



2017 Professional Standards Seminar

***The Professional
Standards Road Show***

Student Manual



January - April 2017

Dear Road Show Attendee:

Welcome to the 2017 Virginia REALTORS® Professional Standards Road Show!

Your presence here today demonstrates your commitment to improving the real estate profession. However, we are a group of competitors and must be very sensitive to antitrust laws.

Please remember that any commission percentages, prices or practices discussed during this class are for educational purposes only. In no way should it be construed to encourage price fixing, or uniform business or customer strategies.

The NAR Code of Ethics is being used only as a teaching tool and the NAR Code provisions that are outside of the Virginia Real Estate Board's laws and regulations are not applicable to Real Estate Board licensees.

Please note that there is a great deal of information included in this Student Manual that may not be fully covered during the course. This information has been included for your reference when you serve on a Grievance, Professional Standards or Board of Directors panel.

Thank you,

The Road Show Instructors

Virginia REALTORS® Legal Staff

<p><u>Course Outline</u></p> <p>9:00-10:45 Intros, Objectives Ice Breakers #1 Due Process Ombudsman & Mediation Services 2016 & 2017 COE Changes Grievance Process in Arbitration Request Read Case Study</p> <p>10:45-10:55 BREAK</p> <p>10:55-12:15 Work Case Study (groups) - Grievance Panel Grievance Panel Debrief Arbitration Hearing Procedures</p> <p>12:15-1:00 LUNCH</p> <p>1:00-2:45 Ice Breakers #2 Read Response (groups) Video Work Case Study (groups) – Arbitration Hearing Panel</p> <p>2:45-2:55 BREAK</p> <p>2:55 – 4:15 Hearing Panel Debrief Executive Session Video Request for Procedural Review Ice Breakers #3 Wrap up/Q&As Closing</p>	<p>Purpose:</p> <p>To provide members interested in Professional Standards or who serve on a Grievance Committee, Professional Standards Committee or a Board of Directors, advanced training in the Code of Ethics and enforcement procedures necessary to carry out the duties of the committees and to have an understanding of the skills and experience required to serve on a tribunal.</p> <p>Prerequisite</p> <p>This course is designed for students with at least three years practical experience and who have attended basic ethics training courses.</p> <p>COURSE OBJECTIVES:</p> <ul style="list-style-type: none"> • Review professional standards and grievance procedures under rules of due process. • Review Ombudsman & Mediation Services. • Review Code and/or procedural changes. • Learn the role of Grievance Panel in reviewing an Arbitration Request. • Work through a case study in groups. • Review arbitration hearing procedures including pre-hearing meetings, the hearing panel, the executive session and decision, the Board of Directors’ role, & procedural review.
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PROFESSIONAL STANDARDS ICE BREAKERS

Directions: Select the best answer and use your auto responder (“clicker”) to “vote.”

Session #1

1. An association has adjusted its bylaws to mandate mediation.
 - a. associations cannot mandate mediation; mediation is always voluntary
 - b. all arbitration requests, regardless of classification (mandatory vs. voluntary) can result in mandatory mediation
 - c. an association can only mandate mediation of potentially unethical conduct
 - d. only arbitration requests that are classified as mandatory can result in mandatory mediation

2. In an ethics hearing, a REALTOR® principal is planning on attending the hearing as REALTOR® counsel on behalf of her licensee, the respondent. The complainant indicates that she will call the REALTOR® principal as a witness. Can REALTOR® counsel also testify as a witness in the same case?
 - a. no, the REALTOR® counsel can't function in multiple roles
 - b. yes, but only if allowed by the hearing panel as essential for due process
 - c. if the chair allows counsel to testify, the chair could take the testimony out of order at the beginning of the hearing
 - d. both b. and c.

3. An ethics decision is before the board of directors for ratification (no appeal filed). There are two Articles the respondent has been found in violation of. The directors want to uphold the violation with respect to Article 1, but invalidate the finding of a violation of Article 16. Can the directors affirm one article and dismiss the other?
 - a. no, the directors don't have that option with an affirmation; they only have that option during an appeal
 - b. the directors must adopt the decision in total or invalidate it in total
 - c. the directors can affirm one article and dismiss the finding of a violation of another article

4. An ethics complaint is filed but held in abeyance due to civil litigation. The litigation is withdrawn when the parties enter into a settlement. The respondent's position is that the settlement agreement covers the withdrawal of the ethics complaint. The complainant makes it clear that he will not withdraw the ethics complaint and the language of the agreement does not require him to withdraw the complaint. How should the association proceed?
 - a. proceed with the complaint process until the complainant directs staff to do otherwise
 - b. have counsel review the settlement agreement and make a recommendation to the tribunal reviewing the case, allowing the tribunal to determine whether it will proceed or dismiss the ethics complaint
 - c. association counsel should decide if the settlement agreement requires the withdrawal of the complainant
 - d. staff can decide the matter on their own; enough time has been wasted with the matter first being held in abeyance

5. Should the mediator in either an arbitrable dispute or in an ethics complaint write up the settlement agreement for the parties?
 - a. no, best practice is for the parties to write up their own agreement
 - b. yes, the mediator is in the best position to move the settlement process along
 - c. yes, but only with arbitrable disputes that settle; there is no such thing as mediation of potentially unethical conduct outside of the ombuds program
 - d. there is no need to distill the parties' agreement to writing

6. An association offers mediation prior to an arbitration request being filed. This association has also adopted mandatory mediation. The parties voluntarily agree to mediate. That mediation is unsuccessful. When the arbitration request is filed, must the parties again mediate?
 - a. no
 - b. yes
 - c. Associations cannot mandate mediation. They can only mandate that certain arbitrable disputes be arbitrated

Ice Breakers Session #2

7. A party to an arbitration is requesting that the hearing panel issue a subpoena. Can the hearing panel issue a subpoena?
 - a. Yes, as Virginia law allows it
 - b. no, the most a hearing panel can do is summon a witness who is a REALTOR® consistent with the obligation established in Article 14 of the Code
 - c. no, hearing panels should not call witnesses; panels should remain neutral at all times
 - d. both b. and c.

8. The respondent in an arbitration case has a medical emergency immediately prior to a hearing. He and his firm are named as co-respondents. He wants his business partner to attend the arbitration hearing. Is that possible?
 - a. no, not on his behalf; the duty to arbitrate is personal
 - b. yes, the REALTOR® principal who is a partner can attend to represent the interests of the company
 - c. not enough information is provided to make an informed choice
 - d. both a. and b.

9. May a REALTOR® principal have his or her attorney sign the arbitration request or must the REALTOR® sign it him or herself?
 - a. an attorney can sign the arbitration request on behalf of their client
 - b. National Association policy contemplates that arbitration requests be signed by the REALTOR® principal/complainant

10. A complainant's arbitration request is dismissed by the grievance committee and the dismissal is upheld by the board of directors. The board keeps the complainant's \$500 arbitration deposit. According to National Association policy, is that appropriate?
 - a. it depends
 - b. yes, the association is under no obligation to return the deposit
 - c. no, the board is engaging in extreme greed

11. The grievance committee refers an arbitration request filed by a customer of a REALTOR® principal for hearing on a mandatory basis, advising all parties that the respondent is obligated to arbitrate. The respondent signs the response and agreement to arbitrate form without challenging the classification. What should the hearing panel chair do?
- a. nothing, the board can take the position that the respondent is now bound to arbitrate given he signed the response form and didn't challenge the classification
 - b. the chair can direct staff to advise the respondent that the arbitration is voluntary and inquire as to whether the respondent would be willing to arbitrate
 - c. the chair could call a prehearing meeting for the sole purpose of determining whether the arbitration request is mandatory or voluntary, and, if voluntary, ask the respondent if he is willing to arbitrate

Ice Breakers Session #3

12. A REALTOR® principal in VA wants to arbitrate with a REALTOR® principal from NC over an otherwise arbitrable issue; neither broker is licensed in the other's state, and there is no overlapping board membership or MLS participatory rights. Is it possible for the REALTOR® principal in VA to invoke mandatory arbitration with the REALTOR® principal in NC?
- a. no, the two brokers are not members of the same board nor do they participate in the same MLS so there can't be a contractual relationship between them
 - b. yes, if the VA broker invokes interstate arbitration, filing his arbitration request with his local board
 - c. yes, if the VA broker invokes arbitration at the NC broker's local board and agrees to be bound by any resulting award
 - d. it would depend on the particular circumstances surrounding the merits of the dispute
13. Can the Hearing Panel Chair appoint the professional standards administrator as his designee for a procedural review hearing?
- a. no, there is no ability to appoint a designee for a Hearing Panel Chair in either an ethics appeal or an arbitration procedural review
 - b. no, any designee must be appointed from one of the hearing panel members who originally heard the case
 - c. yes, although it is preferable to have one of the original hearing panel members present the panel's position; there is no prohibition to appointing staff as the designee
14. The non-prevailing party in an arbitration case submits a five page procedural review request commenting on why she is the procuring cause of the sale. She does not include any basis(es) for the review tribunal to overturn the award because of a substantive deprivation of due process. Must the procedural review be heard?
- a. no, to convene a procedural review tribunal would waste the board's resources not to mention the time of all involved
 - b. first the president or president's designee must provide the non-prevailing party with an opportunity to submit an amended procedural review within 10 days; if that amended procedural review request is still deemed to be lacking, the board is not obligated to hear the procedural review request
 - c. yes
 - d. both a. and b.

PROCEDURAL DUE PROCESS

An Overview

- Because the REALTOR® Code of Ethics is both a guide to professional practice and a form of governance which allows for the imposition of discipline, it must be applied with continuing and conscientious concern for procedural due process.
- Due Process to Code enforcement:
 - Is critical to the ability to self-police, and
 - Guards against antitrust liability.
- Procedural due process is explicitly mandated by Article 14, which requires a “proper” tribunal, allowing for:
 - an opportunity for all pertinent facts to be gathered,
 - an opportunity for all pertinent views to be heard,
 - an opportunity for all pertinent defenses to be raised,
 - an opportunity to expunge all prejudice or bias.
- Procedural due process is implicitly required by reliance on the Preamble of the Code and the guidance of the Golden Rule – “Do unto others, as you would have them do unto you.”
- Due process requires a fair and diligent search for truth.
- The step-by-step approach to ensuring procedural due process includes three separate administrative forums:
 - The Grievance Committee/Panel
 - reviews complaints of alleged violations against the Code of Ethics or requests for awards.
 - determines what matters will be forwarded for a hearing or will be dismissed.

- The Professional Standards Committee Hearing Panel
 - makes decisions on matters involving ethics or arbitration.
 - conducts hearings according to rules of due process.
 - elicits and assesses facts from complainant or requestor and respondent.
 - makes a decision of violation or no violation in the ethics hearings.
 - determines the award in arbitration hearings.

- The Association Board of Directors
 - enforces the Code of Ethics.
 - ratifies recommendations of Hearing Panels in ethics cases.
 - ensures due process by managing members’ rights to appeal.

- Elements of Due Process are:
 - Notice of specific charges alleged.

 - Adequate time to prepare a defense.

 - Opportunity to hear testimony and cross-examine those testifying against you.

 - Opportunity to present your side of the story.

 - Right to [legal] counsel -
 - Legal counsel in arbitration cases.
 - Legal or REALTOR® counsel in ethics cases.

 - Right to have matter decided by an impartial body.

 - Appropriate, authorized sanctions.

 - Availability of the appeal process.

OMBUDSMAN PROCEDURES

Beginning in 2016 every local and state association of REALTORS® had to offer, either directly or as part of a cooperative agreement, ombudsman services to members, clients, and consumers.

Ombudsman procedures, which may be adopted and utilized at the discretion your associations, are intended to provide enhanced communications and initial problem-solving capacity. Many ethics complaints might be averted with enhanced communications and initial problem-solving capacity.

Types of Complaints. Many “complaints” received by boards and associations do not expressly allege violations of specific Articles of the Code of Ethics, and many do not detail conduct related to the Code. Some “complaints” are actually transactional, technical, or procedural questions readily responded to.

What is an ombudsman? An ombudsman is an individual appointed to receive and resolve disputes through constructive communication and advocating for consensus and understanding.

What is an ombudsman’s role? The ombudsman’s role is primarily one of communication and conciliation, not adjudication. Ombudsmen do not determine whether ethics violations have occurred, rather they anticipate, identify, and resolve misunderstandings and disagreements before matters ripen into disputes and possible charges of unethical conduct.

Qualifications and criteria for an ombudsman? An ombudsman should be thoroughly familiar with the Code of Ethics, state real estate regulations, and current real estate practice.

In the Virginia REALTORS® Ombudsman Program only REALTORS® with a minimum of three (3) years’ experience are selected to serve. Local associations may adopt a program that allows for staff members, or others acting on behalf of the local association, to serve.

Resolution of complaints

If a matter complained of is resolved to the mutual satisfaction of all parties through the efforts of an ombudsman, the formal ethics complaint brought initially (if any) will continue to be processed until withdrawn by the complainant. The ombudsman needs to remind a complainant to withdraw the formal complaint if they are satisfied with the services received.

Referrals to the Grievance Committee or to state regulatory bodies. Ombudsmen are only authorized to refer concerns that the public trust may have been violated to the Grievance Committee.

Confidentiality of ombudsman process

The allegations, discussions, and decisions made in ombudsman proceedings are confidential and shall not be reported except in situations of possible violations of the public trust.

MEDIATION

Mediation vs. Arbitration

Mediation	Arbitration
Low-cost	Moderate Cost
Little Delay	Moderate delay
Maximum range of solutions	Win/lose
Parties control outcome	Arbitrators control outcome
Uncertain closure	Definite closure
Improves relationships	May diminish relationships

What is mediation?

- Voluntary process (unless mandated by association)
- Private process where a neutral party helps people resolve disputes
- Getting two or more parties together to talk to each other and decide the outcome
- Helps disputants define issues, develop options and achieve mutual resolution
- Parties do not forfeit their legal rights or remedies

When is mediation offered?

- Associations can adopt a policy to offer mediation before a complainant files a formal ethics complaint
- Associations must offer mediation upon the filing of an arbitration request prior to the request being reviewed by Grievance
 - If mediation is declined, and the request is recommended for hearing by the Grievance Committee, mediation is offered to the parties again

Key features of the mediation process:

- Voluntary (unless association policy mandates mediation)
- Either party can end the mediation process at any time
- Parties decide the outcome of the dispute
- Confidential – none of the parties (including the mediator) can disclose communication or conduct of the mediation unless all parties agree

How to encourage parties to mediate:

- Explain the process at their level
- Find out what the concern is and address that concern
- Explain options if dispute does not settle
- If available, offer data about successes and satisfaction
- Give a hesitant party some time
- Let them decide

There are no changes to the Code of Ethics for 2017.

