidated into one ethics hearing?

Professional Standards Policy Statement #34 provides:

Consolidation of Ethics Complaints Arising Out of the Same Transaction. In the interest of maximizing the resources of Boards and Associations, Grievance Committees should use all reasonable efforts to ensure that all ethics complaints arising out of the same transaction or event are consolidated and scheduled for hearing in a single hearing. Respondents to ethics complaints do not have the right to a separate hearing unless they can demonstrate that consolidation of complaints would prevent them from receiving a fair hearing.

20. A principal broker has not been named as a respondent in an ethics complaint but wants to attend the hearing in which his sales associate is a respondent. Can he do so?

A principal who is not joined in an ethics complaint as a respondent may be present during the hearing and may even be required by the Hearing Panel to attend the hearing. Whether the principal attends the hearing or not, the principal should receive copies of the complaint and response and be provided with notice of hearing.

21. Can our Board impose "conditional" discipline? For example, can we stipulate that a respondent be suspended until a fine is paid?

Yes. Although suspension may not be imposed as a sanction for greater than one (1) year (and expulsion for not more than three [3] years), a Board can stipulate that a respondent be suspended (or expelled) until a fine is paid or an educational course is completed. The respondent would be seen as having the "keys to his own cell," meaning that the length of

his suspension or expulsion is dependent on his own actions.

22. Does the complainant's REALTOR® principal, if not a co-complainant, have the right to be present during an ethics hearing?

No; only the respondent's REALTOR® principal has the right to attend the ethics hearing (unless the complainant's REALTOR® principal is acting as counsel). Refer to Part Two, Section 4 and Section 13 of the Code of Ethics and Arbitration Manual.

23. A member found in violation has asked for an extension in order to complete the discipline imposed. Can such an extension be granted?

Yes, at the discretion of the Board of Directors.

24. Our Board is considering publishing the fact that a member has been suspended. What should be contained in such a notice?

The nature, form, content, and extent of this notice should be reviewed by legal counsel prior to dissemination. However, such notice would not be expected to go beyond providing the following: 1) respondent's name; 2) respondent's license number or office address, or both, if necessary for identification purposes to distinguish the respondent from another member with the same or similar name; 3) length of suspension/expulsion, when it becomes effective, and when, if suspension is imposed, the individual will have all withdrawn membership rights, services, and privileges automatically reinstated; and 4) the Article violated (or notification of what other duty of membership was breached).

25. A member who is a respondent in an ethics complaint is demanding that the complainant produce certain documents. Can he do so?

No; only a duly authorized tribunal of the Board may require information to be submitted, consistent with Article 14.

26. Can a Board consolidate an ethics complaint and arbitration request filed by the same complainant against the same respondent?

Such an arbitration request and ethics complaint cannot be consolidated in one proceeding, and the member filing them must be so advised. If the complainant still wished to pursue both the arbitration request and the charge of alleged unethical conduct, the two matters must be handled separately. In such cases, the arbitration should be held first to avoid prejudice to the arbitration by reason of any finding as to violation of the Code of Ethics. When the ethics hearing is held at a later time, it should be before a different Hearing Panel and individuals having served on the arbitration panel may not serve on the ethics Hearing Panel.

27. What does the National Association recommend be included in the "Findings of Fact" section of sample form #E-11?

The purpose of the "Findings of Fact" section of Form #E-11 is to provide a clear and concise statement of the facts that led the Hearing Panel to reach its conclusion. For example, the findings of fact for a violation of Article 12 could read as follows: "REALTOR® B was charged with a violation of Article 12. Evidence provided during the hearing showed that his firm had a listing on 123 Pleasant Drive, and that he ran an ad on October 4 for the property which did not disclose the name of his firm. Consequently, the Hearing Panel finds him in violation of Article 12 as interpreted by Standard of Practice 12-5."

Conversely, if a violation was not found, the "Findings of Fact" could read: "REALTOR® B was charged with a violation of Article 12. Evidence provided during the hearing showed that his firm had a listing on 123 Pleasant Drive, and that the advertisement he ran for that property on October 4 disclosed the name of his firm. Consequently, the Hearing Panel finds him not in violation of Article 12 as interpreted by Standard of Practice 12-5."

28. A REALTOR® belongs to Board A only and is a Participant only in Board B's MLS. Can Board A forward the professional standards records of this individual to Board B if the individual has been found in violation of the Code of Ethics at Board B?

Yes, if a REALTOR® is found in violation of the Code of Ethics at one Board, another Board may share that member's professional standards record for progressive disciplinary purposes.

29. Can a complainant refile an ethics complaint or an arbitration request if the complainant withdraws the complaint/request?

Yes, assuming the Grievance Committee has not previously dismissed the ethics complaint/arbitration request and the Grievance Committee finds the refiled matter timely filed.

30. If either an ethics complaint or arbitration request is dismissed, in whole or in part, what information should be included in the dismissal notice?

A notice of dismissal shall specify the reason(s) for dismissing (e.g., the matter is not timely filed, or the allegations, if taken as true, do not appear to support a possible violation of the Article(s) cited, or there is no contractual dispute [or specific non-contractual dispute consistent with Standard of Practice 17-4] between the parties named in arbitration). Any notice of dismissal shall also inform the complainant of their opportunity to appeal the dismissal, and should inform the complainant that although the complaint/arbitration request and attachments cannot be revised, modified, or supplemented, the complainant may explain in writing why the complainant disagrees with the conclusion that the matter be dismissed. (Revised 5/07)

31. If a REALTOR® principal resigns or otherwise causes his or her REALTOR®

membership to terminate and there is a current arbitration request pending against him or her, can a complainant amend an arbitration request to name the new REALTOR® principal?

The new REALTOR® principal may only be required to arbitrate if the new REALTOR® principal was a REALTOR® principal of that firm at the time the dispute arose. The complainant can name any REALTOR® principal of the firm at the time the dispute arose and the arbitration can proceed. If the original respondent simply moved from Company A and re-affiliated as a REALTOR® non principal with Company B, the arbitration could proceed against the original respondent because the duty to arbitrate is personal.

