Form #E-1

_____
Board or State Association

_____
Address City State Zip

Ethics Complaint

To the **Grievance Committee** of the _____
Board or State Association

Filed _____, 20_____

_____ _____
Complainant(s) Respondent(s)

Complainant(s) charge(s):

An alleged violation of Article(s) _____ of the Code of Ethics and/or other membership duty as set forth in the bylaws of the Board in _____ and alleges that the above charge(s)
Article, Section
(is/are) supported by the attached statement, which is signed and dated by the complainant(s) and which explains when the alleged violation(s) occurred and, if a different date, when the complainant(s) first knew about the alleged violations.

This complaint is true and correct to the best knowledge and belief of the undersigned and is filed within one hundred eighty (180) days after the facts constituting the matter complained of could have been known in the exercise of reasonable diligence or within one hundred eighty (180) days after the conclusion of the transaction, or event, whichever is later.

Date(s) alleged violation(s) took place:_____

Date(s) you became aware of the facts on which the alleged violation(s) (is/are) based: _____

I (we) declare that to the best of my (our) knowledge and belief, my (our) allegations in this complaint are true.

Are the circumstances giving rise to this ethics complaint involved in civil or criminal litigation or in any proceeding before the state real estate licensing authority or any other state or federal regulatory or administrative agency?

❒ Yes ❒ No

You may file an ethics complaint in any jurisdiction where a REALTOR® is a member or MLS participant. Note that the REALTORS® Code of Ethics, Standard of Practice 14-1 provides, in relevant part, "REALTORS® shall not be subject to disciplinary proceeding in more than one Board of REALTORS® . . . with respect to alleged violations of the Code of Ethics relating to the same transaction or event."

Have you filed, or do you intend to file, a similar or related complaint with another Association(s) of REALTORS®?

❒ Yes ❒ No

If so, name of other Association(s): _____ Date(s) filed: _____

I understand that should the Grievance Committee dismiss this ethics complaint in part or in total, that I have twenty (20) days from transmittal of the dismissal notice to appeal the dismissal to the Board of Directors.

Complainant(s):

_____ _____
Type/Print Name Signature

_____ _____
Type/Print Name Signature

_____
Address

_____ _____
Phone Email

(Revised 11/15)

Part Six — Specimen Forms

The Manual refers to certain forms used in connection with ethics proceedings conducted under it. Following are specimens of such forms.

They should not be used until they are first reviewed by Board counsel to assure that they conform to state law and to any special requirements established by the Board. (NOTE: The State Association may wish to have State Association legal counsel review the contents of the Manual, including the Specimen Forms, to adapt it to comply with state law, and to recommend adoption of the amended Manual by all local Boards within the state.) The Specimen Forms are intended to provide a format and may require further adaptation and modification by the local Board prior to implementation and use. For example, Form #E-11, Decision of the Ethics Hearing Panel of the Professional Standards Committee, should include adequate space for a comprehensive statement of the "Findings of Fact" and the "Decision and Recommendation for Disciplinary Action."

After such review and modification as necessary, the local Board or State Association may add to the forms the appropriate identification data of the Board and reproduce them in quantities desired by the Board.

General Instructions and Information for Filing and Replying to Ethics Complaints

(1) Complaints must be typewritten and submitted with a sufficient number of copies to enable the Board to provide one to each respondent plus one copy for the Board's records. Any reply must be typewritten and submitted with a sufficient number of copies to enable the Board to provide one to each complainant plus one copy for the Board's records. Additional copies of the complaint and reply should be furnished by the complainant and respondent as requested by the Professional Standards Administrator. If the complainant is a member of the public, extra copies of the complaint should not be requested.

(2) Complaints will be referred to the Professional Standards Administrator, and by the Professional Standards Administrator to the Chairperson of the Grievance Committee. If the Grievance Committee finds the matter to constitute a proper cause of action, it will be referred to the Professional Standards Administrator to arrange a hearing; if not found to constitute a proper cause of action, it will be returned to the complainant with the decision of the Grievance Committee, together with information advising the complainant of the procedures by which the Grievance Committee's decision may be appealed to the Board of Directors.

(3) If there is to be a hearing, respondent will have fifteen (15) days from when the request for response was transmitted, to reply. Copy of the reply will be sent to complainant, the Board President, and the Professional Standards Committee Chairperson. The date for hearing will be set and all parties will be notified of the date and place of hearing at least twenty-one (21) days in advance. *(Revised 11/14)*

(4) If no reply is received from respondent within fifteen (15) days from when the request for response was transmitted, the date, time, and place of hearing will be set. *(Revised 11/14)*

(5) All parties may be represented by counsel, provided that notice of intention to be represented is transmitted to all other parties and to the Hearing Panel at least fifteen (15) days prior to the hearing. Failure to provide timely notice may result in a continuance of the hearing.

(6) It is the responsibility of each party to arrange for his witnesses to be present at the hearing. All parties appearing at a hearing may be called as a witness without advance notice. *(Revised 11/14)*

(7) 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. *(Adopted 05/15)*

(8) Either party may file with the Professional Standards Administrator, within ten (10) days from the date the names of the members of the Professional Standards Committee are transmitted to the parties, a written request for disqualification of any potential member of the Hearing Panel for any of the following reasons:

(a) is related by blood or marriage to the complainant, respondent, or a REALTOR® acting as counsel for either the complainant or respondent

(b) is an employer, partner, or employee, or in any way associated in business with the complainant, respondent, or a REALTOR® acting as counsel for either the complainant or respondent

(c) is a party to the hearing, or a party or a witness in another pending case involving complainant or respondent

(d) knows any reasons acceptable to the Hearing Panel or tribunal which may prevent him from rendering an impartial decision *(Revised 11/14)*

(9) The notice of hearing will contain names of members of the tribunal who will hear the case and should be accompanied by an "Outline of Procedure for Ethics Hearing." 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. *(Revised 11/14)*

(10) The parties shall not discuss the case with any member of the Hearing Panel or the Board of Directors at any time prior to announcement of a decision in the case.

(11) No hearing will be held in the absence of a complainant. An ethics hearing may proceed in the absence of a respondent.

(Revised 05/15)

Appendix V to Part Four

Ethics Hearing Checklist

(1) **Complaint filed.** The Professional Standards Administrator receives a complaint alleging unethical conduct on the part of a Board Member.

(2) **Complainant.** An ethics complaint may be filed by any person, whether a Board Member or not.

(3) **Time limitation.** An ethics complaint must be filed within one hundred eighty (180) days after the facts constituting the matter could have been known in the exercise of reasonable diligence or within one hundred eighty (180) days after the conclusion of the transaction or event, whichever is later. *(Amended 5/11)*

Suspension of filing deadlines: If the Board's informal dispute resolution processes (e.g., ombudsman, mediation, etc.) are invoked or initiated by a complainant (or potential complainant) with respect to conduct that becomes the subject of a subsequent ethics complaint, the one hundred eighty (180) day filing deadline shall be suspended beginning with the date of the complainant's (or potential complainant's) request for informal dispute resolution service or assistance and shall resume when the informal dispute resolution procedures are concluded or terminated. Questions about when informal dispute resolution began or ended will be determined by the Board President or the President's designee. The filing deadlines shall also be suspended during any period when the respondent does not hold REALTOR® or REALTOR-ASSOCIATE® membership. *(Amended 11/12)*

(4) **Initial assistance.** Depending upon established administrative procedures of the local Member Board, the Professional Standards Administrator may provide additional information to the complainant concerning the required basis and form(s) for properly filing a written complaint. Only written complaints should be a basis for further consideration and action by the Board, except the Grievance Committee is not precluded at any time from investigating, at its discretion, any written or oral complaint against a member, or from reviewing any information which may come to its attention concerning a Board Member. *(Amended 4/94)*