Summary of Key Professional Standards Changes from NAR for 2017 can be found in the Resources Section, pages R-10–R-24.

Code of Ethics change in 2016 -	
Standard of Practice 12-5	<p>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 <u>either in the advertisement or in electronic advertising via a link to a display with all required disclosures.</u> This Standard of Practice acknowledges that disclosing the name of the firm may not be practical in electronic displays of limited information (e.g., “thumbnails”, text messages, “tweets”, etc.). Such displays are exempt from the disclosure requirement established in this Standard of Practice, but only when linked to a display that includes all required disclosures. (Adopted 11/86, Amended 1/11 1/16)</p>

ARBITRABILITY

The Basis for Arbitration in the REALTOR® System and Article 17 of the Code of Ethics

- A. Arbitration of disputes is limited to the conditions of Article 17:
1. Contractual disputes such as:
 - a. Cooperating Broker vs. Listing Broker.
 - b. Agent A of ABC Firm vs. Agent B of ABC Firm (broker consent)(voluntary).
 - c. Listing Broker vs. Seller (voluntary).
 - d. Consumer (Client) vs. Broker.

 2. Specific non-contractual disputes as defined in SOP 17-4.
 - a. In SOP 17-4 (1) – (3), the most common non-contractual disputes covered by these paragraphs are cooperating broker vs. cooperating broker – no listing broker needs to be named in the arbitration request when listing broker has paid one of the cooperating brokers.
 - b. In SOP 17-4 (4), two or more “open” listing brokers may arbitrate between themselves.
 - c. In SOP 17-4 (5), the listing broker believes subsequently he is the procuring cause, then the listing broker may arbitrate with the cooperating broker when the listing broker reduces the sellers’ commission and the cooperating broker is paid by the seller.

 3. Disputes between REALTORS® associated with different firms, arising out of their relations as REALTORS®.

**GRIEVANCE COMMITTEE REVIEW QUESTIONS FOR ARBITRATION REQUESTS
(REQUESTOR v. RESPONDENT)**

In reviewing a request for arbitration, the Grievance Committee/Panel shall consider the following:

1. Is the request for arbitration acceptable in the form as received by the committee?
2. Are all necessary parties named in the request for arbitration?
3. Is the complaint timely filed?
4. Are the parties entitled to invoke arbitration?
5. Is litigation concerning an otherwise arbitrable matter pending in connection with the same transaction?
6. Is there any reason to conclude that the Board would be unable to provide an impartial Hearing Panel?

GRIEVANCE COMMITTEE REVIEW (continued)

After all questions have been answered:

- A motion is made
 - I MOVE that the above dispute be forwarded to the Professional Standards Committee for a ___ mandatory / ___ voluntary arbitration hearing on the matter.
 - I MOVE that the above dispute not be forwarded to a Professional Standards Committee for hearing on the matter because ___ is not timely filed/ ___ is not arbitrable/ ___ board does not have jurisdiction/ ___ other _____.
- A second to the motion is made
- Any discussion
- Chair calls for the vote

If all of the relevant questions have been considered, and a majority of the Grievance Committee/Panel concludes that the matter is properly arbitrable by the Board, the Grievance Committee/Panel Chairperson signs off on the Report Form (Form E-5.1, see p. R-30) and the Request for Arbitration is sent to the Chairperson of the Professional Standards Committee for arbitration by an Arbitration Hearing Panel.

The Grievance Committee/Panel's role is concluded.

Excerpt from Form E-5.1 - Grievance Committee Report Form – Arbitration Request

_____ The arbitration request is a matter for mandatory arbitration and shall be forwarded to the Professional Standards Committee for a hearing.

_____ The arbitration request is a matter for voluntary arbitration and shall be forwarded to the Professional Standards Committee for a hearing, provided that all parties agree.

_____ The arbitration request is not a matter for arbitration and the Grievance Committee dismisses the request. The complainant has the right to appeal the dismissal to the Board of Directors within 20 days from the date that staff transmits the dismissal notice. *Reason for dismissal:* ___ not timely filed ___ not arbitrable ___ board does not have jurisdiction ___ other (*explain*) _____.

ARBITRABILITY (continued)

B. Mandatory arbitration involves:

1. REALTOR® principal of company #1 vs. REALTOR® principal of company #2
2. REALTOR-ASSOCIATE® or REALTOR® non-principal of company #1 vs. REALTOR-ASSOCIATE® or REALTOR® non-principal of company #2 if the principals of the respective firms join the request (Salespeople may not invoke arbitration or be a respondent; arbitration is between principal brokers.)
3. Client vs. REALTOR® principal – (when the client files they have then consented to arbitration)

C. Voluntary arbitration involves:

1. REALTORS® or REALTOR-ASSOCIATES® in the same firm (“in-house” disputes)
2. REALTOR® principal and non-REALTOR® broker principal
3. REALTOR® principal and customer

D. Non-arbitrable matters include the following:

1. tortious interference with business relationships
2. tortious interference with a contractual relationship
3. economic duress
4. intentional infliction of emotional distress
5. other tort claims, such as libel/slander
6. employment claims, other than commission disputes
7. fraud/misrepresentation claims
8. property claims, both real and personal
9. disputes between two listing brokers where no contract exists between the parties and the dispute is not as specified in Standard of Practice 17-4(4) (added 1/1/17)

(Definition: Tortious Interference – a third party’s intentional inducement of a contracting party to break a contract causing damage to the relationship between the contracting parties.)

Associations may (but are not required to) offer mediation for non-arbitrable matters defined above.

- E. Virginia law does allow the Board to adopt Part 10, Section 48, Option #3 to allow for an arbitration to move forward in the event that the respondent refuses or fails to appear at a hearing. Additionally, you can split arbitration awards in Virginia.

Form #A-1

Date Received: 8/17/16

Tranquil Board of REALTORS(R)

Board or State Association			
4040 Main Street	Harmony	USA	95459
Address	City	State	Zip

Request and Agreement to Arbitrate

- (1) The undersigned, by becoming and remaining a member of the Tranquil Board of REALTORS® (or Participant in its MLS), has previously consented to arbitration through the Board under its rules and regulations.
- (2) I am informed that each person named below is a member in good standing of the Board (or Participant in its MLS), or was a member of said Board of REALTORS® at the time the dispute arose.
- (3) A dispute arising out of the real estate business as defined by Article 17 of the Code of Ethics exists between me (or my firm) and (list all persons and/or firms you wish to name as respondents to this arbitration):*

Terry Love, REALTOR® principal 2 W. Main St, Harmony, USA 95459
Name Address

_____, REALTOR® principal _____
Name Address

Top Sail Realty 2 W. Main St., Harmony, USA 95459
Firm Address

(NOTE: Arbitration is generally conducted between REALTORS® [principals] or between firms comprised of REALTOR® principals. Naming a REALTOR® [principal] as respondent enables the complainant to know who will participate in the hearing from the respondent's firm; naming a firm may increase the likelihood of collecting any resulting award.)

- (4) There is due, unpaid and owing to me (or I retain) from the above-named persons the sum of \$ 25,000. My claim is predicated upon the statement attached, marked Exhibit I and incorporated by reference into this application. The disputed funds are currently held by ABC Title Company.

Parties are strongly encouraged to provide any and all documents and evidence they intend to introduce during the hearing to the other party(ies) and to the association prior to the day of the hearing. Providing documents and evidence in advance can expedite the hearing process and prevent costly, unnecessary continuances.

- (5) I request and consent to arbitration through the Board in accordance with its *Code of Ethics and Arbitration Manual* (alternatively, "in accordance with the professional standards procedures set forth in the bylaws of the Board"). I agree to abide by the arbitration award and, if I am the non-prevailing party, to, within ten (10) days following transmittal of the award, either (1) pay the award to the party(ies) named in the award or (2) deposit the funds with the Professional Standards Administrator to be held in an escrow or trust account maintained for this purpose. Failure to satisfy the award or to deposit the funds in the escrow or trust account within this time period may be considered a violation of a membership duty and may subject the member to disciplinary action at the discretion of the Board of Directors consistent with Section 53, The Award, *Code of Ethics and Arbitration Manual*.

In the event I do not comply with the arbitration award and it is necessary for any party to this arbitration to obtain judicial confirmation and enforcement of the arbitration award against me, I agree to pay the party obtaining such confirmation the costs and reasonable attorney's fees incurred in obtaining such confirmation and enforcement.

- (6) I enclose my check in the sum of \$ 500.00 for the arbitration filing deposit.**
- (7) I understand that I may be represented by legal counsel, and that I should give written notice no less than fifteen (15) days before the hearing of the name, address, and phone number of my attorney to all parties and the Board. Failure to provide this notice may result in a continuance of the hearing, if the Hearing Panel determines that the rights of the other party(ies) require representation.

*Complainants may name one or more REALTOR® principals or a firm comprised of REALTOR® principals as respondent(s). Or, complainants may name REALTOR® principals and firms as respondents.
 **Not to exceed \$500.

(8) Each party must provide a list of the names of witnesses he intends to call at the hearing to the Board and to all other parties not less than fifteen (15) days prior to the hearing. Each party shall arrange for his witnesses to be present at the time and place designated for the hearing. The following REALTOR® nonprincipal (or REALTOR-ASSOCIATE® nonprincipal) affiliated with my firm has a financial interest in the outcome of the proceeding and may be called as a witness, and has the right to be present throughout the hearing:

Grace Smith

All parties appearing at a hearing may be called as a witness without advance notice.

(9) I declare that this application and the allegations contained herein are true and correct to the best of my knowledge and belief and this request for arbitration is filed within one hundred eighty (180) days after the closing of the transaction, if any, or within one hundred eighty (180) days after the facts constituting the arbitrable matter could have been known in the exercise of reasonable diligence, whichever is later.

Date(s) alleged dispute took place August 15, 2016

(10) If either party to an arbitration request believes that the Grievance Committee has incorrectly classified the issue presented in the request (i.e., mandatory or voluntary), the party has twenty (20) days from the date of transmittal of the Grievance Committee's decision to file a written appeal of the decision. Only those materials that the Grievance Committee had at the time of its determination may be considered with the appeal by the Board of Directors.

(11) Are the circumstances giving rise to this arbitration request the subject of civil litigation? _____ Yes No

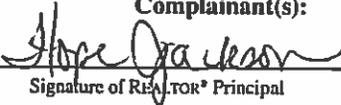
(12) Important note related to arbitration conducted pursuant to Standard of Practice 17-4 (1) or (2): Where arbitration is conducted between two (or more) cooperating brokers pursuant to Standard of Practice 17-4 (1) or (2), the amount in dispute and the amount of any potential resulting award is limited to the amount paid to the respondent by the listing broker, seller, or landlord and any amount credited or paid to a party to the transaction at the direction of the respondent.

(13) Address of the property in the transaction giving rise to this arbitration request:

1414 Peace Lane, Harmony, USA 95459

(14) The sale/lease closed on: August 15, 2016

(15) Agreements to arbitrate are irrevocable except as otherwise provided under state law.

Complainant(s):
Hope Jackson  August 16, 2016
 Name (Type/Print) Signature of REALTOR® Principal Date

64 First Street, Harmony, USA 95459
 Address

804-555-1212 Hope@hoperealty.com
 Telephone Email

Name (Type/Print) Signature of REALTOR® Principal Date

Address
Hope Realty 95 Elm Street, Harmony, USA 95459
 Name of Firm* Address

804-555-5000 Sales@hoperealty.com
 Telephone Email

*In cases where arbitration is requested in the name of a firm comprised of REALTORS® (principals), the request must be signed by at least one of the REALTOR® principals of the firm as a co-complainant.

(Revised 1/1/15)

PROCURING CAUSE CASE STUDY

Chief of Staff
Tranquil Board of REALTORS®
4040 Main Street
Harmony, USA 95459

August 16, 2016

RE: Complainant's Letter

Dear Association Executive:

I listed 1415 Peace Lane on September 9, 2015. The listing was to expire September 9, 2016. I put a lot of effort into marketing this property and generated substantial interest. The property was a short sale. I specialize in these types of transactions.

In December, 2015 a prospective purchaser, Faith Jones, contacted me. I showed Ms. Jones the property on December 15, 2015. I introduced the property to Faith Jones, provided her with a variety of disclosure documentation, reviewed the physical condition of the home situated at the property, and discussed the possibilities under current zoning regulations to develop the property.

The property was placed under contract with a different buyer represented by a buyer broker from another firm on December 20, 2015. I contacted Ms. Jones to advise her of the transaction, and discussed the possibility of her making a backup offer to purchase the property. Ms. Jones declined, but also specifically requested that she be advised if the pending transaction failed to close.

Primarily due to the prospective buyer's frustrations associated with the duration of a short sale, the pending transaction did not close. I contacted Ms. Jones in accordance with her previous request. She indicated that she was still interested in the property but that she had retained the services of Serenity Johnson of Top Sail Realty in the interim. I tentatively scheduled another showing of the property on April 5, 2016, and advised Ms. Jones to bring Ms. Johnson to the second showing. Ms. Jones arrived at the property on April 5, 2016. She was not accompanied by Ms. Johnson or by any representative from Top Sail Realty. I conducted another showing and provided the buyer with appropriate disclosure documentation. Again, no representative of Top Sail Realty was involved in this showing.

The buyer made an offer to purchase through Serenity Johnson and a contract for the purchase and sale of the property was entered into on April 9, 2016. A closing on the purchase and sale was completed on August 15, 2016 for \$1.25 million. A total commission of \$25,000 was paid to our firm. At the instructions to the title company, the cooperating broker's compensation of \$25,000 is being held by the title company, pending the conclusion of this arbitration hearing. On these facts, we are entitled to the entire commission for services as a procuring cause of the purchase and sale of the property. This really is a remarkably simple case. I did all the work. Although Ms. Johnson thinks she is entitled to those cooperating broker's funds because she is the procuring cause, she is mistaken. Serenity was marginally involved with this transaction.