32. Can the sample forms contained in the Code of Ethics and Arbitration Manual be amended/changed?

Yes, however, amended forms should not be used until they are first reviewed by counsel to ensure that they conform to state law and to any special requirements established by the Board.

33. If a party appeals an ethics decision or requests procedural review of an arbitration hearing, do they have the right to counsel?

Yes.

34. If a party who has appealed an ethics decision or requested procedural review of an arbitration hearing fails to appear, must the board of directors proceed with the appeal hearing (or procedural review) in the absence of the involved party?

No. A board may decline to proceed with an ethics appeal or request for procedural review if the party who instituted the appeal (or request for procedural review) fails to appear.

35. If a procedural review (arbitration) is to be conducted and a Realtor® (non-principal) with a financial interest finds himself or herself unable to attend, must he or she be granted a postponement?

No. While a REALTOR® (non-principal) also has a financial interest in the dispute and who is affiliated with a party to an arbitration hearing has the right to attend the arbitration hearing (and any subsequent procedural review proceeding), he or she is not a party to the proceedings and the proceedings may take place in his or her absence.

Code of Ethics and Standards of Practice

of the NATIONAL ASSOCIATION OF REALTORS®

Effective January 1, 2018

Where the word REALTORS® is used in this Code and Preamble, it shall be deemed to include REALTOR-ASSOCIATE®S.

While the Code of Ethics establishes obligations that may be higher than those mandated by law, in any instance where the Code of Ethics and the law conflict, the obligations of the law must take precedence.

Preamble

Under all is the land. Upon its wise utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization. REALTORS® should recognize that the interests of the nation and its citizens require the highest and best use of the land and the widest distribution of land ownership. They require the creation of adequate housing, the building of functioning cities, the development of productive industries and farms, and the preservation of a healthful environment.

Such interests impose obligations beyond those of ordinary commerce. They impose grave social responsibility and a patriotic duty to which REALTORS® should dedicate themselves, and for which they should be diligent in preparing themselves. REALTORS®, therefore, are zealous to maintain and improve the standards of their calling and share with their fellow REALTORS® a common responsibility for its integrity and honor.

In recognition and appreciation of their obligations to clients, customers, the public, and each other, REALTORS® continuously strive to become and remain informed on issues affecting real estate and, as knowledgeable professionals, they willingly share the fruit of their experience and study with others. They identify and take steps, through enforcement of this Code of Ethics and by assisting appropriate regulatory bodies, to eliminate practices which may damage the public or which might discredit or bring dishonor to the real estate profession. REALTORS® having direct personal knowledge of conduct that may violate the Code of Ethics involving misappropriation of client or customer funds or property, willful discrimination, or fraud resulting in substantial economic harm, bring such matters to the attention of the appropriate Board or Association of REALTORS®. (Amended 1/00)

Realizing that cooperation with other real estate professionals promotes the best interests of those who utilize their services, REALTORS® urge exclusive representation of clients; do not attempt to gain any unfair advantage over their competitors; and they refrain from making unsolicited comments about other practitioners. In instances where their opinion is sought, or where REALTORS® believe that comment is necessary, their opinion is offered in an objective, professional manner, uninfluenced by any personal motivation or potential advantage or gain.

The term REALTOR® has come to connote competency, fairness, and high integrity resulting from adherence to a lofty ideal of moral conduct in business relations. No inducement of profit and no instruction from clients ever can justify departure from this ideal.

In the interpretation of this obligation, REALTORS® can take no safer guide than that which has been handed down through the centuries, embodied in the Golden Rule, "Whatsoever ye would that others should do to you, do ye even so to them."

Accepting this standard as their own, REALTORS® pledge to observe its spirit in all of their activities whether conducted personally, through associates or others, or via technological means, and to conduct their business in accordance with the tenets set forth below. (Amended 1/07)

Duties to Clients and Customers

Article 1

When representing a buyer, seller, landlord, tenant, or other client as an agent, REALTORS® pledge themselves to protect and promote the interests of their client. This obligation to the client is primary, but it does not relieve REALTORS® of their obligation to treat all parties honestly. When serving a buyer, seller, landlord, tenant or other party in a non-agency capacity, REALTORS® remain obligated to treat all parties honestly. (Amended 1/01)

• Standard of Practice 1-1

REALTORS®, when acting as principals in a real estate transaction, remain obligated by the duties imposed by the Code of Ethics. (Amended 1/93)

• Standard of Practice 1-2

The duties imposed by the Code of Ethics encompass all real estate-related activities and transactions whether conducted in person, electronically, or through any other means.

The duties the Code of Ethics imposes are applicable whether REALTORS® are acting as agents or in legally recognized non-agency capacities except that any duty imposed exclusively on agents by law or regulation shall not be imposed by this Code of Ethics on REALTORS® acting in non-agency capacities.

As used in this Code of Ethics, "client" means the person(s) or entity(ies) with whom a REALTOR® or a REALTOR®'s firm has an agency or legally recognized non-agency relationship; "customer" means a party to a real estate transaction who receives information, services, or benefits but has no contractual relationship with the REALTOR® or the REALTOR®'s firm; "prospect" means a purchaser, seller, tenant, or landlord who is not subject to a representation relationship with the REALTOR® or REALTOR®'s firm; "agent" means a real estate licensee (including brokers and sales associates) acting in an agency relationship as defined by state law or regulation; and "broker" means a real estate licensee (including brokers and sales associates) acting as an agent or in a legally recognized non-agency capacity. (Adopted 1/95, Amended 1/07)

• Standard of Practice 1-3

REALTORS®, in attempting to secure a listing, shall not deliberately mislead the owner as to market value.