(5) **Complaint to Grievance Committee.** When a written complaint is received, the Professional Standards Administrator refers it to the Chairperson of the Grievance Committee for preliminary review by the Grievance Committee in order to determine proper disposition of the complaint — i.e., whether to (1) dismiss the complaint as unworthy of further consideration, (2) refer it back to the complainant as appropriate for arbitration rather than disciplinary action, or (3) refer it to the Professional Standards Administrator to arrange a hearing by an ethics Hearing Panel of the Professional Standards Committee. *(Amended 4/94)*

If the complaint is from a client, customer, or a member of the general public, and the Grievance Committee determines that the complaint is not properly framed (or is ambiguous or otherwise insufficient), the Grievance Committee Chairperson may assign a member of the Grievance Committee to assist the complainant in preparing a proper complaint. In such instances, the Grievance Committee member so assigned does not become or act as an advocate or representative for the complainant, but provides appropriate procedural information only. Further, the Grievance Committee member acting in this capacity shall not participate in any consideration of the complaint by the Grievance Committee. *(Revised 11/14)*

If the complaint asserts multiple allegations of unethical conduct and the Grievance Committee determines that one or more of the allegations are unworthy of further consideration, that portion of the complaint may be dismissed while the balance of the complaint is forwarded for a hearing. If the Grievance Committee determines that the complaint cites an inappropriate Article or Articles of the Code, the Grievance Committee may amend the complaint by deleting the inappropriate Article(s) and adding the appropriate Article(s) and/or individual(s). However, if an Article or Articles or an additional respondent(s) is added to the complaint by the Grievance Committee and the complainant does not agree with the addition, the Grievance Committee may file its own complaint citing those Article(s) and/or individual(s), and both complaints would be heard simultaneously by the same Hearing Panel. *(Revised 11/91)*

(6) **Preliminary review by Grievance Committee.** The Grievance Committee may render its determination on the basis of the complaint received, or, it may, at its discretion, send a copy of the complaint to the party complained of and require him to furnish a response before making its determination as to the proper disposition of the complaint only if the committee is in need of additional information pertaining to the questions in Section 19, Grievance Committee's Review of an Ethics Complaint, and the complainant cannot provide such information. This review process may include additional information other than the written complaint itself only if necessary to determine whether a complaint will be referred for hearing. Failure to respond to the Grievance Committee's request may result in the complaint being forwarded for a hearing and in a possible charge that the respondent has not complied with the obligations of Article 14 of the Code of Ethics. *(Revised 11/15)*

(7) **No Grievance Committee "hearings".** The Grievance Committee's function does not include the holding of any hearings. Rather, it makes a preliminary review to determine the proper disposition of the complaint. *(Amended 4/94)*

(8) **No decisions on Code violations by Grievance Committee.** The Grievance Committee does not render a determination purporting to find a violation, or the absence of a violation, of the Code of Ethics, nor does it purport to find a violation, or absence of a violation, of law.

(9) **Action initiated by Grievance Committee.** On its own motion, the Grievance Committee may— or, upon instruction

from the Board of Directors, must review the actions of any member when there is reason to believe that the member's conduct may be subject to disciplinary action. *(Amended 4/94)*

(10) **Grievance Committee as complainant.** If review by the Grievance Committee, acting on its own motion or upon instruction from the Board of Directors, reveals evidence of potentially unethical conduct sufficient to warrant a hearing, the Grievance Committee prepares a complaint and refers it to the Professional Standards Administrator to arrange an ethics hearing. The Chairperson of the Grievance Committee or a member of the Grievance Committee designated by the Chairperson will act as the complainant at the hearing before a Hearing Panel of the Professional Standards Committee (the Grievance Committee as complainant is acting on behalf of the Board of REALTORS®). *(Amended 4/94)*

(11) **Dismissal of complaint by Grievance Committee subject to appeal.** The dismissal of a complaint or any portion of a complaint by the Grievance Committee may be appealed by the complainant to the Board of Directors within the time specified in the Board's procedures using Form #E-22, Appeal of Grievance Committee (or Hearing Panel) Dismissal of Ethics Complaint. The complaint and any attachments to the complaint may not be revised, modified, or supplemented. The complainant may, however, explain in writing why the complainant disagrees with the Grievance Committee's conclusion that the complaint should be dismissed. In considering the appeal, the Directors should consider only the same information that was considered by the Grievance Committee in making its determination to dismiss the complaint, and the complainant and respondent do not have the right to appear at the hearing before the Directors. *(Revised 5/06)*

The appeal may be heard by a panel of Directors appointed by the President. Any appeal panel must be composed of at least five (5) Directors or a quorum of the Board of Directors, whichever is less. (Alternatively, the appeal may be heard by the Board's Executive Committee.) The decision of the appeal panel (or Executive Committee) is final and binding and is not subject to further review by the Board of Directors. *(Revised 11/91)*

(12) **Action if complaint is referred for hearing.** If the complaint is referred for hearing, the Professional Standards Administrator serves a copy of the complaint to each party complained of, and notifies each party that he may file a written reply to the complaint within the time period specified in the Board's procedures.

(13) **Late filing of reply**. A Hearing Panel, at its discretion, may accept late filing of a reply to a complaint.

(14) **Resignation/termination of membership.** If the respondent resigns or otherwise terminates membership in the Board after an ethics complaint is filed but before final action is taken by the Board of Directors, the Professional Standards Administrator forwards the complaint 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 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. *(Revised 5/16)*

(15) **Request for additional copies from complainant and respondent.** As a matter of local option, the Professional Standards Administrator may request the complainant and respondent to supply a specified number of copies of the complaint and response, or other documentation, as needed for appropriate distribution, except a non-Board Member complainant should generally not be required to supply multiple copies. This could be construed as overly burdensome by the public.

(16) **Distribution of complaint and reply.** After fifteen (15) days, the Professional Standards Administrator shall transmit copies of the complaint and the reply (if any) to (1) the complainant (response only), (2) the Board President, and (3) the Chairperson of the Professional Standards Committee, or notify each that no reply has been filed. *(Revised 11/14)*

(17) **Appointment of Ethics Hearing Panel.** At the same time, the Professional Standards Administrator shall transmit a list of names of the members of the Professional Standards Committee to the parties and provide them with an opportunity to challenge proposed panel members for cause. Any disqualification must be filed within ten (10) days from the date the list is transmitted to the parties. From the names not successfully challenged by either party, the Professional Standards Committee Chairperson shall select, no later than five (5) days after challenge forms are due, a Hearing Panel of three (3) or more members, a majority of whom shall be REALTORS®. The Chairperson shall also select one of the panel members to serve as Chairperson of the Hearing Panel. Any Hearing Panel must have an odd number of members. A majority must be REALTORS®, and if a REALTOR-ASSOCIATE® or REALTOR® other than a principal is a party to the ethics proceeding, one (1) of the panelists shall be a REALTOR-ASSOCIATE® or REALTOR® other than a principal. *(Revised 11/14)*

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

(18) **Time and place of hearing.** The Chairperson of the Professional Standards Committee, or the panel itself, or its Chairperson, shall designate a time and place for hearing the complaint. 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. The complaint and response, if any, shall be provided to Hearing Panel members prior to the hearing. Such time period shall be _____ (as determined by the Board of Directors) and shall be adhered to for all hearings. *(Revised 04/14)*

(19) **Proper notice of hearing.** It is important that the Professional Standards Administrator properly and promptly notify the parties of the time and place of hearing. The notice of hearing should include a listing of the members of the Hearing Panel (tribunal) who have been selected from the names of members of the Professional Standards Committee not successfully challenged by either party. An outline of the hearing procedures should also accompany the notice of hearing. *(Revised 11/98)*

(20) **Withdrawal of complaint.** Complainants may withdraw their complaints at any time prior to 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. *(Amended 5/16)*

(21) **Amendment of complaint.** The complainant can amend the complaint at any time prior to hearing. However, the respondent must receive a copy of the amended complaint and have an opportunity to amend the response to the complaint. Complaints cannot be amended to add, or substitute, other individuals as complainants except as mutually agreed to by the parties. *(Revised 5/13)*

(22) **Amendment during a hearing.** At any time during a hearing, the complainant or the Hearing Panel may amend the complaint. Amendments to include Articles previously dismissed by the Grievance Committee may be made only on the motion of the Hearing Panel. With the concurrence of the respondent, the hearing may proceed uninterrupted or may be continued to a date certain not less than fifteen (15) nor more than thirty (30) days from date of adjournment. If the hearing continues uninterrupted, the fact that the respondent waived his right to an adjournment should be read into the record, and the hearing will proceed on the basis of the amended complaint. *(Amended 11/93)*

(23) **Amended complaint in writing.** If the hearing is adjourned to a later date, the amended complaint must be filed in writing, signed by the complainant or Chairperson of the Hearing Panel, and promptly served on the respondent to allow opportunity for response to the amended complaint.