Best regards,

GRACE SMITH
Grace Smith, REALTOR®
Hope Realty

Hope Jackson
Hope Jackson, Designated REALTOR®
Hope Realty

ARBITRATION HEARING PANEL PROCEDURES

A. Pre-hearing meeting

1. Questions that can be addressed by the hearing panel chair through a pre-hearing meeting of the hearing panel or at the outset of the hearing prior to testimony relating to the arbitration request commencing, are:
 - a. whether ethics complaints and arbitration requests are timely filed,
 - b. whether arbitrable issues exist,
 - c. whether arbitration requests are too legally complex to be fairly arbitrated, and
 - d. other administrative issues.
2. If these matters arise during a hearing, the hearing panel will address them at that time.
3. Dismissals of arbitration requests by hearing panels whether in a pre-hearing meeting or at the outset of the hearing prior to testimony can be appealed to the Board of Directors on the same bases as dismissals by the Grievance Committee.
4. Where such issues are considered at a pre-hearing meeting of the hearing panel, the chair will determine whether the parties may be present, and the extent to which their participation will be permitted.

B. Hearing

1. **Procuring Cause** - A broker will be regarded as the “procuring cause” and entitled to commission *if*:
 - a. His or her efforts are the foundation on which the negotiations resulting in a sale are begun,
 - b. The broker caused or originated a series of events, continuous and unbroken, that resulted in the accomplishment of the objective of his/her employment, or
 - c. The broker produced a buyer ready, willing, and able to buy real estate on the owner’s terms.

2. **Six (6) Factors** considered by Arbitration Panels (CEAM Appendix II to Part Ten)

(also see Arbitration Worksheet in Resources Section, p. R-34):

- a. 1- No predetermined rule of entitlement,

- b. 2 - An arbitrable matter with appropriate parties,

- c. 3 - Relevance and admissible evidence,

- d. 4 - Communication and contact:
 - i. Abandonment and/or
 - ii. Estrangement

- e. 5 - Conformity with state law,

- f. 6 - Consideration of the entire course of events:
 - i. Nature and status of the transaction,
 - ii. Nature, status, terms of listing agreement,
 - iii. Nature, status, terms of buyer representation agreement,
 - iv. Nature, status, terms of offer to compensate,
 - v. Roles and relationships of parties,
 - vi. Initial contact with purchaser,
 - vii. Conduct of brokers,
 - viii. Continuity and breaks in continuity,
 - ix. Conduct of the buyer,
 - x. Conduct of the seller,
 - xi. Leasing Transaction

C. Executive Session

1. Get full and clear understanding of transaction giving rise to request to arbitrate.
2. Carefully and impartially weigh and analyze whole course of conduct of parties.
3. Render reasoned peer judgment with respect to the issues presented.
4. Reach a fair and equitable resolution.

Chief of Staff
Tranquil Board of REALTORS®
4040 Main Street
Harmony, USA 95459

September 10, 2016

RE: Respondent's Letter

Dear Association Executive:

There is no way Grace Smith at Hope Realty is the procuring on this sale. As procuring cause, I am entitled to the \$25,000 in cooperative compensation on this transaction, currently being held by the title company.

I entered into a buyer broker agreement with Faith Jones January 6, 2016. I had previously represented her brother in the purchase of his home which closed in December. After the holidays, she reached out to me, explaining that her brother gave me a glowing recommendation. In 2015, I had sold their parents' home so I knew the family.

Up until April 5, I had shown Faith approximately 45 homes. She had a very good understanding of what was available in our community. When she initially approached me in January, she said that she had, on her own, been "kicking some tires," but that she was now serious about finding a home to purchase with me as her buyer broker. She wanted someone on her side, looking out for her best interests.

It is true that I did not accompany Faith to the April 5 showing, but I can explain. First, let me say that when Faith initially called me about the April 5 showing, I immediately called Grace Smith, introduced myself, and confirmed that April 5 would work fine. However, on the way to the showing that morning, a car came out of nowhere and totaled my car. I had the presence of mind to text my broker, Terry Love, and ask her to make arrangements to have someone else from our company accompany Faith, but no one was available on such short notice. I also texted Grace Smith and my client to let them know what had just happened. The police on the scene were insistent, given the condition of my car that I go to the hospital to get checked out.

However, prior to writing the offer on Faith's behalf, I arranged to see the property on April 7. I had previously been in the property but that was months ago with a different buyer. I wanted to make sure the condition of the property was what I recalled to ensure I was looking out for Faith's best interests. We submitted an offer later that day. It was accepted April 9.

This was not an easy transaction to see through to closing. We had mortgage issues, challenges working through inspection problems, and even had problems at the time of the final walk-through, just before closing.

I procured this purchaser. I don't understand why Grace and her broker, Hope, are being so obstinate.

Serenity Johnson

Serenity Jones, REALTOR®
Top Sail Realty

Terry Love

Terry Love, Designated REALTOR®
Top Sail Realty

ARBITRATION PROCEDURAL REVIEW

A. “Appeal” Versus “Procedural Review”

1. In arbitration, there is no right to appeal the award itself; parties may not complain, “I don’t like the award,” or “I disagree with the arbitrators’ decision.”
2. Parties **do** have a right to limited procedural review, based solely on assuring that due process rights have been observed.
3. This process provides a “safety valve” to remedy substantial procedural deficiencies or other irregularities that a party believes constitute a deprivation of due process.

B. Request for Procedural Review

1. Limited right of review, based solely on:
 - a. deprivation of due process, or
 - b. failure of the association to substantially follow its established arbitration procedures.
2. If no procedural review request is filed within 20 days from transmittal of the award, it becomes final, and the Board of Directors does not review, approve, or otherwise look at the arbitration request or award. This is different than an ethics matter where the Board of Directors always reviews the decision.
3. If a procedural review request has been filed, it is reviewed by the entire Board of Directors or a panel of the Board of Directors, as determined by policy established by the Board of Directors.
4. A request should clearly set forth all bases for challenge.
 - a. Form #A-13 - Request for Procedural Review – should be completed.
 - b. No new evidence is allowed, except as such may bear upon a claim of deprivation of due process – for example, a claim that the party was not allowed to submit a particular document.
 - c. A proper request for procedural review may not simply state, “I appeal” to be accepted as proper.

5. During the initial administrative review, the president or delegate reviews the request and determines whether it states any legitimate bases for review. If not, the problem is explained to the party and additional detail is requested.

NOTE: All procedural review requests are heard, and there is no ability for them to be “vetoed”.

6. During a procedural review hearing:
 - a. Arguments are limited to issues raised in the written request for review.
 - b. At the start, the chair should make it clear that the merits of the arbitration are not being reviewed or reconsidered.
 - c. Challenges to the directors for cause are allowed, as with hearing panel members.
 - d. The appellant explains the basis for challenge.
 - e. The chair of the original Arbitration Hearing Panel (or his designee) may respond to allegations raised by the appellant.
 - f. Any other party has an opportunity to address why the award should be upheld.
7. During the Board of Directors’ executive session:
 - a. The Directors’ decision is final and binding, from the Association’s perspective.
 - b. The Directors limit their deliberations to bases in the written statement that allege a deprivation of due process.
 - c. The Directors vote and the outcome will be either:
 - i. The Directors may adopt the award.
 - ii. If a substantial procedural deficiency resulting in the denial of due process is found, or if it is determined that the non-prevailing party was otherwise deprived of due process, then the award is invalidated and the arbitration request is referred for a new hearing by a different hearing panel, **or** if the association is unable to impanel an impartial, well-qualified hearing panel the matter may be referred to the state association, **or** the parties may be released from their obligation to arbitrate.

Questions and Answers



RESOURCES



2017 CODE OF ETHICS



Code of Ethics and Standards of Practice

of the NATIONAL ASSOCIATION OF REALTORS®

Effective January 1, 2017

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 consultive 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 consultive 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 posted, 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) to otherwise mislead consumers. *(Adopted 1/07, Amended 1/13)*

• 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.

**SUMMARY OF KEY
PROFESSIONAL STANDARDS
CHANGES FROM NAR
2017**



2017 Summary of Key Professional Standards Changes

This summary highlights substantive issues and changes, but is not all-inclusive. For complete information detailing all the changes see the 2016 Professional Standards Committee Actions for Midyear and the Annual Convention on the Board Policy and Programs website (<http://nar.realtor/mempolweb.nsf/comnameweb>; search on "Professional Standards Committee Actions"). Also review the shaded portions of the 2017 *Code of Ethics and Arbitration Manual* which highlights all the changes.

Change to the *Code of Ethics and Standards of Practice*

There are no changes to the 2017 Code of Ethics and Standards of Practice.

Changes to the *Code of Ethics and Arbitration Manual (Manual)*

(underscoring indicates additions, strikeouts indicate deletions)

- **Policy Statement #48, REALTORS®' Code of Ethics Training, is amended as follows:**

Effective January 1, 2001 through December 31, 2004, and for successive four (4) year periods thereafter ending December 31, 2016, REALTORS® ~~are~~ were required to complete quadrennial ethics training of not less than two (2) hours and thirty (30) minutes of instructional time. Beginning January 1, 2017 through December 31, 2018 and for successive two (2) year periods thereafter, REALTORS® are required to complete biennial ethics training of not less than two (2) hours and thirty (30) minutes of instructional time. REALTORS® completing such training during any ~~four (4)~~ two (2) year cycle shall not be required to complete additional ethics training in respect of this requirement as a requirement of membership in any other Board or Association.

A REALTOR® completing the new member Code of Ethics orientation during any ~~four (4)~~ two (2) year cycle shall not be required to complete additional ethics training in respect of this requirement until a new ~~four (4)~~ two (2) year cycle commences.

Failure to complete the required periodic ethics training shall be considered a violation of a membership duty.

Failure to meet the requirement will result in suspension of membership for the first two months (January and February) of the year following the end of any ~~four (4)~~ two (2) year cycle or until the requirement is met, whichever occurs sooner. On March 1 of that year, the membership of a member who is still suspended as of that date will be automatically terminated.

Every Board and Association is required to provide access to necessary ethics training programs either locally, in conjunction with other Boards and Associations, or through other methods (including, but not limited to, home study, correspondence courses, or Internet-based instruction). Any training offered pursuant to this requirement must meet the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS® from time to time.

- **Section 6, Conduct of Hearing, is amended as follows:**

At any ethics or arbitration hearing, every party has the right to present any witnesses, to submit any evidence pertinent to the case, and to cross-examine witnesses. Witnesses giving oral testimony shall be sworn in by the Chairperson. Before permitting testimony relating to the character or general reputation of anyone, the tribunal shall satisfy itself that the testimony has a direct bearing on the case at issue.

Attendance at any hearing is limited to the parties and the parties' respective counsel and/or witnesses (witnesses are excused from the hearing except during their testimony); the Hearing Panel members (including alternates); Board staff and/or counsel, as deemed necessary; any court reporter, as requested; and, in any ethics proceeding, the Respondent's Realtor® principal, consistent with Part Two, Section 13(d) of this Manual. (Adopted 4/93)

~~*The Board shall, and any party (may/may not), at his own expense, have a court reporter present at the hearing or shall record the proceeding, or may record* the proceeding, and, if transcribed, shall present a copy to the Professional Standards Administrator.** Any party may, at the Board's discretion, record the proceeding or utilize a court reporter at their own expense. If a party utilizes a court reporter and orders a transcript, a copy of the transcription shall be made at the party's expense and presented to the Professional Standards Administrator. If the Board utilizes a court reporter in lieu of recording, the parties may not be prohibited from making their own recording. (See Form #E-9, Outline of Procedure for Ethics Hearing, Part Six, and Conduct of an Ethics Hearing, Part Five.)*~~

Videotaping of the proceedings shall not be permitted except by advance express consent of all parties and all members of the tribunal.

~~*Ethics and arbitration hearings must be recorded, not Appeals or limited procedural review proceedings shall not be recorded by the Board or the parties. Boards shall prohibit parties from recording appeals or limited procedural review proceedings. (Revised 11/14)*~~

*The Board's recording or transcription shall be considered the official record of the proceeding. Copies of any recording or any transcript prepared from any recording of the hearing are to be used only for the purpose of appeals.*** or procedural reviews, and may not be introduced into evidence at any subsequent hearing. Boards, at their discretion and upon the advice of counsel, may prohibit the parties from obtaining a copy of the recording or transcription if the request is received outside of the time frame allowed for appeals or procedural reviews. Any unauthorized use of the recordings or transcripts may be construed as a violation of Article 14, as interpreted by the applicable Standards of Practice, and as a violation of these procedures.*

Any party to a hearing has the right to obtain a copy of the Board's official recording, subject to the aforementioned limitations, and subject to payment of the Board's duplication costs, and Any duplication will be conducted under the supervision of the Board. If the Board transcribes its official recording, any party to the hearing may obtain a copy of the transcript, subject to the aforementioned limitations and paying the Board's transcription costs. If more than one party requests copies of the transcript, the Board's costs will be apportioned between or among the parties. (Revised 11/14)

If a party purchases a copy of the Board's official recording and subsequently has it transcribed at his own expense, that party must provide a copy of the transcript to the Board at no cost. After the Board has received a copy of the transcript (made from the Board's official recording), the Board shall make copies of the transcript available to any other party subject to their payment of the Board's duplication costs. (Revised 11/10)

~~*Attendance at any hearing is limited to the parties and the parties' respective counsel and/or witnesses (witnesses are excused from the hearing except during their testimony); the Hearing Panel members (including alternates); Board staff and/or counsel, as deemed necessary; any court reporter, as requested; and, in any ethics proceeding, the Realtor® principal, consistent with Part Two, Section 13(d) of this Manual. (Adopted 4/93)*~~

It is recommended that recordings produced by the Board be maintained in the confidential professional standards files until a date when any sanction imposed by the Board has been completed.