• Standard of Practice 1-4

REALTORS®, when seeking to become a buyer/tenant representative, shall not mislead buyers or tenants as to savings or other benefits that might be realized through use of the REALTOR®'s services. (Amended 1/93)

• Standard of Practice 1-5

REALTORS® may represent the seller/landlord and buyer/tenant in the

same transaction only after full disclosure to and with informed consent of both parties. *(Adopted 1/93)*

• **Standard of Practice 1-6**

REALTORS® shall submit offers and counter-offers objectively and as quickly as possible. *(Adopted 1/93, Amended 1/95)*

• **Standard of Practice 1-7**

When acting as listing brokers, REALTORS® shall continue to submit to the seller/landlord all offers and counter-offers until closing or execution of a lease unless the seller/landlord has waived this obligation in writing. REALTORS® shall not be obligated to continue to market the property after an offer has been accepted by the seller/landlord. REALTORS® shall recommend that sellers/landlords obtain the advice of legal counsel prior to acceptance of a subsequent offer except where the acceptance is contingent on the termination of the pre-existing purchase contract or lease. *(Amended 1/93)*

• **Standard of Practice 1-8**

REALTORS®, acting as agents or brokers of buyers/tenants, shall submit to buyers/tenants all offers and counter-offers until acceptance but have no obligation to continue to show properties to their clients after an offer has been accepted unless otherwise agreed in writing. REALTORS®, acting as agents or brokers of buyers/tenants, shall recommend that buyers/tenants obtain the advice of legal counsel if there is a question as to whether a pre-existing contract has been terminated. *(Adopted 1/93, Amended 1/99)*

• **Standard of Practice 1-9**

The obligation of REALTORS® to preserve confidential information (as defined by state law) provided by their clients in the course of any agency relationship or non-agency relationship recognized by law continues after termination of agency relationships or any non-agency relationships recognized by law. REALTORS® shall not knowingly, during or following the termination of professional relationships with their clients:

- 1) reveal confidential information of clients; or
- 2) use confidential information of clients to the disadvantage of clients; or
- 3) use confidential information of clients for the REALTOR®'s advantage or the advantage of third parties unless:
 - a) clients consent after full disclosure; or
 - b) REALTORS® are required by court order; or
 - c) it is the intention of a client to commit a crime and the information is necessary to prevent the crime; or
 - d) it is necessary to defend a REALTOR® or the REALTOR®'s employees or associates against an accusation of wrongful conduct.

Information concerning latent material defects is not considered confidential information under this Code of Ethics. *(Adopted 1/93, Amended 1/01)*

• **Standard of Practice 1-10**

REALTORS® shall, consistent with the terms and conditions of their real estate licensure and their property management agreement, competently manage the property of clients with due regard for the rights, safety and health of tenants and others lawfully on the premises. *(Adopted 1/95, Amended 1/00)*

• **Standard of Practice 1-11**

REALTORS® who are employed to maintain or manage a client's property shall exercise due diligence and make reasonable efforts to protect it against reasonably foreseeable contingencies and losses. *(Adopted 1/95)*

• **Standard of Practice 1-12**

When entering into listing contracts, REALTORS® must advise sellers/landlords of:

- 1) the REALTOR®'s company policies regarding cooperation and the amount(s) of any compensation that will be offered to subagents, buyer/tenant agents, and/or brokers acting in legally recognized non-agency capacities;

- 2) the fact that buyer/tenant agents or brokers, even if compensated by listing brokers, or by sellers/landlords may represent the interests of buyers/tenants; and
- 3) any potential for listing brokers to act as disclosed dual agents, e.g., buyer/tenant agents. *(Adopted 1/93, Renumbered 1/98, Amended 1/03)*

• **Standard of Practice 1-13**

When entering into buyer/tenant agreements, REALTORS® must advise potential clients of:

- 1) the REALTOR®'s company policies regarding cooperation;
- 2) the amount of compensation to be paid by the client;
- 3) the potential for additional or offsetting compensation from other brokers, from the seller or landlord, or from other parties;
- 4) any potential for the buyer/tenant representative to act as a disclosed dual agent, e.g., listing broker, subagent, landlord's agent, etc.; and
- 5) the possibility that sellers or sellers' representatives may not treat the existence, terms, or conditions of offers as confidential unless confidentiality is required by law, regulation, or by any confidentiality agreement between the parties. *(Adopted 1/93, Renumbered 1/98, Amended 1/06)*

• **Standard of Practice 1-14**

Fees for preparing appraisals or other valuations shall not be contingent upon the amount of the appraisal or valuation. *(Adopted 1/02)*

• **Standard of Practice 1-15**

REALTORS®, in response to inquiries from buyers or cooperating brokers shall, with the sellers' approval, disclose the existence of offers on the property. Where disclosure is authorized, REALTORS® shall also disclose, if asked, whether offers were obtained by the listing licensee, another licensee in the listing firm, or by a cooperating broker. *(Adopted 1/03, Amended 1/09)*

• **Standard of Practice 1-16**

REALTORS® shall not access or use, or permit or enable others to access or use, listed or managed property on terms or conditions other than those authorized by the owner or seller. *(Adopted 1/12)*

Article 2

REALTORS® shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. REALTORS® shall not, however, be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate license, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law. *(Amended 1/00)*

• **Standard of Practice 2-1**

REALTORS® shall only be obligated to discover and disclose adverse factors reasonably apparent to someone with expertise in those areas required by their real estate licensing authority. Article 2 does not impose upon the REALTOR® the obligation of expertise in other professional or technical disciplines. *(Amended 1/96)*

• **Standard of Practice 2-2**

(Renumbered as Standard of Practice 1-12 1/98)

• **Standard of Practice 2-3**

(Renumbered as Standard of Practice 1-13 1/98)

• **Standard of Practice 2-4**

REALTORS® shall not be parties to the naming of a false consideration in any document, unless it be the naming of an obviously nominal consideration.