(24) **Failure to appear at duly noticed hearing.** If a respondent does not appear at a hearing without having obtained a continuance, the Hearing Panel may proceed with the hearing and reach a decision on the evidence available. The procedures to be followed shall be those specified in the *Code of Ethics and Arbitration Manual*. If a party does not appear, it is prudent to place a telephone call to determine if there is valid cause for the absence.

If a member of the public files an ethics complaint which is reviewed by the Grievance Committee and forwarded for a hearing before an ethics Hearing Panel, and the member of the public refuses or is unable to appear at the hearing, the complaint should be referred back to the Grievance Committee for amendment to name the Grievance Committee as complainant if the Grievance Committee determines that there is sufficient information for a Hearing Panel to consider (i.e., clear, strong, and convincing proof). *(Amended 11/98)*

In the event the complaint scheduled for hearing is from a REALTOR® or REALTOR-ASSOCIATE® who refuses or is unable to attend the hearing, the complainant shall be advised that refusal to participate in the hearing, absent a satisfactory reason, may result in a charge that the complainant has violated Article 14's obligation to place all pertinent facts before an appropriate tribunal of the Board. *(Amended 11/98)*

If the REALTOR® or REALTOR-ASSOCIATE® complainant continues to refuse a duly noticed request to appear, or if the complainant is excused from appearing for reasons deemed valid by the Hearing Panel, the hearing shall not take place but rather the complaint shall be referred back to the Grievance Committee. If the Grievance Committee determines that there is sufficient information for a Hearing Panel to consider (i.e., clear, strong, and convincing proof), the complaint shall be amended to name the Grievance Committee as complainant and the hearing shall be continued to a new date. The respondent shall be provided with a copy of the amended complaint in such cases. *(Revised 11/98)*

(25) **Decision by Hearing Panel.** The decision of the Hearing Panel shall be by simple majority vote, in writing, and contain findings of fact, a conclusion as to the alleged violation(s) of the Code of Ethics, and a statement of disciplinary action recommended, if any. The Hearing Panel will consider all previous violations and sanctions and the rationale for the current disciplinary 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). *(Amended 11/13)*

(26) **When Hearing Panel decision is final.** The Hearing Panel decision shall be considered final only when signed, reviewed by legal counsel, and filed with the Professional Standards Administrator. The decision and recommendation of the sanction, if any, shall be a recommendation to the Board of Directors and shall be implemented only upon review and approval by the Board of Directors.

(27) **Recommendation of sanction.** In its recommendation of sanction, the Hearing Panel may, at its discretion, consider all records of previous violations and sanctions, if any, in the member's file.

(28) **Distribution of decision.** The Professional Standards Administrator shall send a copy of the decision to the complainant and the respondent within the time specified in the Board's procedures after receipt from the Hearing Panel in its final form. However, reasonable delay will not invalidate the procedures of the Board.

(29) **Right of appeal.** Either the complainant or the respondent in an ethics hearing may file an appeal with the President within twenty (20) days after the final decision of the Hearing Panel is transmitted. However, the complainant may appeal based only on alleged procedural deficiencies or other lack of procedural due process that may have deprived the complainant of a fair hearing. The appeal should state a valid cause for seeking the appeal and the consideration of the appeal shall relate only to the bases stated in the appeal petition. *(Amended 11/14)*

(30) **Prerogatives of Directors in respect of Hearing Panel recommendation.** If there is no appeal by any party to an ethics hearing, the Directors must adopt and direct implementation of sanction, except if the Directors have a concern for procedural deficiency, in which case they may refer the decision back to the Professional Standards Committee for a new hearing and recommendation by a new Hearing Panel. If the Directors are concerned with the appropriateness of the recommended sanction, they may refer the decision back to the original Hearing Panel for further consideration and recommendation. The Directors may also accept the decision of the Hearing Panel and may reduce the discipline recommended but may not increase the discipline beyond that recommended by the Hearing Panel.

(31) **Appeal deposit.** Any appeal to the Board of Directors from the decision and recommendation of the ethics Hearing Panel shall be accompanied by a deposit that may not exceed $500 and should include a statement of the basis for the appeal – i.e., misapplication or misinterpretation of the Article(s) of the Code, procedural deficiency or lack of due process, or the recommended discipline. In cases where a single appeal is filed jointly by more than one party, only one filing fee may be assessed. *(Amended 11/12)*

(32) **Notice of appeal to Directors.** Any appeal to the Board of Directors shall be noticed properly to the parties and to the Directors. The written request for appeal shall be reviewed by the Board President or the President's designee only for the purpose of determining whether the appeal states any legitimate basis for consideration by the Board of Directors. All requests for appeals received by the Board must be considered by the Board of Directors, and only those bases and issues raised in the written request for appeal may be raised by the appellant in any hearing before the Board of Directors. *(Amended 11/94)*

The matter will be heard at the next regularly scheduled meeting of the Directors or at a special meeting called for the purpose of hearing the appeal, but no later than thirty (30) days after the date of receipt of the appeal, giving a minimum of ten (10) days notice. *(Amended 11/14)*

The appeal may be heard by a panel of Directors appointed by the President. Any appeal panel must be composed of at least five (5) Directors or a quorum of the Board of Directors, whichever is less. (Alternatively, the appeal may be heard by the Board's Executive Committee.) The decision of the appeal panel (or Executive Committee) is final and binding and is not subject to further review by the Board of Directors. *(Revised 11/91)*

(33) **Information provided to Directors.** The Directors shall be provided in advance with copies of the complaint, response, the findings of fact, conclusion of the Hearing Panel as to violation(s) of the Code of Ethics, recommendation of discipline, the appeal request or amended appeal request, and the President's correspondence, if any. All documents provided to the Board of Directors are confidential, and no Director shall discuss materials received except in an appeal meeting of the Board of Directors. However, a breach of confidentiality shall not invalidate the decision of the Board of Directors.

(34) **Information considered by Directors in an appeal proceeding.** An appeal to the Board of Directors shall be determined on the basis of the transcript, recording, or summary of the proceeding by the Hearing Panel Chairperson, and no new evidence shall be considered unless the basis of the appeal is the Hearing Panel's alleged refusal to admit or receive evidence a party feels properly should have been allowed. The parties may appeal to the merits of the Hearing Panel's findings of fact, decision, and recommendation for sanction and may correct the summary, the transcript, or recording. Only the bases and facts raised in the written appeal may be raised by the appellant at the hearing before the Board of Directors.

(35) **Disposition of deposit money.** The deposit filed with the petition for appeal will accrue to the general treasury of the Board if the Directors confirm the Hearing Panel's decision and recommendation. The deposit will be returned to the appellant if the Board of Directors' decision is to dismiss the charge. If the Hearing Panel's decision and recommendation is modified, the Directors will determine the disposition of the deposit.

(36) **Directors' decision in writing.** The Directors' decision will be in writing. As soon as the decision is in final form, but within five (5) days, it shall be provided to the parties and the Hearing Panel. *(Revised 5/17)*

(37) **Directors' decision final.** The Directors' decision in respect of any professional standards ethics proceeding shall be final and binding upon the parties. No appeal procedure is provided by the State Association or the NATIONAL ASSOCIATION OF REALTORS®.