~~***Videotaping of the proceedings shall not be permitted except by advance express consent of all parties and all members of the tribunal.*~~

~~****Recordings or transcripts from ethics hearings may be used only by the parties for the purpose of appeals, and may not be introduced into evidence at any subsequent hearing. Any other unauthorized use of the recordings or transcripts may be construed as a violation of Article 14, as interpreted by the applicable Standards of Practice, and as a violation of these procedures. (Revised 11/14)*~~

- **Section 20 (e), Initiating an Ethics Hearing, is amended as follows:**

*(e) If an ethics respondent resigns or otherwise causes membership in the Board to terminate after an ethics complaint is filed but before final action is taken by the Board of Directors, ~~the hearing process shall suspend and the Professional Standards Administrator shall cause the complaint to be forwarded to any other Board in which the respondent continues to hold membership. If the respondent does not hold membership in another Board, or if the Professional Standards Administrator is unable to determine if the respondent holds membership in another Board, the complaint shall be held in abeyance until such time as the respondent rejoins the Board or it can be determined that the respondent holds membership in another Board~~ continue to be processed until the decision of the association with respect to disposition of the complaint is final consistent with Section 20, Initiating an Ethics Hearing, or Section 23, Action of the Board of Directors, Code of Ethics and Arbitration Manual. * If an ethics respondent resigns or otherwise causes membership in all Boards to terminate before an ethics complaint is filed alleging unethical conduct occurred while the respondent was a REALTOR®, the complaint, once filed, shall be processed until the decision of the association with respect to disposition of the complaint is final consistent with Section 20, Initiating an Ethics Hearing, or Section 23, Action of the Board of Directors, Code of Ethics and Arbitration Manual. * In any instance where an ethics hearing is held subsequent to an ethics respondent's resignation or membership termination, any discipline ratified by the Board of Directors shall be held in abeyance until such time as the respondent rejoins an association of REALTORS®. In any instance where a complaint is transferred to another Board, the complainant shall be so advised.*

**Failure of the respondent to attend will not prevent a hearing from being held.*

Note: Paragraph (14) of Appendix V to Part Four, Ethics Hearing Checklist, is amended to reflect the above change in policy.

- **Section 20 (I), Initiating an Ethics Hearing, is amended as follows:**

If the respondent does not acknowledge the conduct alleged in the complaint or waive the right to a hearing, or does not respond within ten (10) days from transmittal of the complaint, a hearing shall be scheduled in the manner provided for in Section 21, Ethics Hearing, beginning with the ~~twenty (20)~~ five (5) day deadline for the Professional Standards Committee chair to select a hearing date.

- **Section 21 (a) and (b), Ethics Hearing, is amended as follows:**

*(a) After a complaint alleging a violation of membership duty (duties) has been referred to the Professional Standards Administrator by the Grievance Committee with instruction to arrange a hearing, the Professional Standards Administrator shall serve a copy of the complaint on each party complained of (hereafter called the respondent) and notify the respondent that the respondent may file a written reply (Forms #E-2, Notice to Respondent [Ethics], and #E-3, Reply [Ethics], **Part Six**) with the Professional Standards Administrator within fifteen (15) days of the request for response being transmitted. A Hearing Panel may accept late filing of the reply at its discretion. The Professional Standards Administrator may require the complainant to supply the necessary number of copies of the complaint and the respondent to supply the necessary number of copies of the reply, except that such requirement shall not be made of a complainant who is not a Board Member. (Revised 11/14)*

The Professional Standards Administrator will inform the Professional Standards Committee Chair of the referral and the Chair shall select a hearing date no later than ~~twenty (20)~~ five (5) days after the Grievance Committee's decision to forward for hearing is final.

(b) The Professional Standards Administrator shall provide a copy of the reply (if any) to the complainant within ~~fifteen (15)~~ five (5) days from receipt of the response. The Professional Standards Administrator shall also provide copies of the complaint and reply (if any) to the Board President and Chairperson of the Professional Standards Committee, or notify each that no reply has been filed (unless the President and/or Professional Standards Chairperson indicate that they do not wish to receive copies or be so informed). (Amended 11/14)

- **Section 21 (e), Ethics Hearing, is amended as follows:**

(e) Complainants may withdraw their complaints at any time prior to the start of an adjournment of the ethics hearing. However, if complainant withdraws the complaint after transmission of the Grievance Committee's decision to forward the complaint to a hearing and prior to adjournment of the ethics hearing, the complainant may not resubmit the complaint on the same matter. If complainant withdraws the complaint before transmission of the Grievance Committee's decision to forward the complaint to a hearing, the complainant may resubmit the complaint on the same matter so long as it is filed within the

180-day filing deadline as defined in this Manual. 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.~~

Note: Paragraph (20) of Appendix V to Part Four, Ethics Hearing Checklist, is amended to reflect the above change in policy. Also, the answer to question 17 in the Questions and Answers section of the *Code of Ethics and Arbitration Manual* is revised to reflect the revised policy.

- **Section 21 (f) (2), Ethics Hearing, is amended as follows:**

At any time during the hearing, the complaint may be amended either by the complainant or upon motion of the Hearing Panel to add previously uncited Articles or additional respondents. Neither the complainant or the Hearing Panel may bar the other from making such amendments. Amendments to include Articles previously dismissed by the Grievance Committee may be made only on the motion of the Hearing Panel. In such event, the hearing, with the concurrence of the respondent, may proceed uninterrupted or be reconvened on a date certain, not less than fifteen (15) or more than thirty (30) days from the hearing date unless a "late" witness is allowed and then not less than five (5) days from the hearing date. If the respondent knowingly waives his right to the adjournment, the record should reflect the fact that the respondent was aware of the right to an adjournment but chose to proceed with the hearing without interruption on the basis of the amended complaint. If the hearing is adjourned to be reconvened at a later time, the amended complaint shall be filed in writing, signed by the complainant or by the Chairperson of the Hearing Panel, and shall be promptly served on the respondent as in all other cases provided herein. ~~To prevent the appearance of bias, at no time during or after an ethics hearing may the Hearing Panel or any appellate body refer concerns regarding potentially unethical conduct to the Grievance Committee. This is based on the premise that the fundamental right and primary responsibility to bring potentially unethical conduct to the attention of the Grievance Committee rests with the parties and others with firsthand knowledge. This prohibition in no way limits or restricts the Hearing Panel from amending pending complaints as otherwise provided for in this section.~~ However, in any instance where a Hearing Panel amends an ethics complaint pending before it, the respondent(s) shall be given the choice of proceeding before the same Hearing Panel (either without interruption or when reconvened pursuant to the procedures established elsewhere in this Section) or having the complaint considered in a new hearing before a different Hearing Panel.

To prevent the appearance of bias, at no time during or after an ethics hearing may the Hearing Panel or any appellate body refer concerns regarding potentially unethical conduct to the Grievance Committee. This is based on the premise that the fundamental right and primary responsibility to bring potentially unethical conduct to the attention of the Grievance Committee rests with the parties and others with firsthand knowledge. This prohibition in no way limits or restricts the Hearing Panel from amending pending complaints as otherwise provided for in this section.

- **Section 23 (b), Action of the Board of Directors, is amended as follows:**

(b) If no appeal is filed, the Directors will adopt the Hearing Panel's recommendation and issue its order accordingly (at its next regularly scheduled meeting or a special meeting designated for that purpose, but no later than thirty [30] days after the date the Hearing Panel's decision was transmitted to the parties), unless: (Revised 11/14)

(1) the Directors, if concerned with a possible procedural deficiency, refer the decision back to the Professional Standards Committee for a new hearing and recommendation by a different Hearing Panel; or

(2) the Directors are concerned with the appropriateness of the recommendation of sanction, in which case the Directors may impose alternative discipline that does not exceed that recommended by the Hearing Panel, or may refer the decision back to the original Hearing Panel for further consideration and recommendation accompanied by the Directors' concerns regarding the proposed discipline (Hearing Panels are not required to accept the Directors' recommendation to increase discipline. In instances where the Hearing Panel increases discipline, the respondent(s) will have an additional twenty (20) days from the date the Hearing Panel's revised decision has been transmitted to appeal the revised discipline); or

(3) the consequences for noncompliance with discipline are not specified, in which case the Directors must refer the decision back to the original Hearing Panel for determination of the consequences for noncompliance (in such instances, the respondent(s) will have an additional twenty (20) days from the date the Hearing Panel's revised decision has been transmitted to appeal only the severity of the consequences for noncompliance); or

(3 4) the Directors conclude the findings of fact do not support a violation of the Code of Ethics, in which case the complaint will be dismissed.

*In such matters, advice of Board legal counsel should be requested and considered.
(Revised 11/14)*

- **A new Ethics Mediation Resolution Agreement, is added to Appendix XI to Part Four, Ethics Mediation (see appendix 1 of this document).**

- **The following paragraph takes the place of "Recording the hearing" section in the following:**

Part Five – Conduct of an Ethics Hearing,

Outline of Procedure for Ethics Hearing Involving a Complaint and a Counter-Complaint

Form #E-9, Outline of Procedure for Ethics Hearing

Form #E-9a, Outline of Procedure for Ethics Hearing Involving a Complaint and Counter-Complaint

Part Twelve – Conduct of an Arbitration Hearing

Outline of Procedure for an Arbitration Hearing Involving a Request and a Counter-Request

Form #A-10, Outline of Procedure for Arbitration Hearing
Form #A-10a, Outline of Procedure for Arbitration Hearing Involving a Request and a Counter-Request

The Board shall have a court reporter present at the hearing or shall record the proceeding. Any party may, at the Board's discretion, record the proceeding or utilize a court reporter at their own expense. If a party utilizes a court reporter and orders a transcript, a copy of the transcription shall be made at the party's expense and presented to the Professional Standards Administrator. If the Board utilizes a court reporter in lieu of recording, the parties may not be prohibited from making their own recording. Videotaping is not permitted except with the advance express consent of the parties and the panelists. Copies of any recording or transcription are to be used only for the purpose of appeals or procedural reviews. Appeals and limited procedural reviews shall not be recorded by the Board or the parties.

- **The following sentence is added to:**
Form #E-3, Reply (Ethics)
Form #E-5, Response to Grievance Committee Request for Information
Form #E-20, Notice to Respondent (Ethics) and Optional Waiver of Right to Hearing

Boards or Associations of REALTORS® where I hold or have held membership in the preceding three (3) years _____.

- **The following sentences are added to the end of Form E-11, Decision of Ethics Hearing Panel of the Professional Standards Committee:**

Hearing Panels that find a matter not timely filed should transmit their decision via correspondence (not Form #E-11, Decision of Ethics Hearing Panel of the Professional Standards Committee). Appellants appealing a Hearing Panel's dismissal should use Form #E-22, Appeal of Grievance Committee (or Hearing Panel) Dismissal of Ethics Complaint.

Note: This form was also revised to prompt a hearing panel to include the time frame in which discipline must be complied with if a violation of the Code of Ethics is found.

- **Section 31, Conduct of Hearing, is amended as follows:**

At any ethics or arbitration hearing, every party has the right to present any witnesses, to submit any evidence pertinent to the case, and to cross-examine witnesses. Witnesses giving oral testimony shall be sworn in by the Chairperson. Before permitting testimony relating to the character or general reputation of anyone, the tribunal shall satisfy itself that the testimony has a direct bearing on the case at issue.

*Attendance at any hearing is limited to the parties and the parties' respective counsel and/or witnesses (witnesses are excused from the hearing except during their testimony [except those witnesses with a vested financial interest consistent with **Part Ten, Section 44(a)(2), Duty and Privilege to Arbitrate**]); the Hearing Panel members (including alternates); Board staff and/or counsel, as deemed necessary; and any court reporter, as requested. (Revised 11/98)*

~~The Board shall, and any party (may/may not), at his own expense, have a court reporter present at the hearing or shall record the hearing, or may record* the proceeding, and, if transcribed, shall present a copy to the Professional Standards Administrator.** Parties may, at the Board's discretion, record the hearing or utilize a court reporter at their own expense. If a party utilizes a court reporter and orders a transcript, a copy of the transcription shall be made at the party's expense and presented to the Professional Standards Administrator. If the Board utilizes a court reporter in lieu of recording, the parties may not be prohibited from making their own recording (See Form #A-10, Outline of Procedure for Arbitration Hearing, Part Thirteen, and Conduct of an Arbitration Hearing, Part Twelve).~~

Videotaping of the proceedings shall not be permitted except by advance express consent of all parties and all members of the tribunal.

~~Ethics and arbitration hearings must be recorded, not Appeals or limited procedural review proceedings shall not be recorded by the Board or the parties. Boards shall prohibit parties from recording appeals or limited procedural review proceedings. (Revised 11/14)~~

The Board's recording or transcription shall be considered the official record of the proceeding. Copies of any recording or any transcript prepared from any recording of the hearing are to be used only for the purpose of appeals.*** or limited procedural reviews, and may not be introduced into evidence at any subsequent hearing. Boards, at their discretion and upon the advice of counsel, may prohibit the parties from obtaining a copy of the recording or transcription if the request is received outside of the time frame allowed for appeals or procedural reviews. Any unauthorized use of the recordings or transcripts may be construed as a violation of Article 14, as interpreted by the applicable Standards of Practice, and as a violation of these procedures.

Any party to a hearing has the right to obtain a copy of the Board's official recording, subject to the aforementioned limitations, and subject to payment of the Board's duplication costs; and, Any duplication will be conducted under the supervision of the Board. If the Board transcribes its official recording, any party to the hearing may obtain a copy of the transcript, subject to the aforementioned limitations and paying the Board's transcription costs. If more than one party requests copies of the transcript, the Board's costs will be apportioned between or among the parties. (Revised 11/14)

If a party purchases a copy of the Board's official recording and subsequently has it transcribed at his own expense, that party must provide a copy of the transcript to the Board at no cost. After the Board has received a copy of the transcript (made from the Board's official recording), the Board shall make copies of the transcript available to any other party subject to their payment of the Board's duplication costs. (Revised 11/10)

~~Attendance at any hearing is limited to the parties and the parties' respective counsel and/or witnesses (witnesses are excused from the hearing except during their testimony [except those witnesses with a vested financial interest consistent with Part Ten, Section 44(a)(2), Duty and Privilege to Arbitrate]); the Hearing Panel members (including alternates); Board staff and/or counsel, as deemed necessary; and any court reporter, as requested. (Revised 11/98)~~

**It is recommended that recordings produced by the Board be maintained in the confidential professional standards files until a date when any sanction imposed by the Board has been completed.*

~~**Videotaping of the proceedings shall not be permitted except by advance express consent of all parties and all members of the tribunal.~~

~~***Recordings or transcripts from arbitration hearings may be used only by the parties for the purpose of appeals, and may not be introduced into evidence at any subsequent hearing. Any other unauthorized use of the recordings or transcripts may be construed as a violation of Article 14, as interpreted by the applicable Standards of Practice, and as a violation of these procedures. (Revised 11/14)~~

- **Appendix I to Part Ten, Arbitrable Issues, is amended as follows:**

Non-Arbitrable Issues that Can be Mediated as a Matter of Local Determination

As stated above, an arbitrable issue includes a contractual question arising out of a transaction between parties to a contract, in addition to certain specified non-contractual issues set forth in Standard of Practice 17-4. Arbitration proceedings should be limited to these issues, and Boards of Realtors® should not arbitrate other types of claims.