• **Standard of Practice 2-5**

Factors defined as "non-material" by law or regulation or which are expressly referenced in law or regulation as not being subject to disclosure are considered not "pertinent" for purposes of Article 2. *(Adopted 1/93)*

Article 3

REALTORS® shall cooperate with other brokers except when cooperation is not in the client's best interest. The obligation to cooperate does not include the obligation to share commissions, fees, or to otherwise compensate another broker. *(Amended 1/95)*

- **Standard of Practice 3-1**

REALTORS®, acting as exclusive agents or brokers of sellers/ landlords, establish the terms and conditions of offers to cooperate. Unless expressly indicated in offers to cooperate, cooperating brokers may not assume that the offer of cooperation includes an offer of compensation. Terms of compensation, if any, shall be ascertained by cooperating brokers before beginning efforts to accept the offer of cooperation. *(Amended 1/99)*

- **Standard of Practice 3-2**

Any change in compensation offered for cooperative services must be communicated to the other REALTOR® prior to the time that REALTOR® submits an offer to purchase/lease the property. After a REALTOR® has submitted an offer to purchase or lease property, the listing broker may not attempt to unilaterally modify the offered compensation with respect to that cooperative transaction. *(Amended 1/14)*

- **Standard of Practice 3-3**

Standard of Practice 3-2 does not preclude the listing broker and cooperating broker from entering into an agreement to change cooperative compensation. *(Adopted 1/94)*

- **Standard of Practice 3-4**

REALTORS®, acting as listing brokers, have an affirmative obligation to disclose the existence of dual or variable rate commission arrangements (i.e., listings where one amount of commission is payable if the listing broker's firm is the procuring cause of sale/lease and a different amount of commission is payable if the sale/lease results through the efforts of the seller/landlord or a cooperating broker). The listing broker shall, as soon as practical, disclose the existence of such arrangements to potential cooperating brokers and shall, in response to inquiries from cooperating brokers, disclose the differential that would result in a cooperative transaction or in a sale/lease that results through the efforts of the seller/landlord. If the cooperating broker is a buyer/tenant representative, the buyer/tenant representative must disclose such information to their client before the client makes an offer to purchase or lease. *(Amended 1/02)*

- **Standard of Practice 3-5**

It is the obligation of subagents to promptly disclose all pertinent facts to the principal's agent prior to as well as after a purchase or lease agreement is executed. *(Amended 1/93)*

- **Standard of Practice 3-6**

REALTORS® shall disclose the existence of accepted offers, including offers with unresolved contingencies, to any broker seeking cooperation. *(Adopted 5/86, Amended 1/04)*

- **Standard of Practice 3-7**

When seeking information from another REALTOR® concerning property under a management or listing agreement, REALTORS® shall disclose their REALTOR® status and whether their interest is personal or on behalf of a client and, if on behalf of a client, their relationship with the client. *(Amended 1/11)*

- **Standard of Practice 3-8**

REALTORS® shall not misrepresent the availability of access to show or inspect a listed property. *(Amended 11/87)*

- **Standard of Practice 3-9**

REALTORS® shall not provide access to listed property on terms

other than those established by the owner or the listing broker. *(Adopted 1/10)*

- **Standard of Practice 3-10**

The duty to cooperate established in Article 3 relates to the obligation to share information on listed property, and to make property available to other brokers for showing to prospective purchasers/tenants when it is in the best interests of sellers/landlords. *(Adopted 1/11)*

Article 4

REALTORS® shall not acquire an interest in or buy or present offers from themselves, any member of their immediate families, their firms or any member thereof, or any entities in which they have any ownership interest, any real property without making their true position known to the owner or the owner's agent or broker. In selling property they own, or in which they have any interest, REALTORS® shall reveal their ownership or interest in writing to the purchaser or the purchaser's representative. *(Amended 1/00)*

- **Standard of Practice 4-1**

For the protection of all parties, the disclosures required by Article 4 shall be in writing and provided by REALTORS® prior to the signing of any contract. *(Adopted 2/86)*

Article 5

REALTORS® shall not undertake to provide professional services concerning a property or its value where they have a present or contemplated interest unless such interest is specifically disclosed to all affected parties.

Article 6

REALTORS® shall not accept any commission, rebate, or profit on expenditures made for their client, without the client's knowledge and consent.

When recommending real estate products or services (e.g., homeowner's insurance, warranty programs, mortgage financing, title insurance, etc.), REALTORS® shall disclose to the client or customer to whom the recommendation is made any financial benefits or fees, other than real estate referral fees, the REALTOR® or REALTOR®'s firm may receive as a direct result of such recommendation. *(Amended 1/99)*

- **Standard of Practice 6-1**

REALTORS® shall not recommend or suggest to a client or a customer the use of services of another organization or business entity in which they have a direct interest without disclosing such interest at the time of the recommendation or suggestion. *(Amended 5/88)*

Article 7

In a transaction, REALTORS® shall not accept compensation from more than one party, even if permitted by law, without disclosure to all parties and the informed consent of the REALTOR®'s client or clients. *(Amended 1/93)*

Article 8

REALTORS® shall keep in a special account in an appropriate financial institution, separated from their own funds, monies coming into their possession in trust for other persons, such as escrows, trust funds, clients' monies, and other like items.

Article 9

REALTORS®, for the protection of all parties, shall assure whenever possible that all agreements related to real estate transactions including, but not limited to, listing and representation agreements, purchase contracts, and leases are in writing in clear and understandable language expressing the specific terms, conditions, obligations and commitments of the parties. A copy of each agreement shall be furnished to each party to such agreements upon their signing or initialing. *(Amended 1/04)*

- **Standard of Practice 9-1**

For the protection of all parties, REALTORS® shall use reasonable care to ensure that documents pertaining to the purchase, sale, or lease of real estate are kept current through the use of written extensions or amendments. *(Amended 1/93)*

- **Standard of Practice 9-2**

When assisting or enabling a client or customer in establishing a contractual relationship (e.g., listing and representation agreements, purchase agreements, leases, etc.) electronically, REALTORS® shall make reasonable efforts to explain the nature and disclose the specific terms of the contractual relationship being established prior to it being agreed to by a contracting party. *(Adopted 1/07)*

Duties to the Public

Article 10

REALTORS® shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. REALTORS® shall not be parties to any plan or agreement to discriminate against a person or persons on the basis of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. *(Amended 1/14)*

REALTORS®, in their real estate employment practices, shall not discriminate against any person or persons on the basis of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. *(Amended 1/14)*

- **Standard of Practice 10-1**

When involved in the sale or lease of a residence, REALTORS® shall not volunteer information regarding the racial, religious or ethnic composition of any neighborhood nor shall they engage in any activity which may result in panic selling, however, REALTORS® may provide other demographic information. *(Adopted 1/94, Amended 1/06)*