(38) **Notice of final action.** When the decision is final, a notice of the action shall be provided by the President to the following: (1) complainant, (2) respondent, (3) Board of Directors, (4) Hearing Panel, (5) Board legal counsel, (6) the President of any other Board in which the respondent holds membership, and (7) any government agency as may be directed by the Board of Directors, based on advice of legal counsel. *(Revised 5/88)*

Such notice shall be provided as the President deems appropriate under the circumstances provided the proposed notice has been reviewed and approved by Board legal counsel. Other Board Members shall be notified only of suspension or expulsion of a member.

(39) **Failure to comply with discipline imposed.** Any discipline that requires an action on the part of the disciplined member should also indicate any additional penalties that may be automatically invoked for failure to comply with the discipline by the date specified.

If the decision does not indicate that additional penalties may be automatically invoked for failure to comply with the discipline by the date specified, the member's failure to comply should not result in a new ethics hearing, but should be referred to the Board of Directors for their consideration. If additional penalties are contemplated, the member should have the opportunity to appear before the Board of Directors and explain the failure to comply. The Board of Directors, if not satisfied with the explanation, may impose additional sanctions (including suspension or expulsion) in a manner consistent with the procedures in the Board's *Code of Ethics and Arbitration Manual*.

(40) **Declaratory judgment.** If the Directors believe a member may resort to litigation rather than abiding by the discipline imposed, the Directors should consider making the imposition of discipline contingent upon entry of a judgment by a court of competent jurisdiction asserting that the Board's action will not violate any of the member's rights.

(41) **Refusal to arbitrate.** If a member refuses to arbitrate, where arbitration is not precluded by law, the matter will not be referred to the Grievance Committee for a hearing by an ethics Hearing Panel, but shall be referred to the Board of Directors, and the Directors shall consider only the sole fact of whether a Board Member has refused to arbitrate a properly arbitrable matter. Upon an affirmative finding of refusal to arbitrate, the Directors may order sanction as deemed appropriate in accordance with the procedures of the Board.

(42) **Refusal to abide by an award in arbitration.** There should be no ethics hearing in the first instance of such a refusal by a Board Member, but the Board should recommend that the award recipient seek judicial enforcement of the award rendered by the arbitration panel. The award recipient should seek reimbursement of legal fees, and if these legal fees are not reimbursed by the court in its final decision, the Board of Directors may, at its discretion, reimburse the award recipient for legal fees incurred. If a member engages in a pattern of noncompliance, judicial enforcement should be utilized in each case for effective enforcement of the award, and the Board is not precluded from considering the action of the individual as an alleged violation of Article 17 of the Code of Ethics.

Summary of Administrative Time Frames — Ethics Proceedings

Situation	Time Table
Grievance	
Complaint filed	180 days . . .
Response required/# of days to submit	15 days from request for response being transmitted if response solicited
Complainant's appeal to Directors	20 days from transmittal of dismissal notice
Directors review	Next meeting
Professional Standards	
Respondent provides response	15 days from request for response being transmitted; staff transmits response to the complainant within 5 days from receipt
Challenge forms	10 days to challenge from date forms transmitted to parties
Panel named	5 days after challenge forms are due
Hearing notice	21 days in advance of hearing
Complaint/response to panel	Board option
Notice of witnesses and counsel	15 days before hearing to Board and other party
Adjourned hearing	Not less than 15 days or more than 30 days from hearing (unless a "late" witness is allowed and then not less than five days from hearing)
Decision filed	Day of hearing, or no later than 48 hours after hearing
Transmit decision	5 days after decision filed with staff, except if it is necessary to obtain association counsel's review
Appeal	
Appeal filed	20 days after decision transmitted
Preliminary review	Within 10 days after appeal transmitted to association
Amendment received	Within 10 days of notice
Appeal heard	Next/special meeting giving 10 days minimum notice, but not later than 30 days after receipt of appeal; Directors' written decision transmitted to parties within 5 days of appeal hearing

Appendix X to Part Four

Before You File an Ethics Complaint

Background

Boards and Associations of REALTORS® are responsible for enforcing the REALTORS® Code of Ethics. The Code of Ethics imposes duties above and in addition to those imposed by law or regulation which apply **only** to real estate professionals who choose to become REALTORS®.

Many difficulties between real estate professionals (whether REALTORS® or not) result from misunderstanding, miscommunication, or lack of adequate communication. If you have a problem with a real estate professional, you may want to speak with them or with a principal broker in the firm. Open, constructive discussion often resolves questions or differences, eliminating the need for further action.

If, after discussing matters with your real estate professional or a principal broker in that firm, you are still not satisfied, you may want to contact the local Board or Association of REALTORS®. In addition to processing formal ethics complaints against its REALTOR® members, many boards and associations offer informal dispute resolving processes (e.g., ombudsman, mediation, etc.). Often parties are more satisfied with informal dispute resolution processes, as they are quicker, less costly, and often help repair damaged relationships. *(Revised 11/15)*

If, after taking these steps, you still feel you have a grievance, you may want to consider filing an ethics complaint. You will want to keep in mind that . . .

- Only REALTORS® and REALTOR-ASSOCIATE®s are subject to the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®.
- If the real estate professional (or their broker) you are dealing with is not a REALTOR®, your only recourse may be the state real estate licensing authority or the courts.
- Boards and Associations of REALTORS® determine whether the Code of Ethics has been violated, not whether the law or real estate regulations have been broken. Those decisions can only be made by the licensing authorities or the courts.
- Boards of REALTORS® can discipline REALTORS® for violating the Code of Ethics. Typical forms of discipline include attendance at courses and seminars designed to increase REALTORS®' understanding of the ethical duties or other responsibilities of real estate professionals. Additional examples of authorized discipline are a letter of reprimand and appropriate fines. For serious or repeated violations, a REALTOR®'s membership can be suspended or terminated. Boards and Associations of REALTORS® cannot require REALTORS® to pay money to parties filing ethics complaints; cannot award "punitive damages" for violations of the Code of Ethics; and cannot suspend or revoke a real estate professional's license. *(Revised 11/15)*
- The primary emphasis of discipline for ethical lapses is educational, to create a heightened awareness of and appreciation for the duties the Code imposes. At the same time, more severe forms of discipline, including fines and suspension and termination of membership may be imposed for serious or repeated violations.

Filing an Ethics Complaint

The local Board or Association of REALTORS® can provide you with information on the procedures for filing an ethics complaint. Here are some general principles to keep in mind.

- Ethics complaints must be filed with the local Board or Association of REALTORS® within one hundred eighty (180) days from the time a complainant knew (or reasonably should have known) that potentially unethical conduct took place or within one hundred eighty (180) days after the conclusion of the transaction or event, whichever is later (unless the Board's informal dispute resolution processes are invoked, in which case the filing deadline will momentarily be suspended).
- The REALTORS® Code of Ethics consists of seventeen (17) Articles. The duties imposed by many of the Articles are explained and illustrated through accompanying Standards of Practice or case interpretations.
- Your complaint should include a narrative description of the circumstances that lead you to believe the Code of Ethics may have been violated.
- Your complaint must cite one or more of the seventeen (17) Articles of the Code of Ethics which may have been violated. Hearing Panels decide whether the Articles expressly cited in complaints were violated—not whether Standards of Practice or case interpretations were violated.
- The local Board or Associations of REALTORS®' Grievance Committee may provide technical assistance in preparing a complaint in proper form and with proper content.

Before the Hearing

- Your complaint will be reviewed by the local Board or Association's Grievance Committee. Their job is to review complaints to determine if the allegations made, if taken as true, might support a violation of the Article(s) cited in the complaint.
- If the Grievance Committee dismisses your complaint, it does not mean they do not believe you. Rather, it means that they do not feel that your allegations would support a Hearing Panel's conclusion that the Article(s) cited in your complaint had been violated. You may want to review your complaint to see if you cited an Article appropriate to your allegations.

- If the Grievance Committee forwards your complaint for hearing, that does not mean they have decided the Code of Ethics has been violated. Rather, it means they feel that if what you allege in your complaint is found to have occurred by the Hearing Panel, that panel may have reason to find that a violation of the Code of Ethics occurred.