Examples of non-arbitrable issues include:

- *tortious interference with business relationships*
- *tortious interference with a contractual relationship*
- *economic duress*
- *intentional infliction of emotional distress*
- *other tort claims, such as libel/slander*
- *employment claims, other than commission disputes*
- *fraud/misrepresentation claims*
- *property claims, both real and personal*
- *disputes between two listing brokers where no contract exists between the parties and the dispute is not as specified in Standard of Practice 17-4(4)*

In addition, Section 53 of the Code of Ethics and Arbitration Manual limits the award in an arbitration proceeding to the amount in dispute and so an arbitration award will not include punitive damages, attorney's fees, or interest, unless the agreement between the parties specifically provides for such damages and the award is permitted by state law.

Associations may, but are not required to, provide mediation services for disputes of the type listed above.

- **The following sentence was deleted from the following:**
 - Outline of Procedure for an Arbitration Hearing**
 - Outline of Procedure for an Arbitration Hearing Involving a Request and a Counter-Request**
 - Chairperson's Procedural Guide: Conduct of an Arbitration Hearing**
 - Chairperson's Procedural Guide: Conduct of an Interboard Arbitration Hearing**
 - Form #A-10, Outline of Procedure for Arbitration Hearing**
 - Form #A-10a, Outline of Procedure for Arbitration Hearing Involving a Request and a Counter-Request**

The parties should be advised that the arbitration will continue to be processed until formally withdrawn by the complainant.

- **The following amendments are made to the:**
Chairperson's Procedural Guide: Conduct of an Arbitration Hearing
Chairperson's Procedural Guide: Conduct of an Interboard Arbitration Hearing

Confidential nature of hearing: ~~Before we adjourn the hearing of this panel, a~~All persons present are advised that the award of this panel is considered confidential. It will be available only to members of this panel, to the parties, to counsel and staff as required or as otherwise specified in the Code of Ethics and Arbitration Manual. Upon final action by the Hearing Panel in an arbitration proceeding, the decision, when signed by the members of the Hearing Panel (or a majority of them), shall be served upon the parties to the dispute. The parties will be notified of the decision within the required time after this hearing is adjourned. You are reminded that any recording or transcription that may be made of these proceedings can only be used for the purpose of procedural review, and any other use, including use in other ethics or arbitration hearings, is expressly prohibited.

At this point, parties may be offered an additional opportunity to settle. Associations offering this opportunity may read the following:

Before we adjourn the hearing of this panel, we would like to give both parties fifteen (15) minutes to discuss any settlement or resolution of their dispute that they would like to consider prior to the Hearing Panel entering executive session. The parties (and their counsel, if any) will be provided a private space to meet and discuss any resolution. If settlement is reached, the parties will execute an agreement and the arbitration process will be terminated. If settlement is not reached, the panel will reconvene in executive session and determine the award.

Adjournment: *There being no further business to be considered in this hearing, this portion of the hearing stands adjourned.*

Note: Section 54, Costs of Arbitration, is amended to prompt a board to determine the disposition of deposits should the parties settle the dispute after the hearing begins but before the executive session.

- **Form #A-20, Appeal of Grievance Committee (or Hearing Panel)* Dismissal or Appeal of Classification of Arbitration Request, is amended to add the following sentences:**

Hearing Panels that dismiss an arbitration request should transmit their decision via correspondence (not Form #A-12, Award of Arbitrators). Appellants appealing a Hearing Panel's dismissal should use this form.

- **New form, #A-17a, Notice of Settlement, Withdrawal of Arbitration Request, is added to the Code of Ethics and Arbitration Manual (see Appendix 2 of this document)**

Additional Points of Interest

1. There were no changes to the Case Interpretations with one exception. In Case #12-15, Links to Other Internet Sites, all references to REALTOR.org are changed to reflect www.nar.realtor.
2. Associations that hold ethics hearings after January 1, 2017 for cases filed January 1, 2017 and thereafter, may continue to process the complaint even if the respondent resigns or causes his or her membership to terminate if the respondent does not continue to hold membership in another association. This is true even if the alleged bad act occurred in 2016. If the respondent does hold membership in another association, forward the complaint to the other association consistent with revised Section 20 (e), Initiating and Ethics Hearing. If the ethics complaint was filed in 2016 but the hearing will be held in 2017, continue to hold the case in abeyance per 2016 policy if the respondent does not hold membership in another association. The Model Board Bylaws are adjusted as follows (underscoring indicates additions, strike-outs indicate deletions):

Article VI, Section 5. *If a member resigns from the association or otherwise causes membership to terminate with an ethics complaint pending, ~~that board of directors may condition the right of the resigning member to reapply for membership upon the applicant's certification that he/she will submit to the pending ethics proceeding and will abide by the decision of the hearing panel~~ the complaint shall be processed until the decision of the association with respect to disposition of the complaint is final by this association (if respondent does not hold membership in any other association) or by any other association in which the respondent continues to hold membership. If an ethics respondent resigns or otherwise causes membership in all Boards to terminate before an ethics complaint is filed alleging unethical conduct occurred while the respondent was a REALTOR®, the complaint, once filed, shall be processed until the decision of the association with respect to disposition of the complaint is final. In any instance where an ethics hearing is held subsequent to an ethic respondent's resignation or membership termination, any discipline ratified by the Board of Directors shall be held in abeyance until such time as the respondent rejoins an association of REALTORS®.*

(a) If a member resigns or otherwise causes membership to terminate, the duty to submit to arbitration (or to mediation if required by the association) continues in effect even after membership lapses or is terminated, provided that the dispute arose while the former member was a REALTOR®. (Amended 1/00 and 11/11)

3. At the November 2014 Convention in New Orleans, the Board of Directors of the National Association of REALTORS® amended the four-year time frame for Code of Ethics training to a two-year time frame. Consequently, beginning January 1, 2017, all REALTORS® will be required to complete Code of Ethics training every two years. The National Association's Model Board Bylaws and Professional Standard Policy Statement #48, REALTORS® Code of Ethics Training, are amended accordingly. The Model Board Bylaws are adjusted as follows (underscoring indicates additions, strike-outs indicate deletions):

Article V, Qualification and Election, Section 5. REALTOR® Code of Ethics Training *Effective January 1, ~~2004~~ 2017, through December 31, ~~2004~~ 2018, and for successive ~~four~~ two year periods thereafter, each REALTOR® member of the association (with the exception of REALTOR® members granted REALTOR® Emeritus status by the National Association) shall be required to complete ~~quadrennial~~ ethics training of not less than two*

(2) hours and thirty (30) minutes of instructional time. This requirement will be satisfied upon presentation of documentation that the member has completed a course of instruction conducted by this or another association, the State Association of REALTORS®, the NATIONAL ASSOCIATION OF REALTORS®, or any other recognized educational institution or provider which meets the learning objectives and minimum criteria established by the NATIONAL ASSOCIATION OF REALTORS® from time to time. REALTOR® members who have completed training as a requirement of membership in another association and REALTOR® members who have completed the New Member Code of Ethics Orientation during any ~~four (4)~~ two (2) year cycle shall not be required to complete additional ethics training until a new ~~four (4)~~ two (2) year cycle commences.

Failure to satisfy the required periodic ethics training shall be considered a violation of a membership duty. Failure to meet the requirement ~~for the second (2005 through 2008) cycle and subsequent four (4) year cycles~~ in any two (2) year cycle will result in suspension of membership for the first two months (January and February) of the year following the end of any ~~four (4)~~ two (2) cycle or until the requirement is met, whichever occurs sooner. On March 1 of that year, the membership of a member who is still suspended as of that date will be automatically terminated. (Adopted 1/01, Amended 11/08, Amended 11/2016)

For a complete list of all changes to the Model Board Bylaws, go to:

<https://www.nar.realtor/about-nar/governing-documents/model-bylaws-for-local-boards>

4. The complete listing of all Statements of Professional Standards Policy, in chronological order, is available on-line at www.nar.realtor. Policy Statements applicable to ethics and arbitration remain in the *Code of Ethics and Arbitration Manual* in their respective sections, but the complete list appears on-line:

<http://www.nar.realtor/policy/statements-of-professional-standards-policy>

5. The Professional Standards Training Guide, NAR Model Citation Policy, the Ombudsman Procedures, Ethics Mediation, and the Ethics Fast Track Supplement are found on-line:

<http://www.nar.realtor/policy/professional-standards-training-guide>

<https://www.nar.realtor/policy/nar-model-citation-policy-and-schedule-of-fines>

<https://www.nar.realtor/ae/manage-your-association/local-and-state-association-ombudsman-services>

<https://www.nar.realtor/code-of-ethics-and-arbitration-manual/ethics/part-4-appendix-xi-ethics-mediation>

<https://www.nar.realtor/policy/fast-track-supplement-to-ceam>

December 20, 2016

Appendix 1 to 2017 Professional Standards Summary

Board or State Association

Address	City	State	Zip
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Ethics Mediation Resolution Agreement

The undersigned, pursuant to the ethics mediation guidelines incorporated into the _____ professional standards procedures, have participated in and agree to the following resolution:

Board or State Association

The undersigned agree to be bound by the above resolution and waive any and all future rights to file an ethics complaint, litigate the matter, or pursue a complaint in any other forum. If an ethics complaint has been filed, the complainant agrees to withdraw that complaint and not to pursue a complaint in any other forum. We further hold the _____ (Board or State Association) harmless, acknowledge that we were advised of our right to attorney representation at the mediation and attorney review of the Resolution Agreement, and expressly waive any and all liability of the _____ (Board or State Association) or claim that we have against the _____ (Board or State Association) arising out of the manner in which the _____ (Board or State Association) conducted the ethics mediation, or the resolution of the dispute reached as a result of the _____'s (Board or State Association) ethics mediation procedures. Further, if this resolution agreement is judicially enforced, the non-complying party agrees to reimburse the other party for court costs and reasonable attorney's fees.

Name (Type/Print)	Signature	Date
-------------------	-----------	------

Name (Type/Print)	Signature	Date
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As Mediation Officer of the _____ (Board or State Association), I do attest that I was present during the ethics mediation process and that the above resolution agreement was voluntarily entered into by the parties to the dispute.

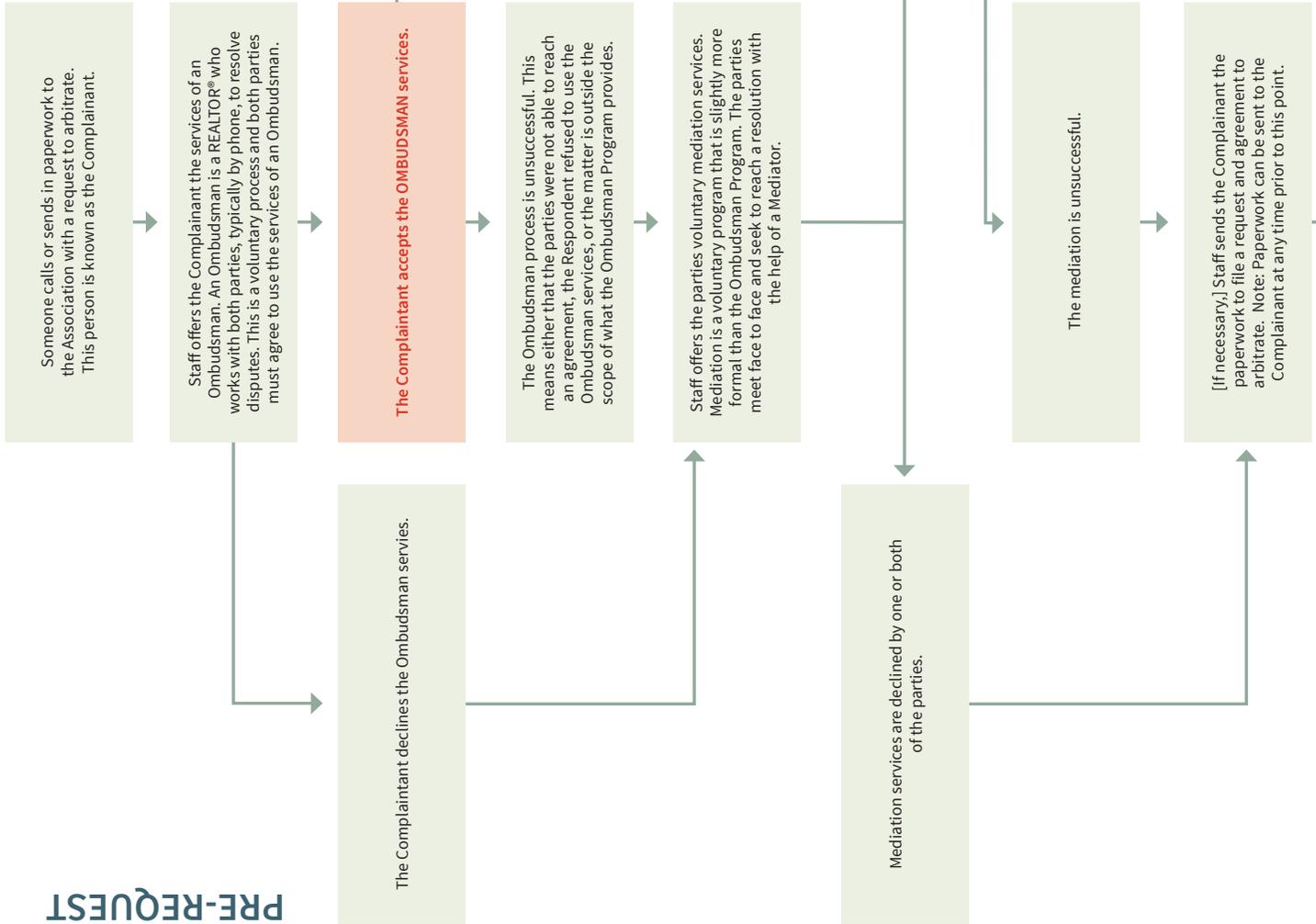
Name (Type/Print)	Signature	Date
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APPENDIX A