- **Standard of Practice 10-2**

When not involved in the sale or lease of a residence, REALTORS® may provide demographic information related to a property, transaction or professional assignment to a party if such demographic information is (a) deemed by the REALTOR® to be needed to assist with or complete, in a manner consistent with Article 10, a real estate transaction or professional assignment and (b) is obtained or derived from a recognized, reliable, independent, and impartial source. The source of such information and any additions, deletions, modifications, interpretations, or other changes shall be disclosed in reasonable detail. *(Adopted 1/05, Renumbered 1/06)*

- **Standard of Practice 10-3**

REALTORS® shall not print, display or circulate any statement or advertisement with respect to selling or renting of a property that indicates any preference, limitations or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. *(Adopted 1/94, Renumbered 1/05 and 1/06, Amended 1/14)*

- **Standard of Practice 10-4**

As used in Article 10 “real estate employment practices” relates to employees and independent contractors providing real estate-related services and the administrative and clerical staff directly supporting those individuals. *(Adopted 1/00, Renumbered 1/05 and 1/06)*

Article 11

The services which REALTORS® provide to their clients and customers shall conform to the standards of practice and competence which are

reasonably expected in the specific real estate disciplines in which they engage; specifically, residential real estate brokerage, real property management, commercial and industrial real estate brokerage, land brokerage, real estate appraisal, real estate counseling, real estate syndication, real estate auction, and international real estate.

REALTORS® shall not undertake to provide specialized professional services concerning a type of property or service that is outside their field of competence unless they engage the assistance of one who is competent on such types of property or service, or unless the facts are fully disclosed to the client. Any persons engaged to provide such assistance shall be so identified to the client and their contribution to the assignment should be set forth. *(Amended 1/10)*

- **Standard of Practice 11-1**

When REALTORS® prepare opinions of real property value or price they must:

- 1) be knowledgeable about the type of property being valued,
- 2) have access to the information and resources necessary to formulate an accurate opinion, and
- 3) be familiar with the area where the subject property is located

unless lack of any of these is disclosed to the party requesting the opinion in advance.

When an opinion of value or price is prepared other than in pursuit of a listing or to assist a potential purchaser in formulating a purchase offer, the opinion shall include the following unless the party requesting the opinion requires a specific type of report or different data set:

- 1) identification of the subject property
 - 2) date prepared
 - 3) defined value or price
 - 4) limiting conditions, including statements of purpose(s) and intended user(s)
 - 5) any present or contemplated interest, including the possibility of representing the seller/landlord or buyers/tenants
 - 6) basis for the opinion, including applicable market data
 - 7) if the opinion is not an appraisal, a statement to that effect
 - 8) disclosure of whether and when a physical inspection of the property's exterior was conducted
 - 9) disclosure of whether and when a physical inspection of the property's interior was conducted
 - 10) disclosure of whether the REALTOR® has any conflicts of interest
- (Amended 1/14)*

- **Standard of Practice 11-2**

The obligations of the Code of Ethics in respect of real estate disciplines other than appraisal shall be interpreted and applied in accordance with the standards of competence and practice which clients and the public reasonably require to protect their rights and interests considering the complexity of the transaction, the availability of expert assistance, and, where the REALTOR® is an agent or subagent, the obligations of a fiduciary. *(Adopted 1/95)*

- **Standard of Practice 11-3**

When REALTORS® provide consultative services to clients which involve advice or counsel for a fee (not a commission), such advice shall be rendered in an objective manner and the fee shall not be contingent on the substance of the advice or counsel given. If brokerage or transaction services are to be provided in addition to consultative services, a separate compensation may be paid with prior agreement between the client and REALTOR®. *(Adopted 1/96)*

- **Standard of Practice 11-4**

The competency required by Article 11 relates to services contracted for between REALTORS® and their clients or customers; the duties expressly

imposed by the Code of Ethics; and the duties imposed by law or regulation. *(Adopted 1/02)*

Article 12

REALTORS® shall be honest and truthful in their real estate communications and shall present a true picture in their advertising, marketing, and other representations. REALTORS® shall ensure that their status as real estate professionals is readily apparent in their advertising, marketing, and other representations, and that the recipients of all real estate communications are, or have been, notified that those communications are from a real estate professional. *(Amended 1/08)*

• Standard of Practice 12-1

REALTORS® may use the term “free” and similar terms in their advertising and in other representations provided that all terms governing availability of the offered product or service are clearly disclosed at the same time. *(Amended 1/97)*

• Standard of Practice 12-2

REALTORS® may represent their services as “free” or without cost even if they expect to receive compensation from a source other than their client provided that the potential for the REALTOR® to obtain a benefit from a third party is clearly disclosed at the same time. *(Amended 1/97)*

• Standard of Practice 12-3

The offering of premiums, prizes, merchandise discounts or other inducements to list, sell, purchase, or lease is not, in itself, unethical even if receipt of the benefit is contingent on listing, selling, purchasing, or leasing through the REALTOR® making the offer. However, REALTORS® must exercise care and candor in any such advertising or other public or private representations so that any party interested in receiving or otherwise benefiting from the REALTOR®’s offer will have clear, thorough, advance understanding of all the terms and conditions of the offer. The offering of any inducements to do business is subject to the limitations and restrictions of state law and the ethical obligations established by any applicable Standard of Practice. *(Amended 1/95)*

• Standard of Practice 12-4

REALTORS® shall not offer for sale/lease or advertise property without authority. When acting as listing brokers or as subagents, REALTORS® shall not quote a price different from that agreed upon with the seller/landlord. *(Amended 1/93)*

• Standard of Practice 12-5

REALTORS® shall not advertise nor permit any person employed by or affiliated with them to advertise real estate services or listed property in any medium (e.g., electronically, print, radio, television, etc.) without disclosing the name of that REALTOR®’s firm in a reasonable and readily apparent manner either in the advertisement or in electronic advertising via a link to a display with all required disclosures. *(Adopted 11/86, Amended 1/16)*

• Standard of Practice 12-6

REALTORS®, when advertising unlisted real property for sale/lease in which they have an ownership interest, shall disclose their status as both owners/landlords and as REALTORS® or real estate licensees. *(Amended 1/93)*

• Standard of Practice 12-7

Only REALTORS® who participated in the transaction as the listing broker or cooperating broker (selling broker) may claim to have “sold” the property. Prior to closing, a cooperating broker may post a “sold” sign only with the consent of the listing broker. *(Amended 1/96)*

• Standard of Practice 12-8

The obligation to present a true picture in representations to the public includes information presented, provided, or displayed on REALTORS® websites. REALTORS® shall use reasonable efforts to ensure that information on their websites is current. When it becomes apparent that information on a REALTOR®’s website is no longer current or accurate, REALTORS® shall promptly take corrective action. *(Adopted 1/07)*

• Standard of Practice 12-9

REALTOR® firm websites shall disclose the firm’s name and state(s) of licensure in a reasonable and readily apparent manner.