- If your complaint is dismissed as not requiring a hearing, you can appeal that dismissal to the Board of Directors of the local Board or Association of REALTORS®.

Preparing for the Hearing

- Familiarize yourself with the hearing procedures that will be followed. In particular you will want to know about challenging potential panel members, your right to counsel, calling witnesses, and the burdens and standards of proof that apply.

- Complainants have the ultimate responsibility ("burden") of proving that the Code of Ethics has been violated. The standard of proof that must be met is "clear, strong and convincing," defined as ". . . that measure or degree of proof which will produce a firm belief or conviction as to the allegations sought to be established." Consistent with American jurisprudence, respondents are considered innocent unless proven to have violated the Code of Ethics.

- Be sure that your witnesses and counsel will be available on the day of the hearing. Continuances are a privilege—not a right.

- Be sure you have all the documents and other evidence you need to present your case.

- Organize your presentation in advance. Know what you are going to say and be prepared to demonstrate what happened and **how you believe the Code of Ethics was violated**.

At the Hearing

- Appreciate that panel members are unpaid volunteers giving their time as an act of public service. Their objective is to be fair, unbiased, and impartial; to determine, based on the evidence and testimony presented to them, what actually occurred; and then to determine whether the facts as they find them support a finding that the Article(s) charged have been violated.

- Hearing Panels cannot conclude that an Article of the Code has been violated unless that Article(s) is specifically cited in the complaint.

- Keep your presentation concise, factual, and to the point. Your task is to demonstrate what happened (or what should have happened but did not), and how the facts support a violation of the Article(s) charged in the complaint.

- Hearing Panels base their decisions on the evidence and testimony presented during the hearing. If you have information relevant to the issue(s) under consideration, be sure to bring it up during your presentation.

- Recognize that different people can witness the same event and have differing recollections about what they saw. The fact that a respondent or their witness recalls things differently does not mean they are not telling the truth as they recall events. It is up to the Hearing Panel, in the findings of fact that will be part of their decision, to determine what actually happened.

- The Hearing Panel will pay careful attention to what you say and how you say it. An implausible account does not become more believable through repetition or through volume.

- You are involved in an adversarial process that is, to some degree, unavoidably confrontational. Many violations of the Code of Ethics result from misunderstanding or lack of awareness of ethical duties by otherwise well-meaning, responsible real estate professionals. An ethics complaint has potential to be viewed as an attack on a respondent's integrity and professionalism. For the enforcement process to function properly, it is imperative for all parties, witnesses, and panel members to maintain appropriate decorum.

After the Hearing

- When you receive the Hearing Panel's decision, review it carefully.

- Findings of fact are the conclusions of impartial panel members based on their reasoned assessment of all of the evidence and testimony presented during the hearing. Findings of fact are not appealable.

- If you believe the hearing process was seriously flawed to the extent you were denied a full and fair hearing, there are appellate procedures that can be invoked. The fact that a Hearing Panel found no violation is not appealable.

- Refer to the procedures used by the local Board or Association of REALTORS® for detailed information on the bases and time limits for appealing decisions. *(Revised 11/14)*

  Appeals brought by ethics respondents must be based on:

  (a) a perceived misapplication or misinterpretation of one or more Articles of the Code of Ethics,
  (b) a procedural deficiency or failure of due process, or
  (c) the nature or gravity of the discipline proposed by the Hearing Panel.

  Appeals brought by ethics complainants are limited to procedural deficiencies or failure of due process that may have prevented a full and fair hearing.

Conclusion

- Many ethics complaints result from misunderstanding or a failure in communication. Before filing an ethics complaint, make reasonable efforts to communicate with your real estate professional or a principal broker in the firm. If these efforts are not fruitful, the local Board or Association of REALTORS® can share options for dispute resolution, including the procedures and forms necessary to file an ethics complaint. *(Revised 11/15)*

Code of Ethics and Standards of Practice

of the NATIONAL ASSOCIATION OF REALTORS®

Effective January 1, 2018

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

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

Preamble

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

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

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

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

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

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

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

Duties to Clients and Customers

Article 1

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

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

- **Standard of Practice 1-2**
  The duties imposed by the Code of Ethics encompass all real estate-related activities and transactions whether conducted in person, electronically, or through any other means.

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

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

- **Standard of Practice 1-3**
  REALTORS®, in attempting to secure a listing, shall not deliberately mislead the owner as to market value.

- **Standard of Practice 1-4**
  REALTORS®, when seeking to become a buyer/tenant representative, shall not mislead buyers or tenants as to savings or other benefits that might be realized through use of the REALTOR®'s services. *(Amended 1/93)*

- **Standard of Practice 1-5**
  REALTORS® may represent the seller/landlord and buyer/tenant in the

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

- **Standard of Practice 1-6**
  REALTORS® shall submit offers and counter-offers objectively and as quickly as possible. *(Adopted 1/93, Amended 1/95)*

- **Standard of Practice 1-7**
  When acting as listing brokers, REALTORS® shall continue to submit to the seller/landlord all offers and counter-offers until closing or execution of a lease unless the seller/landlord has waived this obligation in writing. REALTORS® shall not be obligated to continue to market the property after an offer has been accepted by the seller/landlord. REALTORS® shall recommend that sellers/landlords obtain the advice of legal counsel prior to acceptance of a subsequent offer except where the acceptance is contingent on the termination of the pre-existing purchase contract or lease. *(Amended 1/93)*

- **Standard of Practice 1-8**
  REALTORS®, acting as agents or brokers of buyers/tenants, shall submit to buyers/tenants all offers and counter-offers until acceptance but have no obligation to continue to show properties to their clients after an offer has been accepted unless otherwise agreed in writing. REALTORS®, acting as agents or brokers of buyers/tenants, shall recommend that buyers/tenants obtain the advice of legal counsel if there is a question as to whether a pre-existing contract has been terminated. *(Adopted 1/93, Amended 1/99)*

- **Standard of Practice 1-9**
  The obligation of REALTORS® to preserve confidential information (as defined by state law) provided by their clients in the course of any agency relationship or non-agency relationship recognized by law continues after termination of agency relationships or any non-agency relationships recognized by law. REALTORS® shall not knowingly, during or following the termination of professional relationships with their clients:
  1) reveal confidential information of clients; or
  2) use confidential information of clients to the disadvantage of clients; or
  3) use confidential information of clients for the REALTOR®'s advantage or the advantage of third parties unless:
     a) clients consent after full disclosure; or
     b) REALTORS® are required by court order; or
     c) it is the intention of a client to commit a crime and the information is necessary to prevent the crime; or
     d) it is necessary to defend a REALTOR® or the REALTOR®'s employees or associates against an accusation of wrongful conduct.

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

- **Standard of Practice 1-10**
  REALTORS® shall, consistent with the terms and conditions of their real estate licensure and their property management agreement, competently manage the property of clients with due regard for the rights, safety and health of tenants and others lawfully on the premises. *(Adopted 1/95, Amended 1/00)*

- **Standard of Practice 1-11**
  REALTORS® who are employed to maintain or manage a client's property shall exercise due diligence and make reasonable efforts to protect it against reasonably foreseeable contingencies and losses. *(Adopted 1/95)*

- **Standard of Practice 1-12**
  When entering into listing contracts, REALTORS® must advise sellers/landlords of:
  1) the REALTOR®'s company policies regarding cooperation and the amount(s) of any compensation that will be offered to subagents, buyer/tenant agents, and/or brokers acting in legally recognized non-agency capacities;
  2) the fact that buyer/tenant agents or brokers, even if compensated by listing brokers, or by sellers/landlords may represent the interests of buyers/tenants; and
  3) any potential for listing brokers to act as disclosed dual agents, e.g., buyer/tenant agents. *(Adopted 1/93, Renumbered 1/98, Amended 1/03)*