Arbitration

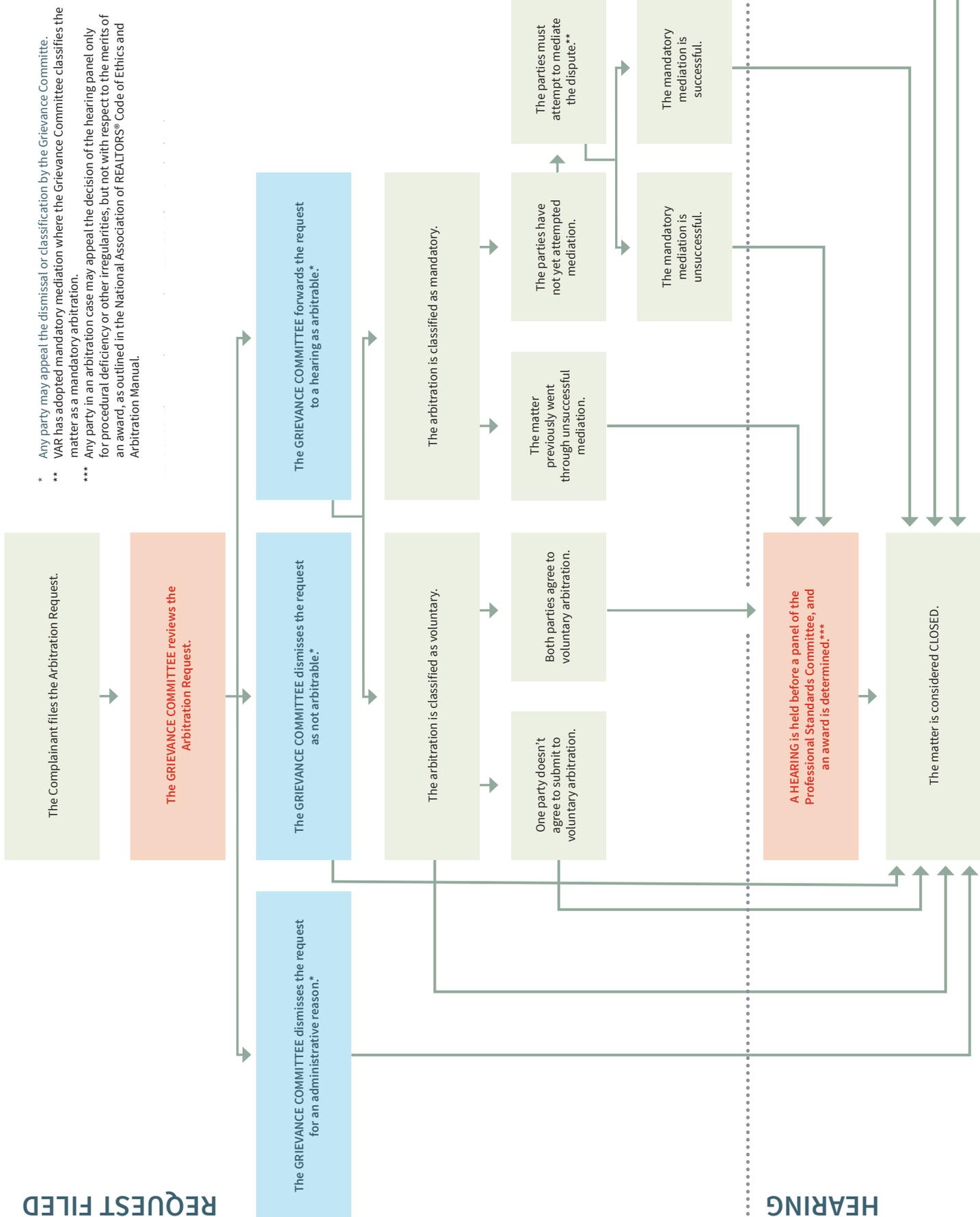


THE LIFE OF A VAR Arbitration Case



REQUEST FILED

HEARING



* Any party may appeal the dismissal or classification by the Grievance Committee.
 ** VAR has adopted mandatory mediation where the Grievance Committee classifies the matter as a mandatory arbitration.
 *** Any party in an arbitration case may appeal the decision of the hearing panel only for procedural deficiency or other irregularities, but not with respect to the merits of an award, as outlined in the National Association of REALTORS® Code of Ethics and Arbitration Manual.

(ARBITRATION) Grievance Committee Review in the case of

REQUESTOR: _____

RESPONDENT: _____

Committee Date: _____

Committee Time: _____

Members Present: _____

Staff Present: _____

In reviewing a request for arbitration, the Grievance Committee shall consider the following:

(1) Is the request for arbitration acceptable in the form received by the Committee?

(2) Are the necessary parties named in the Request?

(3) Was the Request filed within 180 days after the closing of the transaction, if any, or within 180 days after the facts constituting the arbitrable matter could have been known in the exercise of reasonable diligence, whichever is later?

(4) Are the parties members in good standing or otherwise entitled to invoke arbitration to the Board?

(5) Is litigation concerning an otherwise arbitrable matter pending in connection with the same transaction?

(6) Is there any reason to conclude that the Board would be unable to provide an impartial Hearing Panel?

(7) If the facts alleged in the request for arbitration were taken as true on their face is the matter At issue related to a real estate transaction and is property arbitrable, i.e. is there some bases on which an award could be based?

(8) If an arbitrable issue exists, are the parties required to arbitrate or is their participation voluntary?

(9) Is the amount in dispute too small or too large for the Board to arbitrate?

(10) Is the matter too legally complex?

(11) Is there a sufficient number of knowledgeable arbitrators available?

MOTION:

_____ It was MOVED, SECONDED AND PASSED that the above dispute be forwarded to a Professional Standards Committee for a ___ mandatory / ___ voluntary arbitration hearing on the matter.

_____ It was MOVED, SECONDED AND PASSED that the above dispute not be forwarded to a Professional Standards Committee for hearing on the matter because ___ is not timely filed / ___ is not arbitrable / ___ board does not have jurisdiction / ___ other _____.

It was MOVED, SECONDED AND PASSED that:

Grievance Committee Report Form

(Return to Association when completed)

Case #: _____
Complainant(s) Respondent(s)

On _____, the _____
Date Name of Board

Grievance Committee met to review the above-referenced matter which is a(n) Request for Arbitration Ethics Complaint
 As a result of that meeting, the Grievance Committee recommends the following action.

Arbitration Request

- The arbitration request is a matter for mandatory arbitration and shall be forwarded to the Professional Standards Committee for a hearing.
- The arbitration request is a matter for voluntary arbitration and shall be forwarded to the Professional Standards Committee for a hearing, provided that all parties agree.
- The arbitration request is not a matter for arbitration and the Grievance Committee dismisses the request. The complainant has the right to appeal the dismissal to the Board of Directors within 20 days from the date that staff transmits the dismissal notice.
Reason for dismissal: not timely filed not arbitrable board does not have jurisdiction
 other (*explain*) _____

Ethics Complaint

- The complaint, if taken as true on its face, constitutes potentially unethical conduct and will be forwarded to the Professional Standards Committee for a hearing. Articles originally charged: _____.
- The complaint is amended by adding and/or deleting the following Articles and will be forwarded to the Professional Standards Committee for a hearing:

_____ Articles Added Articles Deleted

Rationale for Article(s) added: _____

Reason for dismissing Articles: not timely filed allegations do not demonstrate a possible violation of the Code
 other (*explain*) _____

Note which reason is applicable to which Article(s) dismissed. If the complainant does not agree with deleting an Article(s), complainant may appeal the dismissal of the Article(s) to the Board of Directors within 20 days of transmittal of the dismissal notice.

If no appeal is filed, the complaint, as amended, shall be forwarded to the Professional Standards Committee for hearing. If an appeal is filed, then no hearing will be held until the appeal is heard.

Reason for dismissing complaint: not timely filed allegations do not demonstrate a possible violation of the Code
 association does not have jurisdiction over the respondent
 other (*explain*) _____

If the complainant does not agree with the dismissal of the complaint, the complainant may appeal the dismissal to the Board of Directors within 20 days from transmittal of dismissal notice.

_____ Grievance Committee Chairperson Date

(Revised 11/14)

Form #A-10

Board or State Association

Address

City

State

Zip

Outline of Procedure for Arbitration Hearing
(To be Transmitted in Advance to Both Parties with Arbitration Guidelines and Worksheet)

Remote testimony: Although testimony provided in person before a Hearing Panel is preferred, parties and witnesses to arbitration hearings may be permitted to participate in hearings by teleconference or videoconference at the discretion of the Hearing Panel Chair.

Postponement of hearing: Postponement may be granted if there are extenuating circumstances. Parties' requests for continuances shall only be granted when all parties mutually agree to a subsequent specified date, or when the hearing panel chair determines that denying the continuance would deny the requestor a fair hearing. Requests for postponement must be made in writing. Permission can be given by the Chairperson. All parties shall be advised of the date of the rescheduled hearing.

Recording the hearing: The Board shall, and any party (may/may not), at the party's expense, have a court reporter present or may record the proceeding and, if transcribed, shall present a transcript to the Professional Standards Administrator. If the Board utilizes a court reporter in lieu of recording, the parties may not be prohibited from making their own recording.

Method and objective of procedure: The Hearing Panel shall not be bound by the rules of evidence applicable in courts of law, but shall afford all parties a full opportunity to be heard, present witnesses, and offer evidence, subject to its judgment as to relevance.

Parties are strongly encouraged to provide any and all documents and evidence they intend to introduce during the hearing to the other party(ies) and to the association prior to the day of the hearing. Providing documents and evidence in advance can expedite the hearing process and prevent costly, unnecessary continuances.

Due process procedure: The hearing procedures will be:

- (1) Chairperson cites authority to hear case and explains reason for hearing.
- (2) The arbitration request will be read into the record.
- (3) The testimony of all parties and witnesses will be sworn or affirmed. All witnesses will be excused from the hearing except while testifying.
- (4) Opening statement first by complainant and then by respondent, briefly explaining the party's basic position.
- (5) The parties will be given an opportunity to present evidence and testimony on their behalf and they may call witnesses. All parties appearing at a hearing may be called as a witness without advance notice.
- (6) The parties and their legal counsel will be afforded an opportunity to examine and cross-examine all witnesses and parties.
- (7) The panel members may ask questions at any time during the proceedings.
- (8) The Chairperson may exclude any question ruled to be irrelevant or argumentative.
- (9) Each side may make a closing statement. The complainant will make the first closing statement and the respondent will make the final closing statement.
- (10) Adjournment of hearing.
- (11) The Hearing Panel will go into executive session to decide the case.

Settlement: The parties are encouraged to settle the dispute at any time. At the outset of the hearing, the Hearing Panel Chair should inform the parties that settlement is an option. At any time during the hearing, the parties can ask for a recess in an attempt to reach a settlement agreement. The parties, with the assistance of their respective counsel, if any, will determine the terms of their settlement agreement. The parties should be advised that the arbitration will continue to be processed until formally withdrawn by the complainant.

Award in arbitration hearing: The decision of the Hearing Panel in an arbitration proceeding shall be reduced to writing (setting forth only the amount of the award by the panel) and signed by the arbitrators or a majority of them, and a copy shall be furnished to each of the parties to the arbitration. A copy also shall be filed with the Professional Standards Administrator of the Board.

Use of legal counsel: A party may be represented in any hearing by legal counsel. However, parties may not refuse to directly respond to requests for information or questions addressed to them by members of the panel except on grounds of self-incrimination, or on other grounds deemed by the panel to be appropriate. In this connection, the panel need not accept the statements of counsel as being the statements of counsel's client if the panel desires direct testimony. Parties shall be held responsible for the conduct of their counsel. Any effort by counsel to harass, intimidate, coerce, or confuse the panel members or any party to the proceedings, or any action by counsel which is viewed by the panel as disruptive of the proceedings, shall be grounds for exclusion of counsel. The decision to exclude counsel for any of the foregoing reasons shall be the result of a majority vote of the members of the panel and shall be nonappealable. In the event counsel is excluded, the hearing shall be postponed to a date certain not less than fifteen (15) nor more than thirty (30) days from date of adjournment to enable the party to obtain alternate counsel provided, however, that such postponement shall not be authorized if it appears to members of the panel that the action of counsel has been undertaken by counsel to obtain a postponement or delay of the hearing.

Be advised that all matters discussed are strictly confidential.

(Revised 11/15)

CHECK LIST FOR PROFESSIONAL STANDARDS ARBITRATION HEARING PANEL

BEFORE THE HEARING:

- _____ Copy of Request to Arbitrate
- _____ Copy of Response and Agreement to Arbitrate
- _____ Make a list of the parties & their relationship in the transaction
- _____ Check chronological dates of reference
- _____ Any written statements from witnesses
- _____ Copy of documents referred to such as listing, purchase contract, disclosure, etc.
- _____ What is missing that is mentioned in the request or response
- _____ Any witnesses or attorney coming
- _____ What evidence will you be listening for during the hearing
- _____ Questions you have (be careful not to lead either party in any direction)

DURING THE HEARING:

- _____ Ask questions to clarify the questions/facts you had from the documents
- _____ Let each party build their own case
- _____ If in doubt about something, ask for a recess and discuss with the panel
- _____ Take notes so you won't forget a fact or statement made

AFTER THE HEARING:

- _____ Decide how you feel and discuss with the panel
- _____ Present your facts to the panel
- _____ Consider the 6 Factors
- _____ Could transaction have occurred without the action of both parties
- _____ Is there a reason for the award to be split between parties
- _____ Feel good about the group decision and know you have served our industry well
- _____ Destroy all case materials/documents

Form #A-12

Board or Association

Address City State Zip

Award of Arbitrators

The undersigned, duly appointed as the Hearing Panel to hear and determine an arbitrable dispute between

_____ and _____
 Complainant Respondent

certify that on _____, 20____, we heard the evidence of the parties and having heard all the evidence and arguments of the parties, a majority of the panel finds there is due and owing \$_____ to be paid by _____ to _____. The non-prevailing party must, within ten (10) days following transmittal of the award, either (1) pay the award to the party(ies) named in the award or (2) deposit the funds with the Professional Standards Administrator to be held in an escrow or trust account maintained for this purpose. Failure to satisfy the award or to deposit the funds in the escrow or trust account within this time period may be considered a violation of a membership duty and may subject the member to disciplinary action at the discretion of the Board of Directors.

The deposits of the parties shall be used to cover the costs of arbitration or shall go into the general operating funds of the Association of REALTORS®. In the event the award of the arbitrators is in an amount other than that requested by any of the parties, the disposition of the deposits shall be directed by the arbitrators.