Websites of REALTORS® and non-member licensees affiliated with a REALTOR® firm shall disclose the firm’s name and that REALTOR®’s or non-member licensee’s state(s) of licensure in a reasonable and readily apparent manner. *(Adopted 1/07)*

• Standard of Practice 12-10

REALTORS®’ obligation to present a true picture in their advertising and representations to the public includes Internet content, images, and the URLs and domain names they use, and prohibits REALTORS® from:

- 1) engaging in deceptive or unauthorized framing of real estate brokerage websites;
 - 2) manipulating (e.g., presenting content developed by others) listing and other content in any way that produces a deceptive or misleading result;
 - 3) deceptively using metatags, keywords or other devices/methods to direct, drive, or divert Internet traffic; or
 - 4) presenting content developed by others without either attribution or without permission; or
 - 5) otherwise misleading consumers, including use of misleading images.
- (Adopted 1/07, Amended 1/18)*

• Standard of Practice 12-11

REALTORS® intending to share or sell consumer information gathered via the Internet shall disclose that possibility in a reasonable and readily apparent manner. *(Adopted 1/07)*

• Standard of Practice 12-12

REALTORS® shall not:

- 1) use URLs or domain names that present less than a true picture, or
- 2) register URLs or domain names which, if used, would present less than a true picture. *(Adopted 1/08)*

• Standard of Practice 12-13

The obligation to present a true picture in advertising, marketing, and representations allows REALTORS® to use and display only professional designations, certifications, and other credentials to which they are legitimately entitled. *(Adopted 1/08)*

Article 13

REALTORS® shall not engage in activities that constitute the unauthorized practice of law and shall recommend that legal counsel be obtained when the interest of any party to the transaction requires it.

Article 14

If charged with unethical practice or asked to present evidence or to cooperate in any other way, in any professional standards proceeding or investigation, REALTORS® shall place all pertinent facts before the proper tribunals of the Member Board or affiliated institute, society, or council in which membership is held and shall take no action to disrupt or obstruct such processes. *(Amended 1/99)*

- **Standard of Practice 14-1**

REALTORS® shall not be subject to disciplinary proceedings in more than one Board of REALTORS® or affiliated institute, society, or council in which they hold membership with respect to alleged violations of the Code of Ethics relating to the same transaction or event. *(Amended 1/95)*

- **Standard of Practice 14-2**

REALTORS® shall not make any unauthorized disclosure or dissemination of the allegations, findings, or decision developed in connection with an ethics hearing or appeal or in connection with an arbitration hearing or procedural review. *(Amended 1/92)*

- **Standard of Practice 14-3**

REALTORS® shall not obstruct the Board's investigative or professional standards proceedings by instituting or threatening to institute actions for libel, slander, or defamation against any party to a professional standards proceeding or their witnesses based on the filing of an arbitration request, an ethics complaint, or testimony given before any tribunal. *(Adopted 11/87, Amended 1/99)*

- **Standard of Practice 14-4**

REALTORS® shall not intentionally impede the Board's investigative or disciplinary proceedings by filing multiple ethics complaints based on the same event or transaction. *(Adopted 11/88)*

Duties to REALTORS®

Article 15

REALTORS® shall not knowingly or recklessly make false or misleading statements about other real estate professionals, their businesses, or their business practices. *(Amended 1/12)*

- **Standard of Practice 15-1**

REALTORS® shall not knowingly or recklessly file false or unfounded ethics complaints. *(Adopted 1/00)*

- **Standard of Practice 15-2**

The obligation to refrain from making false or misleading statements about other real estate professionals, their businesses, and their business practices includes the duty to not knowingly or recklessly publish, repeat, retransmit, or republish false or misleading statements made by others. This duty applies whether false or misleading statements are repeated in person, in writing, by technological means (e.g., the Internet), or by any other means. *(Adopted 1/07, Amended 1/12)*

- **Standard of Practice 15-3**

The obligation to refrain from making false or misleading statements about other real estate professionals, their businesses, and their business practices includes the duty to publish a clarification about or to remove statements made by others on electronic media the REALTOR® controls once the REALTOR® knows the statement is false or misleading. *(Adopted 1/10, Amended 1/12)*

Article 16

REALTORS® shall not engage in any practice or take any action inconsistent with exclusive representation or exclusive brokerage relationship agreements that other REALTORS® have with clients. *(Amended 1/04)*

- **Standard of Practice 16-1**

Article 16 is not intended to prohibit aggressive or innovative business practices which are otherwise ethical and does not prohibit disagreements with other REALTORS® involving commission, fees,

compensation or other forms of payment or expenses. *(Adopted 1/93, Amended 1/95)*

- **Standard of Practice 16-2**

Article 16 does not preclude REALTORS® from making general announcements to prospects describing their services and the terms of their availability even though some recipients may have entered into agency agreements or other exclusive relationships with another REALTOR®. A general telephone canvass, general mailing or distribution addressed to all prospects in a given geographical area or in a given profession, business, club, or organization, or other classification or group is deemed "general" for purposes of this standard. *(Amended 1/04)*

Article 16 is intended to recognize as unethical two basic types of solicitations:

First, telephone or personal solicitations of property owners who have been identified by a real estate sign, multiple listing compilation, or other information service as having exclusively listed their property with another REALTOR® and

Second, mail or other forms of written solicitations of prospects whose properties are exclusively listed with another REALTOR® when such solicitations are not part of a general mailing but are directed specifically to property owners identified through compilations of current listings, "for sale" or "for rent" signs, or other sources of information required by Article 3 and Multiple Listing Service rules to be made available to other REALTORS® under offers of subagency or cooperation. *(Amended 1/04)*