- **Standard of Practice 1-13**
  When entering into buyer/tenant agreements, REALTORS® must advise potential clients of:
  1) the REALTOR®'s company policies regarding cooperation;
  2) the amount of compensation to be paid by the client;
  3) the potential for additional or offsetting compensation from other brokers, from the seller or landlord, or from other parties;
  4) any potential for the buyer/tenant representative to act as a disclosed dual agent, e.g., listing broker, subagent, landlord's agent, etc.; and
  5) the possibility that sellers or sellers' representatives may not treat the existence, terms, or conditions of offers as confidential unless confidentiality is required by law, regulation, or by any confidentiality agreement between the parties. *(Adopted 1/93, Renumbered 1/98, Amended 1/06)*

- **Standard of Practice 1-14**
  Fees for preparing appraisals or other valuations shall not be contingent upon the amount of the appraisal or valuation. *(Adopted 1/02)*

- **Standard of Practice 1-15**
  REALTORS®, in response to inquiries from buyers or cooperating brokers shall, with the sellers' approval, disclose the existence of offers on the property. Where disclosure is authorized, REALTORS® shall also disclose, if asked, whether offers were obtained by the listing licensee, another licensee in the listing firm, or by a cooperating broker. *(Adopted 1/03, Amended 1/09)*

- **Standard of Practice 1-16**
  REALTORS® shall not access or use, or permit or enable others to access or use, listed or managed property on terms or conditions other than those authorized by the owner or seller. *(Adopted 1/12)*

Article 2

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

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

- **Standard of Practice 2-2**
  (Renumbered as Standard of Practice 1-12 1/98)

- **Standard of Practice 2-3**
  (Renumbered as Standard of Practice 1-13 1/98)

- **Standard of Practice 2-4**
  REALTORS® shall not be parties to the naming of a false consideration in any document, unless it be the naming of an obviously nominal consideration.

- **Standard of Practice 2-5**
  Factors defined as "non-material" by law or regulation or which are expressly referenced in law or regulation as not being subject to disclosure are considered not "pertinent" for purposes of Article 2. *(Adopted 1/93)*

Article 3

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

- **Standard of Practice 3-1**
  REALTORS®, acting as exclusive agents or brokers of sellers/ landlords, establish the terms and conditions of offers to cooperate. Unless expressly indicated in offers to cooperate, cooperating brokers may not assume that the offer of cooperation includes an offer of compensation. Terms of compensation, if any, shall be ascertained by cooperating brokers before beginning efforts to accept the offer of cooperation. *(Amended 1/99)*

- **Standard of Practice 3-2**
  Any change in compensation offered for cooperative services must be communicated to the other REALTOR® prior to the time that REALTOR® submits an offer to purchase/lease the property. After a REALTOR® has submitted an offer to purchase or lease property, the listing broker may not attempt to unilaterally modify the offered compensation with respect to that cooperative transaction. *(Amended 1/14)*

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

- **Standard of Practice 3-4**
  REALTORS®, acting as listing brokers, have an affirmative obligation to disclose the existence of dual or variable rate commission arrangements (i.e., listings where one amount of commission is payable if the listing broker's firm is the procuring cause of sale/lease and a different amount of commission is payable if the sale/lease results through the efforts of the seller/landlord or a cooperating broker). The listing broker shall, as soon as practical, disclose the existence of such arrangements to potential cooperating brokers and shall, in response to inquiries from cooperating brokers, disclose the differential that would result in a cooperative transaction or in a sale/lease that results through the efforts of the seller/landlord. If the cooperating broker is a buyer/tenant representative, the buyer/tenant representative must disclose such information to their client before the client makes an offer to purchase or lease. *(Amended 1/02)*

- **Standard of Practice 3-5**
  It is the obligation of subagents to promptly disclose all pertinent facts to the principal's agent prior to as well as after a purchase or lease agreement is executed. *(Amended 1/93)*

- **Standard of Practice 3-6**
  REALTORS® shall disclose the existence of accepted offers, including offers with unresolved contingencies, to any broker seeking cooperation. *(Adopted 5/86, Amended 1/04)*

- **Standard of Practice 3-7**
  When seeking information from another REALTOR® concerning property under a management or listing agreement, REALTORS® shall disclose their REALTOR® status and whether their interest is personal or on behalf of a client and, if on behalf of a client, their relationship with the client. *(Amended 1/11)*

- **Standard of Practice 3-8**
  REALTORS® shall not misrepresent the availability of access to show or inspect a listed property. *(Amended 11/87)*

- **Standard of Practice 3-9**
  REALTORS® shall not provide access to listed property on terms other than those established by the owner or the listing broker. *(Adopted 1/10)*

- **Standard of Practice 3-10**
  The duty to cooperate established in Article 3 relates to the obligation to share information on listed property, and to make property available to other brokers for showing to prospective purchasers/tenants when it is in the best interests of sellers/landlords. *(Adopted 1/11)*

Article 4

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

- **Standard of Practice 4-1**
  For the protection of all parties, the disclosures required by Article 4 shall be in writing and provided by REALTORS® prior to the signing of any contract. *(Adopted 2/86)*

Article 5

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

Article 6

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

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

- **Standard of Practice 6-1**
  REALTORS® shall not recommend or suggest to a client or a customer the use of services of another organization or business entity in which they have a direct interest without disclosing such interest at the time of the recommendation or suggestion. *(Amended 5/88)*

Article 7

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

Article 8

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

Article 9

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

- **Standard of Practice 9-1**
  For the protection of all parties, REALTORS® shall use reasonable care to ensure that documents pertaining to the purchase, sale, or lease of real estate are kept current through the use of written extensions or amendments. *(Amended 1/93)*

- **Standard of Practice 9-2**
  When assisting or enabling a client or customer in establishing a contractual relationship (e.g., listing and representation agreements, purchase agreements, leases, etc.) electronically, REALTORS® shall make reasonable efforts to explain the nature and disclose the specific terms of the contractual relationship being established prior to it being agreed to by a contracting party. *(Adopted 1/07)*

Duties to the Public

Article 10

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

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

- **Standard of Practice 10-1**
  When involved in the sale or lease of a residence, REALTORS® shall not volunteer information regarding the racial, religious or ethnic composition of any neighborhood nor shall they engage in any activity which may result in panic selling, however, REALTORS® may provide other demographic information. *(Adopted 1/94, Amended 1/06)*

- **Standard of Practice 10-2**
  When not involved in the sale or lease of a residence, REALTORS® may provide demographic information related to a property, transaction or professional assignment to a party if such demographic information is (a) deemed by the REALTOR® to be needed to assist with or complete, in a manner consistent with Article 10, a real estate transaction or professional assignment and (b) is obtained or derived from a recognized, reliable, independent, and impartial source. The source of such information and any additions, deletions, modifications, interpretations, or other changes shall be disclosed in reasonable detail. *(Adopted 1/05, Renumbered 1/06)*

- **Standard of Practice 10-3**
  REALTORS® shall not print, display or circulate any statement or advertisement with respect to selling or renting of a property that indicates any preference, limitations or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. *(Adopted 1/94, Renumbered 1/05 and 1/06, Amended 1/14)*

- **Standard of Practice 10-4**
  As used in Article 10 "real estate employment practices" relates to employees and independent contractors providing real estate-related services and the administrative and clerical staff directly supporting those individuals. *(Adopted 1/00, Renumbered 1/05 and 1/06)*

Article 11

The services which REALTORS® provide to their clients and customers shall conform to the standards of practice and competence which are reasonably expected in the specific real estate disciplines in which they engage; specifically, residential real estate brokerage, real property management, commercial and industrial real estate brokerage, land brokerage, real estate appraisal, real estate counseling, real estate syndication, real estate auction, and international real estate.