Requests for procedural review of the arbitration hearing procedures must be filed in writing with the President within twenty (20) days after the award has been transmitted to the parties* and must be accompanied by a deposit of \$_____.

**The request for procedural review must cite the alleged procedural deficiencies or other irregularities the party believes constitute a deprivation of due process. If no procedural review is filed within twenty (20) days following transmittal of the award and the non-prevailing party does not notify the Professional Standards Administrator that a legal challenge to the validity of the award has been initiated during that time, the award will be paid from the escrow or trust account. If a procedural review request is timely filed and the award is confirmed by the directors following the procedural review, the award will be paid from the escrow or trust unless the non-prevailing party advises the association in writing within fifteen (15) days from the transmittal of the directors' confirmation that a suit challenging the validity of the award has been filed. If the directors invalidate the award, the funds shall be returned to the individual who made the deposit.

Dated: _____, 20_____

Arbitrators:

	, Chairperson
	, Member

Type/Print

Signature

Many arbitration hearings are convened to determine questions of procuring cause. For purposes of arbitration conducted by Boards and Associations of REALTORS®, procuring cause is considered to be the initiation of the unbroken chain of causal events that results in a successful transaction, defined as a sale that closes or a lease that is executed.

(Revised 05/15)

*Award becomes final twenty (20) days from the date the award is transmitted absent a procedural review request being filed.
 **Appeal deposits cannot exceed \$500

Arbitration Worksheet

NOTE: Transmit to all parties. This worksheet is intended to assist Hearing Panels in identifying relevant issues and facts in determining questions of entitlement to disputed funds. It is intended to supplement—and not replace—the comprehensive list of questions found in Factor #6 in the Arbitration Guidelines. These questions are not listed in order of priority and are not weighted equally.

Question	Answer	Favors Complainant	Favors Respondent	Favors Neither	Other
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 capacity(ies) was the cooperating broker(s) functioning in, e.g., agent, legally-recognized non-agent, other?					
4. Were any of the brokers acting as subagents? As buyer brokers? In another legally recognized capacity?					
5. How was the first introduction to the property that was sold/leased made?					
(a) Did the buyer/tenant find that property on their own?					
(b) Who first introduced the purchaser or tenant to that 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?					

Arbitration Worksheet
(continued)

NOTE: This worksheet is intended to assist Hearing Panels in identifying relevant issues and facts in determining questions of entitlement to disputed funds. It is intended to supplement—and not replace—the comprehensive list of questions found in Factor #6 in the Arbitration Guidelines. These questions are not listed in order of priority and are not weighted equally.

Question	Answer	Favors Complainant	Favors Respondent	Favors Neither	Other
(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 brokers inaction have reasonably been viewed by the buyer or tenant as a withdrawal from the transaction (abandonment)?					

Arbitration Worksheet
(continued)

NOTE: This worksheet is intended to assist Hearing Panels in identifying relevant issues and facts in determining questions of entitlement to disputed funds. It is intended to supplement—and not replace—the comprehensive list of questions found in Factor #6 in the Arbitration Guidelines. These questions are not listed in order of priority and are not weighted equally.

Question	Answer	Favors Complainant	Favors Respondent	Favors Neither	Other
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?					

Arbitration Worksheet
(continued)

NOTE: This worksheet is intended to assist Hearing Panels in identifying relevant issues and facts in determining questions of entitlement to disputed funds. It is intended to supplement—and not replace—the comprehensive list of questions found in Factor #6 in the Arbitration Guidelines. These questions are not listed in order of priority and are not weighted equally.

Question	Answer	Favors Complainant	Favors Respondent	Favors Neither	Other
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?					
(d) 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?					<i>(Adopted 11/03)</i>

Summary of Administrative Time Frames—Arbitration Proceedings

Situation		Time Table
	Grievance	
Request filed		180 days...
Response required/# of days to submit		Optional/15 days from transmitting request to respondent if response solicited
Appeal dismissal to Directors notice		20 days from transmitting dismissal
Appeal of mandatory vs. voluntary classification		20 days from transmittal of decision
	Hearing	
Notification to respondent of request		5 days from transmittal of Grievance Committee’s instruction
Response required		15 days from transmitting request to respondent
Challenge forms		10 days to challenge from date forms transmitted
Panel named forms		15 days from transmitting challenge
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 transmitting 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

(Revised 11/15)

*Notice of hearing should be transmitted to the parties with the Outline of Procedure (Form #A-10 or Form #A-10a, as appropriate) and the Arbitration Guidelines (including the Worksheet contained in Appendix II to **Part Ten**).

APPENDIX B

Ethics





The Life of a VAR Ethics Case

2017 Virginia REALTORS® Professional Standards Road Show

PRE-COMPLAINT FILED

Someone calls the Association with a complaint about a member. This person is known as the Complainant.

Staff offers the Complainant the services of the Ombudsman. The Ombudsman is a REALTOR® who works with both parties, typically by phone, to resolve disputes. This is a voluntary process and both parties must agree to use the services of the Ombudsman.

The Complainant declines the Ombudsman services.

or

The Complainant accepts the Ombudsman services.

The Ombudsman services are unsuccessful. This means either that the parties were not able to reach an agreement, the Respondent refused to use the Ombudsman service, or the matter is outside the scope of what the Ombudsman program can handle.

or

The Ombudsman process is successful.

Staff offers the parties voluntary ethics mediation services. Mediation is a voluntary program that is slightly more formal than Ombudsman. The parties meet face to face and seek to reach a resolution with the help of a mediator.

Mediation services are declined by one or both of the parties.

or

Mediation services are accepted.

The mediation is not successful.

or

The mediation is successful and the parties reach an agreement.

Staff sends the Complainant the paperwork necessary to file an ethics complaint. Note: Paperwork can be sent to the Complainant at any time prior to this point.

COMPLAINT FILED

The Complainant files the Ethics Complaint paperwork.

The Grievance Committee reviews the Ethics Complaint.

If all of the allegations in the Complaint are eligible for the Citation System, a Citation may be issued.

or

The Grievance Committee forwards the case to a hearing without amendment.

The Grievance Committee amends the complaint. In amending the complaint, the Grievance Committee can add or dismiss Articles or Respondents.*

The Grievance Committee dismisses the entire complaint.*

The Respondent pays the fine and/or attends the ethics course as required by the Citation.

or

HEARING

*A hearing is held before a panel of the Professional Standards Committee.***

The Board of Directors reviews the decision, either at an appeal hearing or a meeting of the Board of Directors.

The end. The matter is considered closed.

* If the Grievance Committee dismisses Articles, Respondents, or the entire complaint, the Complainant may appeal these dismissals to the Board of Directors.
** Either party in an ethics case may appeal the decision of the hearing panel for specific reasons, as outlined in the National Association of REALTORS® Code of Ethics and Arbitration Manual.
Red text - these are the stages where REALTORS® are involved in the process.

THE ROLE OF THE GRIEVANCE COMMITTEE IN PROCEDURAL DUE PROCESS

A. Purpose

1. Initially reviews and screens ethics complaints and arbitration requests.
2. Does not conduct hearings.
3. Does not determine if a violation has occurred or if monies are owed.
4. Does not mediate or arbitrate business disputes.

B. Composition

1. When selecting members of a Grievance Committee, the president should consider this recommended criteria:
 - Number of years as a REALTOR®
 - Number of years in the real estate business
 - Primary and second fields or real estate endeavor / expertise
 - Participation in post licensing real estate education
 - Trained on Code of Ethics
 - Position in firm (principal, non-principal)
 - Size of firm
 - Common sense
 - Open-mindedness
 - Receptive of instruction/training
 - Other relevant professional or procedural training
2. Committee should have a balanced representation of:
 - REALTORS® and REALTOR-ASSOCIATE®s
 - Men and women
 - Various racial and ethnic groups
3. Committee members should be mature, experienced, knowledgeable persons of judicial temperament.

Grievance Committee Review Panel in the case of

COMPLAINANT

[Name]

v.

RESPONDENT

[Name]

Committee/Panel Date: _____

Committee/Panel Time: _____

Members Present: _____

VAR Staff Present: _____

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?

(2) Are all necessary parties named in the complaint?

(3) Was the complaint filed within one hundred eighty (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 one hundred eighty (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 any 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?

MOTION:

_____ It was MOVED, SECONDED AND PASSED that the above dispute be forwarded to a Professional Standards Committee for hearing on the matter.

_____ It was MOVED, SECONDED and APPROVED that the above dispute be amended by adding/and or deleting the following Articles and be forwarded to a Professional Standards Committee for hearing on the matter. Articles added: _____
Articles deleted: _____

_____ It was MOVED, SECONDED AND PASSED that the above dispute not be forwarded to a Professional Standards Committee for hearing on the matter.

VIRGINIA REALTORS® CITATION POLICY

(Section G.7. of Virginia REALTORS® Policy and Procedures Manual)

This policy expedites the Professional Standard process for frequently cited Code of Ethics articles, as reference on the attached Citation Schedule.

The Ethics Complaint alleging violation of the Code of Ethics is received and channeled through the Grievance Committee under standard procedures.

If upon review, the Grievance Committee determines that there is a potential violation of the Code of Ethics, and the case is eligible for the Citation System, then the complaint and the attached citation is sent to the violator, with a copy to his Designated REALTOR®.

If there are allegations of more than one violation of the Code of Ethics and not all are citable offenses, then this Citation System is not applicable and the Grievance Committee will proceed in accordance with the procedure set forth in Section G.4.

If conduct is not eligible for citation, but possible violation of the Code of Ethics is alleged the matter will be sent forward for an ethics hearing according to Section G.4.

If no possible violation is alleged, the complaint will be dismissed.

In the event the Grievance Committee found the conduct to be a citable offense, the violator has ten (10) days upon receipt of the citation to elect one of the following options:

1. Comply with the citation:
 - Pay the assessed fine. The schedule of fines is established in advance and is attached hereto as Addendum III.
 - In the event that the Grievance Committee requires the respondent attend an ethics class, the violator must complete the required ethics class within the time frame set forth in the citation.
 - In the event that the Grievance Committee requires both the payment of a fine and attendance at an ethics class, the Grievance Committee may, at its option, allow the fine to be reimbursed in full, or in part, upon completion of the required ethics class within the time frame set forth.
2. Contest the citation and elect to proceed to a hearing in accordance with Section G.4.

Only three (3) citations in a three (3) year period may be issued to the same individual. When the number of citations limit is reached, no further citation can be issued to that respondent and all alleged violations must go through the procedures established by Section G.4.

Failure to respond to the citation within ten (10) days of receipt automatically results in an ethics hearing in accordance with Section G.4. with all its allowable sanctions. The amount of the fine for the case may not exceed the maximum allowed by the CEAM. VAR may adopt graduated fines for multiple violations.

Addendum III
Virginia REALTORS® Citation Schedule

Article 1		
	Failure to disclose dual representation and obtain written informed consent from both parties	\$500
	Providing 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.	\$500
Article 3		
	Failure to disclosure existence of a dual or variable rate commission	\$400
	Failure to disclose existence of other contracts to cooperating brokers	\$250
	Providing access to listed property on terms other than those established by the owner or listing broker	\$500
Article 4		
	Failure to disclose REALTOR'S® interest in a property being bought or sold	\$300
Article 5		
	Providing professional services without disclosing interest in the property	\$300
Article 6		
	Accepting any commission, rebate or profit on expenditures without client's knowledge or consent	\$400
Article 9		
	Failure to fill out all necessary forms fully and completely	\$200
	Failure to obtain necessary signatures on forms	\$400
Article 12		
	Failure to present a true picture in real estate communications and advertising	\$250
	Failure to disclose professional status in advertising or other real estate communications	\$150
	Advertisement offering to sell/lease property without the authority of the owner or the listing broker	\$500
	Failure to disclose name of firm in advertisement for listed property	\$150
	Claiming to have "sold" a property when not the listing broker or cooperating broker	\$250
Article 14		
	Failure to cooperate in any professional standards proceeding	\$500
Article 16		
	Use terms of an offer to modify listing broker's offer of compensation	\$400
	Placement of for sale/lease sign on property without permission of landlord/seller	\$200

THE ETHICS HEARING

1. Composition of the Panel
 - a. Minimum of 3, preferably 5 (odd numbers).

Have one or two alternates if possible. Alternate panel position is great training for newer panel members. Clarification of alternates' role in new procedures: seated apart from the hearing panel, does not participate unless called to replace a member and may sit in on executive session but may not participate in decision or deliberation.
 - b. Mixed composition: men, women, principals and non-principals.
2. Optional Pre-hearing Meeting of the Hearing Panel
 - a. When Grievance Committees refer ethics complaints and arbitration requests for hearing, hearing panel chairs can determine if questions about:
 - i. Whether ethics complaints and arbitration request are timely filed;
 - ii. Whether arbitrable issues exist;
 - iii. Whether the arbitration request is too legally complex to be fairly arbitrated; and
 - iv. Other administrative issueswill be addressed through a pre-hearing meeting of the hearing panel or at the outset of the hearing prior to testimony relating to the ethics complaint or arbitration request commencing. The Chair will determine whether the parties may be present at the pre-hearing and the extent in which they participate. If these matters rise during a hearing, the hearing panel will address them at that time.
 - b. Dismissals of ethics complaints and arbitration requests by hearing panels can be appealed to the Board of Directors on the same basis as dismissals by the Grievance Committee.
 - c. Any proceeding convened to resolve such issues must include all the procedural due process safeguards required for ethics and arbitration hearings.

3. At the Hearing
 - a. Procedures, issues and questions should be reviewed prior to convening the hearing – only the panel, staff and association counsel may be in the room.
 - b. Panel may review complaint (or arbitration request) and response in advance of hearing. Panel should receive these documents in advance of hearing.
 - c. Panel should write questions in advance.
 - d. Panel must be impartial or be disqualified!
 - e. Panel may not discuss the merits of case! If they do, they must advise the parties prior to the hearing.

4. Hearing Procedures
 - a. All hearings must be recorded - tape or digital, court reporter, etc. The association will retain the recording. Don't give the original recording out to the parties. Association should prepare all copies.
 - b. Transcript is used for appeal purposes only.
 - c. Videotaping is not permitted without the permission of all in attendance.
 - d. Videoconferencing or teleconferencing: Parties and their witnesses may request permission to participate in such proceedings via teleconference or videoconference.
 - i. Parties eligible to participate for the entire hearing would be entitled to participate remotely for the entirety of the hearing. Witnesses may only participate remotely for their own testimony.
 - ii. Hearing panels, staff or association counsel should employ steps to verify the identity of the "remote" participants to prevent unauthorized individuals from being in the presence of the participant and to ensure confidentiality of the proceedings.
 - iii. The limitation of counsel only being able to participate in person has been removed.
 - e. Cell phones, two-way radios and any other transmitting devices should be barred from hearings absent any advance authorization from the Chairperson.
 - f. Keep the door to the hearing room closed at all times.