- **Standard of Practice 16-3**

Article 16 does not preclude REALTORS® from contacting the client of another broker for the purpose of offering to provide, or entering into a contract to provide, a different type of real estate service unrelated to the type of service currently being provided (e.g., property management as opposed to brokerage) or from offering the same type of service for property not subject to other brokers' exclusive agreements. However, information received through a Multiple Listing Service or any other offer of cooperation may not be used to target clients of other REALTORS® to whom such offers to provide services may be made. *(Amended 1/04)*

- **Standard of Practice 16-4**

REALTORS® shall not solicit a listing which is currently listed exclusively with another broker. However, if the listing broker, when asked by the REALTOR®, refuses to disclose the expiration date and nature of such listing, i.e., an exclusive right to sell, an exclusive agency, open listing, or other form of contractual agreement between the listing broker and the client, the REALTOR® may contact the owner to secure such information and may discuss the terms upon which the REALTOR® might take a future listing or, alternatively, may take a listing to become effective upon expiration of any existing exclusive listing. *(Amended 1/94)*

- **Standard of Practice 16-5**

REALTORS® shall not solicit buyer/tenant agreements from buyers/tenants who are subject to exclusive buyer/tenant agreements. However, if asked by a REALTOR®, the broker refuses to disclose the expiration date of the exclusive buyer/tenant agreement, the REALTOR® may contact the buyer/tenant to secure such information and may discuss the terms upon which the REALTOR® might enter into a future buyer/tenant agreement or, alternatively, may enter into a buyer/tenant agreement to become effective upon the expiration of any existing exclusive buyer/tenant agreement. *(Adopted 1/94, Amended 1/98)*

- **Standard of Practice 16-6**

When REALTORS® are contacted by the client of another REALTOR® regarding the creation of an exclusive relationship to provide the same type of service, and REALTORS® have not directly or indirectly initiated such discussions, they may discuss the terms upon which they might enter into a future agreement or, alternatively, may enter into an agreement which becomes effective upon expiration of any existing exclusive agreement. *(Amended 1/98)*

- **Standard of Practice 16-7**

The fact that a prospect has retained a REALTOR® as an exclusive representative or exclusive broker in one or more past transactions does not preclude other REALTORS® from seeking such prospect's future business. *(Amended 1/04)*

- **Standard of Practice 16-8**

The fact that an exclusive agreement has been entered into with a REALTOR® shall not preclude or inhibit any other REALTOR® from entering into a similar agreement after the expiration of the prior agreement. *(Amended 1/98)*

- **Standard of Practice 16-9**

REALTORS®, prior to entering into a representation agreement, have an affirmative obligation to make reasonable efforts to determine whether the prospect is subject to a current, valid exclusive agreement to provide the same type of real estate service. *(Amended 1/04)*

- **Standard of Practice 16-10**

REALTORS®, acting as buyer or tenant representatives or brokers, shall disclose that relationship to the seller/landlord's representative or broker at first contact and shall provide written confirmation of that disclosure to the seller/landlord's representative or broker not later than execution of a purchase agreement or lease. *(Amended 1/04)*

- **Standard of Practice 16-11**

On unlisted property, REALTORS® acting as buyer/tenant representatives or brokers shall disclose that relationship to the seller/landlord at first contact for that buyer/tenant and shall provide written confirmation of such disclosure to the seller/landlord not later than execution of any purchase or lease agreement. *(Amended 1/04)*

REALTORS® shall make any request for anticipated compensation from the seller/landlord at first contact. *(Amended 1/98)*

- **Standard of Practice 16-12**

REALTORS®, acting as representatives or brokers of sellers/landlords or as subagents of listing brokers, shall disclose that relationship to buyers/tenants as soon as practicable and shall provide written confirmation of such disclosure to buyers/tenants not later than execution of any purchase or lease agreement. *(Amended 1/04)*

- **Standard of Practice 16-13**

All dealings concerning property exclusively listed, or with buyer/tenants who are subject to an exclusive agreement shall be carried on with the client's representative or broker, and not with the client, except with the consent of the client's representative or broker or except where such dealings are initiated by the client.

Before providing substantive services (such as writing a purchase offer or presenting a CMA) to prospects, REALTORS® shall ask prospects whether they are a party to any exclusive representation agreement. REALTORS® shall not knowingly provide substantive services concerning a prospective transaction to prospects who are parties to exclusive representation agreements, except with the consent of the prospects' exclusive representatives or at the direction of prospects. *(Adopted 1/93, Amended 1/04)*

- **Standard of Practice 16-14**

REALTORS® are free to enter into contractual relationships or to negotiate with sellers/landlords, buyers/tenants or others who are not subject to an exclusive agreement but shall not knowingly obligate them to pay more than one commission except with their informed consent. *(Amended 1/98)*

- **Standard of Practice 16-15**

In cooperative transactions REALTORS® shall compensate cooperating REALTORS® (principal brokers) and shall not compensate nor offer to compensate, directly or indirectly, any of the sales licensees employed by or affiliated with other REALTORS® without the prior express knowledge and consent of the cooperating broker.

- **Standard of Practice 16-16**

REALTORS®, acting as subagents or buyer/tenant representatives or brokers, shall not use the terms of an offer to purchase/lease to attempt to modify the listing broker's offer of compensation to subagents or buyer/tenant representatives or brokers nor make the submission of an executed offer to purchase/lease contingent on the listing broker's agreement to modify the offer of compensation. *(Amended 1/04)*

- **Standard of Practice 16-17**

REALTORS®, acting as subagents or as buyer/tenant representatives or brokers, shall not attempt to extend a listing broker's offer of cooperation and/or compensation to other brokers without the consent of the listing broker. *(Amended 1/04)*

- **Standard of Practice 16-18**

REALTORS® shall not use information obtained from listing brokers through offers to cooperate made through multiple listing services or through other offers of cooperation to refer listing brokers' clients to other brokers or to create buyer/tenant relationships with listing brokers' clients, unless such use is authorized by listing brokers. *(Amended 1/02)*

- **Standard of Practice 16-19**

Signs giving notice of property for sale, rent, lease, or exchange shall not be placed on property without consent of the seller/landlord. *(Amended 1/93)*

- **Standard of Practice 16-20**

REALTORS®, prior to or after their relationship with their current firm is terminated, shall not induce clients of their current firm to cancel exclusive contractual agreements between the client and that firm. This does not preclude REALTORS® (principals) from establishing agreements with their associated licensees governing assignability of exclusive agreements. *(Adopted 1/98, Amended 1/10)*

Article 17

In the event of contractual disputes or specific non-contractual disputes as defined in Standard of Practice 17-4 between REALTORS® (principals) associated with different firms, arising out of their relationship as REALTORS®, the REALTORS® shall mediate the dispute if the Board requires its members to mediate. If the dispute is not resolved through mediation, or if mediation is not required, REALTORS® shall submit the dispute to arbitration in accordance with the policies of the Board rather than litigate the matter.