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

- **Standard of Practice 11-1**
  When REALTORS® prepare opinions of real property value or price they must:
  1) be knowledgeable about the type of property being valued,
  2) have access to the information and resources necessary to formulate an accurate opinion, and
  3) be familiar with the area where the subject property is located

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

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

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

- **Standard of Practice 11-2**
  The obligations of the Code of Ethics in respect of real estate disciplines other than appraisal shall be interpreted and applied in accordance with the standards of competence and practice which clients and the public reasonably require to protect their rights and interests considering the complexity of the transaction, the availability of expert assistance, and, where the REALTOR® is an agent or subagent, the obligations of a fiduciary. *(Adopted 1/95)*

- **Standard of Practice 11-3**
  When REALTORS® provide 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, images, and the URLs and domain names they use, and prohibits REALTORS® from:
  1) engaging in deceptive or unauthorized framing of real estate brokerage websites;
  2) manipulating (e.g., presenting content developed by others) listing and other content in any way that produces a deceptive or misleading result;
  3) deceptively using metatags, keywords or other devices/methods to direct, drive, or divert Internet traffic; or
  4) presenting content developed by others without either attribution or without permission; or
  5) otherwise misleading consumers, including use of misleading images. *(Adopted 1/07, Amended 1/18)*

- **Standard of Practice 12-11**
  REALTORS® intending to share or sell consumer information gathered via the Internet shall disclose that possibility in a reasonable and readily apparent manner. *(Adopted 1/07)*

- **Standard of Practice 12-12**
  REALTORS® shall not:
  1) use URLs or domain names that present less than a true picture, or
  2) register URLs or domain names which, if used, would present less than a true picture. *(Adopted 1/08)*

- **Standard of Practice 12-13**
  The obligation to present a true picture in advertising, marketing, and representations allows REALTORS® to use and display only professional designations, certifications, and other credentials to which they are legitimately entitled. *(Adopted 1/08)*

Article 13

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

Article 14

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

- **Standard of Practice 14-1**
  REALTORS® shall not be subject to disciplinary proceedings in more than one Board of REALTORS® or affiliated institute, society, or council in which they hold membership with respect to alleged violations of the Code of Ethics relating to the same transaction or event. *(Amended 1/95)*

- **Standard of Practice 14-2**
  REALTORS® shall not make any unauthorized disclosure or dissemination of the allegations, findings, or decision developed in connection with an ethics hearing or appeal or in connection with an arbitration hearing or procedural review. *(Amended 1/92)*

- **Standard of Practice 14-3**
  REALTORS® shall not obstruct the Board's investigative or professional standards proceedings by instituting or threatening to institute actions for libel, slander, or defamation against any party to a professional standards proceeding or their witnesses based on the filing of an arbitration request, an ethics complaint, or testimony given before any tribunal. *(Adopted 11/87, Amended 1/99)*

- **Standard of Practice 14-4**
  REALTORS® shall not intentionally impede the Board's investigative or disciplinary proceedings by filing multiple ethics complaints based on the same event or transaction. *(Adopted 11/88)*

Duties to REALTORS®

Article 15

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

- **Standard of Practice 15-1**
  REALTORS® shall not knowingly or recklessly file false or unfounded ethics complaints. *(Adopted 1/00)*

- **Standard of Practice 15-2**
  The obligation to refrain from making false or misleading statements about other real estate professionals, their businesses, and their business practices includes the duty to not knowingly or recklessly publish, repeat, retransmit, or republish false or misleading statements made by others. This duty applies whether false or misleading statements are repeated in person, in writing, by technological means (e.g., the Internet), or by any other means. *(Adopted 1/07, Amended 1/12)*

- **Standard of Practice 15-3**
  The obligation to refrain from making false or misleading statements about other real estate professionals, their businesses, and their business practices includes the duty to publish a clarification about or to remove statements made by others on electronic media the REALTOR® controls once the REALTOR® knows the statement is false or misleading. *(Adopted 1/10, Amended 1/12)*

Article 16

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

- **Standard of Practice 16-1**
  Article 16 is not intended to prohibit aggressive or innovative business practices which are otherwise ethical and does not prohibit disagreements with other REALTORS® involving commission, fees, compensation or other forms of payment or expenses. *(Adopted 1/93, Amended 1/95)*

- **Standard of Practice 16-2**
  Article 16 does not preclude REALTORS® from making general announcements to prospects describing their services and the terms of their availability even though some recipients may have entered into agency agreements or other exclusive relationships with another REALTOR®. A general telephone canvass, general mailing or distribution addressed to all prospects in a given geographical area or in a given profession, business, club, or organization, or other classification or group is deemed "general" for purposes of this standard. *(Amended 1/04)*

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

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

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

- **Standard of Practice 16-3**
  Article 16 does not preclude REALTORS® from contacting the client of another broker for the purpose of offering to provide, or entering into a contract to provide, a different type of real estate service unrelated to the type of service currently being provided (e.g., property management as opposed to brokerage) or from offering the same type of service for property not subject to other brokers' exclusive agreements. However, information received through a Multiple Listing Service or any other offer of cooperation may not be used to target clients of other REALTORS® to whom such offers to provide services may be made. *(Amended 1/04)*

- **Standard of Practice 16-4**
  REALTORS® shall not solicit a listing which is currently listed exclusively with another broker. However, if the listing broker, when asked by the REALTOR®, refuses to disclose the expiration date and nature of such listing, i.e., an exclusive right to sell, an exclusive agency, open listing, or other form of contractual agreement between the listing broker and the client, the REALTOR® may contact the owner to secure such information and may discuss the terms upon which the REALTOR® might take a future listing or, alternatively, may take a listing to become effective upon expiration of any existing exclusive listing. *(Amended 1/94)*

- **Standard of Practice 16-5**
  REALTORS® shall not solicit buyer/tenant agreements from buyers/tenants who are subject to exclusive buyer/tenant agreements. However, if asked by a REALTOR®, the broker refuses to disclose the expiration date of the exclusive buyer/tenant agreement, the REALTOR® may contact the buyer/tenant to secure such information and may discuss the terms upon which the REALTOR® might enter into a future buyer/tenant agreement or, alternatively, may enter into a buyer/tenant agreement to become effective upon the expiration of any existing exclusive buyer/tenant agreement. *(Adopted 1/94, Amended 1/98)*

- **Standard of Practice 16-6**
  When REALTORS® are contacted by the client of another REALTOR® regarding the creation of an exclusive relationship to provide the same type of service, and REALTORS® have not directly or indirectly initiated such discussions, they may discuss the terms upon which they might enter into a future agreement or, alternatively, may enter into an agreement which becomes effective upon expiration of any existing exclusive agreement. *(Amended 1/98)*

- **Standard of Practice 16-7**
  The fact that a prospect has retained a REALTOR® as an exclusive representative or exclusive broker in one or more past transactions does not preclude other REALTORS® from seeking such prospect's future business. *(Amended 1/04)*

- **Standard of Practice 16-8**
  The fact that an exclusive agreement has been entered into with a REALTOR® shall not preclude or inhibit any other REALTOR® from entering into a similar agreement after the expiration of the prior agreement. *(Amended 1/98)*

- **Standard of Practice 16-9**
  REALTORS®, prior to entering into a representation agreement, have an affirmative obligation to make reasonable efforts to determine whether the prospect is subject to a current, valid exclusive agreement to provide the same type of real estate service. *(Amended 1/04)*

- **Standard of Practice 16-10**
  REALTORS®, acting as buyer or tenant representatives or brokers, shall disclose that relationship to the seller/landlord's representative or broker at first contact and shall provide written confirmation of that disclosure to the seller/landlord's representative or broker not later than execution of a purchase agreement or lease. *(Amended 1/04)*

- **Standard of Practice 16-11**
  On unlisted property, REALTORS® acting as buyer/tenant representatives or brokers shall disclose that relationship to the seller/landlord at first contact for that buyer/tenant and shall provide written confirmation of such disclosure to the seller/landlord not later than execution of any purchase or lease agreement. *(Amended 1/04)*

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

- **Standard of Practice 16-12**
  REALTORS®, acting as representatives or brokers of sellers/landlords or as subagents of listing brokers, shall disclose that relationship to buyers/tenants as soon as practicable and shall provide written confirmation of such disclosure to buyers/tenants not later than execution of any purchase or lease agreement. *(Amended 1/04)*

- **Standard of Practice 16-13**
  All dealings concerning property exclusively listed, or with buyer/tenants who are subject to an exclusive agreement shall be carried on with the client's representative or broker, and not with the client, except with the consent of the client's representative or broker or except where such dealings are initiated by the client.