5. Roles

a. Chairperson

- i. Stick to the script! Doing so ensures procedural consistency and proper due process to all parties.
- ii. Review all evidence prior to entering it into the record.
- iii. Decide what is and what is not relevant.

b. Witnesses

- i. All parties appearing at the hearing may be called as a witness without notice.
- ii. All other witnesses called to testify should be noticed at least 15 days before the hearing.
- iii. All parties, including witnesses, are sworn in or affirmed.
- iv. Witnesses leave the hearing room until called upon for their testimony.
- v. In ethics, complainant's principal **may not** be present unless a witness. Respondent's principal **may** be present.
- vi. Character evidence has no bearing, including parties' actions in other transactions – the bottom line is whether or not there is a violation of the Code.

c. Ethics Panel

- i. Watch Body Language - nodding in agreement, shaking head in disbelief, facial expressions, rolling eyes, etc.!
- ii. Don't make statements, express opinions.
- iii. Don't show up late.
- iv. Don't visit with parties, be familiar.
- v. Don't wear company badge or logo.
- vi. Don't appear to be bored or tired.
- vii. Don't chit-chat.
- viii. Don't appear biased.
- ix. Don't pass notes, with the exception of the Chairperson.

- d. Executive Session / Deliberation
 - i. Wait until everyone has left the hearing area.
 - ii. Turn off recording!
 - iii. Chairperson should review procedures and burden of proof.
 - iv. Chairperson should remind panel that each case must be considered separately and decision must be based on fact – not what you think may have happened!
 - v. Allow all panel members to speak. Chairperson should speak last.
 - vi. There is no ability to amend the complaint.
 - vii. Findings of the hearing panel are to be determined and written.
 - viii. A majority of the hearing panel is to sign the Decision.
 - ix. Dissenting opinions, if any, along with the Decision, are to be transmitted to parties and the Board of Directors.

CHECKLIST FOR PROFESSIONAL STANDARDS COMMITTEE/PANEL

BEFORE THE HEARING:

- Copy of complaint
- Copy of response
- Make a list of the parties & their relationship in the transaction
- Check chronological dates of reference
- Any written statements from witnesses
- Copy of documents referred to such as listing, purchase contract, disclosure, etc.
- What is missing that is mentioned in the complaint or response
- Was Broker involved
- Any witnesses or attorney coming
- What evidence will you be listening for during the hearing
- Questions you have (be careful not to lead either party in any direction)

DURING THE HEARING:

- Ask questions to clarify the questions/facts you had from the documents
- Let each party build their own case
- If in doubt about something, ask for a recess and discuss with the panel
- Take notes so you won't forget a fact or statement made

AFTER THE HEARING:

- Decide how you feel and discuss with the panel
- Present your facts to the panel
- Know how to write "findings of fact"
- Know the list of sanctions and discuss appropriate ones based on severity of violation
- Feel good about the group decision and know you have served our industry well
- Destroy all case materials/documents

Form #E-11

Board or State Association

Address

City

State

Zip

**Decision of Ethics Hearing Panel
of the Professional Standards Committee**

Filed _____, 20_____

Complainant(s)

Respondent(s)

Findings of Fact: The hearing panel finds the following facts in support of its conclusion regarding the alleged violations of the Code of Ethics:

Conclusions of the Hearing Panel: We, the members of the Hearing Panel in the above-stated case, find the Respondent(s) (in violation) (not in violation) of Article(s) _____ of the Code of Ethics.

Prior Violations, if Any:

Recommendation for Disciplinary Action, if Any, if Violation Found: We recommend to the Board of Directors the following action:

Rationale for Discipline, if Any, if Violation Found: (e.g., previous violations):

Consequences for Noncompliance with Discipline:

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

_____ Type/Print Name	, Chairperson	_____ Type/Print Name	, Member
_____ Signature		_____ Signature	
_____ Type/Print Name	, Member	_____ Type/Print Name	, Member
_____ Signature		_____ Signature	
_____ Type/Print Name	, Member		
_____ 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 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 file an appeal with the President for a hearing before the Directors challenging the decision and/or recommendation for discipline. The respondent’s bases for appeal are limited to (1) a misapplication or misinterpretation of an Article(s) of the Code of Ethics, (2) procedural deficiency or any lack of procedural due process, and (3) the discipline recommended by the Hearing Panel. 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.

NOTE TO HEARING PANEL: Respondents may only be found in violation of Articles they have been formally charged with having violated. If the respondent is found in violation, the Hearing Panel will consider all records of previous violations and sanctions imposed, whether by the current or by any other Association, when determining discipline and the rationale for the current action can be provided to the parties and the Directors as part of the decision. The Hearing Panel’s consideration will include whether prior disciplinary matters involve discipline that was held in abeyance and that will be triggered by a subsequent violation (including the matter currently under consideration by the Hearing Panel).

BOARD OF DIRECTORS ROLE AFTER ETHICS HEARING

1. Executive Session

- a. BOD should review the findings of fact, only after the decision has been sent to the parties and the appeal period has expired.
- b. If no appeal is filed, the BOD must consider the decision at its next meeting or at a special meeting called for this purpose, but no later than 30 days after the decision has been transmitted to the parties.
- c. Association procedures dictate whether board counsel/staff remain.
- d. The BOD reviews the entire decision.
- e. No new information may be solicited or received from parties.
- f. No witnesses are called or recalled (which includes the Hearing Panel Chair).
- g. The recording of the hearing is not to be replayed.
- h. Standard of proof must be “clear, strong and convincing.”
- i. There is no ability to amend the complaint.

2. Action of the Board of Directors

- a. Adopt the decision.
- b. Adopt the decision but modify the discipline. NOTE: Discipline may not be increased!
- c. Remand to the Hearing Panel for further consideration about the discipline recommended.
- d. Remand to the Professional Standards Committee for a new hearing by a different Hearing Panel based upon perceived procedural deficiencies.
- e. Reverse the decision, therefore, the complaint is dismissed because the findings of fact do not support a possible violation of the Code.

ETHICS APPEAL

- 1) Appeal of decision
 - a) Parties have 20 days from transmittal of decision to appeal decision.
 - b) Some associations require a deposit (not to exceed \$500).
 - c) Must be in writing and clearly state the basis for challenge.
 - d) Bases for appeal are limited to:
 - i) Misapplication or misinterpretation of the Code,
 - ii) Procedural deficiency or lack of procedural due process,
 - iii) The discipline recommended by hearing panel.
- 2) Appeal is reviewed by the BOD, a panel of the BOD or the executive committee (per your association's policy)
 - a) President or designee must review the appeal within ten (10) days from receipt.
 - b) PSA or staff must send out the original appeal, or as amended, to all parties within one (1) day.
 - c) BOD shall hear the appeal at their next regular meeting or at a special meeting called by the President for the purpose, but no later than thirty (30) days after the date of receipt of the appeal.
- 3) During the appeal hearing
 - a) The petitioner is limited to only the bases set forth in the written request for appeal.
 - b) The hearing panel chair (or a representative of the panel designated by the chair) presents the transcript or summarizes the case.
 - c) Each party may offer corrections to the transcript or summary.
 - d) Each party may present arguments about why the hearing panel's decision should or should not be adopted.
 - e) No new evidence is allowed, except that which bears the claim of deprivation of due process.
 - f) Arguments are limited to the issues raised in the written appeal request.
- 4) Directors may:
 - a) Adopt the hearing panel's decision and recommendation for discipline.
 - b) Modify the hearing panel's decision and/or recommendation for discipline.
 - c) Dismiss the matter, if concluded that the findings of fact, even if accurate, do not support a decision that unethical conduct occurred.

5) Other considerations

- a) If the BOD is concerned with a procedural error, then the matter must be referred back to the Professional Standards Committee for a new hearing, before a different hearing panel.
- b) If a recommendation of a hearing panel has been modified or if the charge of unethical conduct has been dismissed, then the BOD should state in writing why they dismissed or modified the decision; however, failure to state a reason(s) in writing does not invalidate the BOD decision.
- c) Under no circumstances may the discipline imposed by a BOD exceed the originally recommended discipline or include discipline not included in Section 14 of the CEAM.

FACULTY & STAFF BIOS



INSTRUCTOR BIOGRAPHIES



RICK COCKRILL, GRI, CRS, ABRM - Rick entered the Real Estate industry in 1986 immediately after graduating from George Mason University. Rick has had his broker's license for 26 years and is currently the Broker of Keller Williams Realty of Leesburg and General Manager of Risk Management of six Keller Williams Market Centers in Virginia. Rick taught real estate at his own school at Walsh & Associates for about eight years and has earned the GRI, CRS, and ABRM designations. Rick has been very active at a local level with Dulles Area Association of REALTORS® since 1988 and was their President in 2001. He has been a member of numerous GRI certification review panels. Rick has won numerous awards, including VAR's Code of Ethics Award, DAAR's REALTOR® of the Year, Code of Ethics Award, REALTOR® Political Action Award, and is a member of the DAAR's Hall of Fame and Professional Honor Society. Rick has been a Certified Ethics Instructor for over 14 years and is serving his 11th year on the Professional Standards Road Show faculty.

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LINDA MARTIN, e-Pro - Licensed since 1980, Linda is an active sales practitioner and a Managing Broker with Montague Miller & Co. in Culpeper and Madison. She has been a certified ethics instructor since 1990 and teaches an array of programs in the Greater Piedmont Area Association of Realtors® as well as neighboring associations. Active in leadership, she is also a 2010 graduate of the Virginia Leadership Academy. She has been awarded GPAAR's Realtor of the Year, Code of Ethics and Presidential Service Awards, and has served in numerous GPAAR leadership roles, most recently 2016 President. At VAR she has been a part of various task forces and committees and served as Chair of the Professional Development Committee in 2015. She was awarded VAR's Leadership in Ethics Award in 2015. She is committed to being a Practitioner, Student and Instructor alongside her Realtor® colleagues!

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ANN PALMATEER, GRI, CRB, CRS, MRP - Ann has been licensed since 1976. She is licensed as a broker in both Virginia and North Carolina. She has a BS Degree in Education from State University of NY in Buffalo. She has taught the Code of Ethics since 1979, is a member of the REALTOR® Institute Faculty; a continuing education instructor & has her own school; a NAR Certified Procedures Instructor and the longest standing member of the Professional Standards Road Show Team. Ann is Past Chairman of Tidewater Association of REALTORS®. She was the first recipient in 1990 of TAR's Code of Ethics Award; 1993 President of TAR; and 1993 TAR REALTOR® of the Year. In 2009 she received the Lifetime Achievement Award and the Code of Ethics Award from Hampton Roads Association of REALTORS®. She was the 2002 President of VAR and has been Chair of VAR's Grievance and Professional Standards Committees. She has been a member of VAR Honor Society since its beginning in 1990 and Omega Tau Rho; the 1992 recipient of VAR's Code of Ethics Award; in 2004 named VAR Educator of the Year, in 2008 inducted into VAR's Hall of Fame, and 1999 VAR REALTOR® of the Year. In 1990 she received the NAR Educator of the Year Award. She served as a NAR Director from 1996 to 2008 and onto NAR's Professional Standards Committee. She is also Virginia's representative to NAR's REALTOR® Party Member Involvement Committee. Ann received the REALTOR® Emeritus Award from NAR in 2016.

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CINDY STACKHOUSE, GRI – Cindy is Executive Vice President/Managing Broker at Century 21 Redwood Realty. Cindy has been licensed in Virginia over 35 years. As a licensee and instructor she teaches at multiple local associations and VAR, and has written and taught courses, including Ethics, since 1981. At PWAR she served as President in 2008 and was PWAR Realtor of the Year in 2003. Her awards also include VAR Code of Ethics Leadership award in 1998 and VAR Realtor of the Year for 2012. Cindy is a 2006 graduate of VAR Leadership Academy and served as Director for VLA in 2007. Cindy has been an RPAC major investor since 2007. Cindy was VAR's President in 2010 and continues to stay involved with VAR's Professional Standards Committee. She has served on NAR's Professional Standards Committee. Her passion is Professional Standards and has been an instructor with the VAR Road Show since 2002.

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PATRICIA J. WIDHALM, GRI - Pat is President and Principal Broker of Better Homes and Gardens Real Estate III-North in Charlottesville. She is a certified ethics instructor; an NAR certified procedures instructor; a certified mediator; a senior faculty member of the Central Virginia School of Real Estate and the Real Estate III School of Real Estate; and was an associate professor in Real Estate, Adjunct Faculty, at Piedmont Virginia Community College for 38 years. Pat has been actively involved with Charlottesville Area Association of REALTORS® and VAR for most of her 40 years as a REALTOR®. She has received several CAAR and VAR awards and is a charter member of VAR's Hall of Fame. She was recently honored with the REALTOR® Emeritus Award from NAR.

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STAFF BIOGRAPHIES



BRENDA M. GRADY serves as Professional Standards Administrator and Paralegal for VAR. Her duties include administrative responsibility for case management and administration of enforcement procedures of the National Association of REALTORS® Code of Ethics. She is responsible for the production of the Professional Standards Road Show annually, and all other professional standards classes offered by VAR. She is the assisting liaison of VAR's Grievance Committee and Professional Standards Committee. Brenda is a former Virginia REALTOR® and served on VAR's Risk Management Committee and Standard Forms Subcommittee. She attended the University of South Carolina in Columbia, South Carolina and interned with the South Carolina House of Representatives.

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LAURA FARLEY serves as Vice President of Legal Operations and Deputy General Counsel for VAR. Her duties include teaching, staffing VAR's legal hotline, monitoring regulatory agencies and serving as the liaison to the VAR Grievance Committee, Professional Standards Committee and Standard Forms Subcommittee. Before joining VAR, Laura was a Staff Attorney at the Northern Virginia Association of REALTORS for three years where she worked with the Grievance and Professional Standards Committees, taught and staffed the NVAR Legal Hotline. Laura attended the University of Maryland, College Park and received her law degree and Regulatory Law certificate from George Mason University School of Law, where she was the Senior Notes Editor for the Journal of Law, Economics & Policy.

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