In the event clients of REALTORS® wish to mediate or arbitrate contractual disputes arising out of real estate transactions, REALTORS® shall mediate or arbitrate those disputes in accordance with the policies of the Board, provided the clients agree to be bound by any resulting agreement or award.

The obligation to participate in mediation and arbitration contemplated by this Article includes the obligation of REALTORS® (principals) to cause their firms to mediate and arbitrate and be bound by any resulting agreement or award. *(Amended 1/12)*

• **Standard of Practice 17-1**

The filing of litigation and refusal to withdraw from it by REALTORS® in an arbitrable matter constitutes a refusal to arbitrate. *(Adopted 2/86)*

• **Standard of Practice 17-2**

Article 17 does not require REALTORS® to mediate in those circumstances when all parties to the dispute advise the Board in writing that they choose not to mediate through the Board's facilities. The fact that all parties decline to participate in mediation does not relieve REALTORS® of the duty to arbitrate.

Article 17 does not require REALTORS® to arbitrate in those circumstances when all parties to the dispute advise the Board in writing that they choose not to arbitrate before the Board. *(Amended 1/12)*

• **Standard of Practice 17-3**

REALTORS®, when acting solely as principals in a real estate transaction, are not obligated to arbitrate disputes with other REALTORS® absent a specific written agreement to the contrary. *(Adopted 1/96)*

• **Standard of Practice 17-4**

Specific non-contractual disputes that are subject to arbitration pursuant to Article 17 are:

- 1) Where a listing broker has compensated a cooperating broker and another cooperating broker subsequently claims to be the procuring cause of the sale or lease. In such cases the complainant may name the first cooperating broker as respondent and arbitration may proceed without the listing broker being named as a respondent. When arbitration occurs between two (or more) cooperating brokers and where the listing broker is not a party, the amount in dispute and the amount of any potential resulting award is limited to the amount paid to the respondent by the listing broker and any amount credited or paid to a party to the transaction at the direction of the respondent. Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance the decision of the hearing panel as to procuring cause shall be conclusive with respect to all current or subsequent claims of the parties for compensation arising out of the underlying cooperative transaction. *(Adopted 1/97, Amended 1/07)*
- 2) Where a buyer or tenant representative is compensated by the seller or landlord, and not by the listing broker, and the listing broker, as a result, reduces the commission owed by the seller or landlord and, subsequent to such actions, another cooperating broker claims to be the procuring cause of sale or lease. In such cases the complainant may name the first cooperating broker as respondent and arbitration may proceed without the listing broker being named as a respondent. When arbitration occurs between two (or more) cooperating brokers and where the listing broker is not a party, the amount in dispute and the amount of any potential resulting award is limited to the amount paid to the respondent by the seller or landlord and any amount credited or paid to a party to the transaction at the direction of the respondent. Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance the decision of the hearing panel as to procuring cause shall be conclusive with respect to all current or subsequent claims of the parties for compensation arising out of the underlying cooperative transaction. *(Adopted 1/97, Amended 1/07)*

- 3) Where a buyer or tenant representative is compensated by the buyer or tenant and, as a result, the listing broker reduces the commission owed by the seller or landlord and, subsequent to such actions, another cooperating broker claims to be the procuring cause of sale or lease. In such cases the complainant may name the first cooperating broker as respondent and arbitration may proceed without the listing broker being named as a respondent. Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance the decision of the hearing panel as to procuring cause shall be conclusive with respect to all current or subsequent claims of the parties for compensation arising out of the underlying cooperative transaction. *(Adopted 1/97)*

- 4) Where two or more listing brokers claim entitlement to compensation pursuant to open listings with a seller or landlord who agrees to participate in arbitration (or who requests arbitration) and who agrees to be bound by the decision. In cases where one of the listing brokers has been compensated by the seller or landlord, the other listing broker, as complainant, may name the first listing broker as respondent and arbitration may proceed between the brokers. *(Adopted 1/97)*

- 5) Where a buyer or tenant representative is compensated by the seller or landlord, and not by the listing broker, and the listing broker, as a result, reduces the commission owed by the seller or landlord and, subsequent to such actions, claims to be the procuring cause of sale or lease. In such cases arbitration shall be between the listing broker and the buyer or tenant representative and the amount in dispute is limited to the amount of the reduction of commission to which the listing broker agreed. *(Adopted 1/05)*

• **Standard of Practice 17-5**

The obligation to arbitrate established in Article 17 includes disputes between REALTORS® (principals) in different states in instances where, absent an established inter-association arbitration agreement, the REALTOR® (principal) requesting arbitration agrees to submit to the jurisdiction of, travel to, participate in, and be bound by any resulting award rendered in arbitration conducted by the respondent(s) REALTOR®'S association, in instances where the respondent(s) REALTOR®'S association determines that an arbitrable issue exists. *(Adopted 1/07)*

Explanatory Notes

The reader should be aware of the following policies which have been approved by the Board of Directors of the National Association:

In filing a charge of an alleged violation of the Code of Ethics by a REALTOR®, the charge must read as an alleged violation of one or more Articles of the Code. Standards of Practice may be cited in support of the charge.

The Standards of Practice serve to clarify the ethical obligations imposed by the various Articles and supplement, and do not substitute for, the Case Interpretations in *Interpretations of the Code of Ethics*.

Modifications to existing Standards of Practice and additional new Standards of Practice are approved from time to time. Readers are cautioned to ensure that the most recent publications are utilized.



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