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

- **Standard of Practice 16-14**
  REALTORS® are free to enter into contractual relationships or to negotiate with sellers/landlords, buyers/tenants or others who are not subject to an exclusive agreement but shall not knowingly obligate them to pay more than one commission except with their informed consent. *(Amended 1/98)*

- **Standard of Practice 16-15**
  In cooperative transactions REALTORS® shall compensate cooperating REALTORS® (principal brokers) and shall not compensate nor offer to compensate, directly or indirectly, any of the sales licensees employed by or affiliated with other REALTORS® without the prior express knowledge and consent of the cooperating broker.

- **Standard of Practice 16-16**
  REALTORS®, acting as subagents or buyer/tenant representatives or brokers, shall not use the terms of an offer to purchase/lease to attempt to modify the listing broker's offer of compensation to subagents or buyer/tenant representatives or brokers nor make the submission of an executed offer to purchase/lease contingent on the listing broker's agreement to modify the offer of compensation. *(Amended 1/04)*

- **Standard of Practice 16-17**
  REALTORS®, acting as subagents or as buyer/tenant representatives or brokers, shall not attempt to extend a listing broker's offer of cooperation and/or compensation to other brokers without the consent of the listing broker. *(Amended 1/04)*

- **Standard of Practice 16-18**
  REALTORS® shall not use information obtained from listing brokers through offers to cooperate made through multiple listing services or through other offers of cooperation to refer listing brokers' clients to other brokers or to create buyer/tenant relationships with listing brokers' clients, unless such use is authorized by listing brokers. *(Amended 1/02)*

- **Standard of Practice 16-19**
  Signs giving notice of property for sale, rent, lease, or exchange shall not be placed on property without consent of the seller/landlord. *(Amended 1/93)*

- **Standard of Practice 16-20**
  REALTORS®, prior to or after their relationship with their current firm is terminated, shall not induce clients of their current firm to cancel exclusive contractual agreements between the client and that firm. This does not preclude REALTORS® (principals) from establishing agreements with their associated licensees governing assignability of exclusive agreements. *(Adopted 1/98, Amended 1/10)*

Article 17

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

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

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

- **Standard of Practice 17-1**
  The filing of litigation and refusal to withdraw from it by REALTORS® in an arbitrable matter constitutes a refusal to arbitrate. *(Adopted 2/86)*

- **Standard of Practice 17-2**
  Article 17 does not require REALTORS® to mediate in those circumstances when all parties to the dispute advise the Board in writing that they choose not to mediate through the Board's facilities. The fact that all parties decline to participate in mediation does not relieve REALTORS® of the duty to arbitrate.

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

- **Standard of Practice 17-3**
  REALTORS®, when acting solely as principals in a real estate transaction, are not obligated to arbitrate disputes with other REALTORS® absent a specific written agreement to the contrary. *(Adopted 1/96)*

- **Standard of Practice 17-4**
  Specific non-contractual disputes that are subject to arbitration pursuant to Article 17 are:

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

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

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

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

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

- **Standard of Practice 17-5**
  The obligation to arbitrate established in Article 17 includes disputes between REALTORS® (principals) in different states in instances where, absent an established inter-association arbitration agreement, the REALTOR® (principal) requesting arbitration agrees to submit to the jurisdiction of, travel to, participate in, and be bound by any resulting award rendered in arbitration conducted by the respondent(s) REALTOR®'s association, in instances where the respondent(s) REALTOR®'s association determines that an arbitrable issue exists. *(Adopted 1/07)*

Explanatory Notes

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

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

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

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

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NATIONAL ASSOCIATION of REALTORS®

Ethics Complaint/Arbitration Request Checklist

- ☐ Contact the respondent's local board/association for the appropriate forms.
- ☐ **Ethics** — Complete the ethics complaint form and provide a written explanation that includes the facts on which the alleged violation(s) is based, cite the appropriate Article(s) and include any other appropriate documentation. A complainant may allege a violation of any Article regardless of which category the Article is located under.
- ☐ **Arbitration** — Complete the arbitration request form, attach the details of the dispute, and enclose the appropriate deposit along with whatever documentation that may help to substantiate your position.
- ☐ The ethics complaint or arbitration request will then be sent to the grievance committee for review.
- ☐ The grievance committee may, if deemed appropriate, send a copy of the ethics complaint and/or arbitration request to the respondent for a written response.
- ☐ The grievance committee, which functions much like a grand jury, will then review the ethics complaint and/or arbitration request (and response, if any).
- ☐ If the grievance committee refers the ethics complaint or arbitration request for a hearing, the parties will be advised of the referral. The respondent will be requested to submit a written response if one has not already been filed.
- ☐ If the grievance committee determines that a hearing is **not warranted**, the parties will be advised that the matter has been dismissed and notified of the opportunity to appeal the grievance committee's dismissal to the board of directors.
- ☐ If the grievance committee determines that a hearing **is warranted**, the parties will be advised of the date, time, and place of the hearing subsequent to having an opportunity to challenge any of the hearing panelists for cause.
- ☐ During the hearing, the parties have an opportunity to present their positions. Parties may exercise their right to bring witnesses and/or attorneys to the hearing. The standard of proof in an **ethics** complaint is clear, strong, and convincing evidence. The standard of proof that must be observed to prevail in an **arbitration** proceeding is a preponderance of the evidence (i.e., that evidence, when taken as a whole, is more convincing than the evidence offered in opposition).
- ☐ The hearing panel's ethics decision or arbitration award is transmitted to the parties. Either party may file an **ethics** appeal or rehearing request with the president, but the complainant may only appeal on a procedural basis. The parties involved in an **arbitration** may appeal only on the basis that there was a procedural irregularity that materially worked to their detriment.
- ☐ The board of directors, either on an ethics appeal or after the ethics appeal period has expired, renders its final decision, which will in turn be transmitted to the parties. Arbitration awards are considered final and binding subsequent to the expiration of the procedural review period.

The information contained in this brochure has been summarized and provided for your use as a quick reference. For more information on Code of Ethics enforcement procedures or to review the complete *Code of Ethics and Arbitration Manual*, contact your local board staff.

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(01/17)

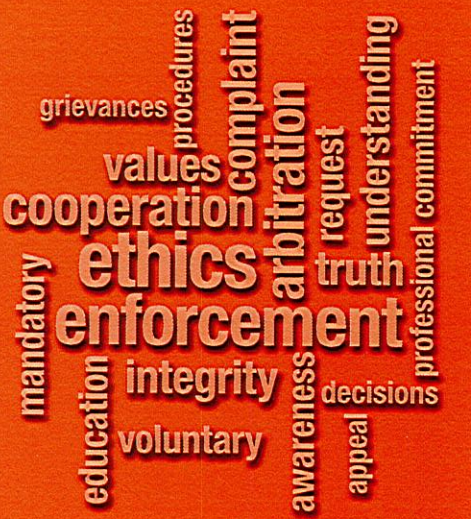
NATIONAL ASSOCIATION of REALTORS®

Code of Ethics

NATIONAL ASSOCIATION OF REALTORS®

Enforcement

It's just one of many services offered by your Association of REALTORS®



NATIONAL ASSOCIATION of REALTORS®

Code of Ethics Enforcement
A Member Benefit

The single, most outstanding characteristic that sets REALTORS® apart from other real estate practitioners is the willingness to accept and abide by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®. The Code of Ethics, which was first adopted on July 29, 1913, is a living document, responsive in its content to changes in the law and industry. The Code has been revised many times through the years to reflect current developments in professional real estate practice. The term REALTOR® has come to represent competency, honesty, and high integrity. These qualities stem from voluntary adherence to an ideal of moral conduct in real estate business practices.

But even with the best of intentions, planning and preparation, occasional disagreements arise between REALTORS® and/or between REALTORS® and their clients or customers. As civil litigation becomes increasingly costly, time consuming, and burdensome, there has been a trend among private parties to settle disputes and conflicting claims through alternative means.

Your local board of REALTORS® offers its members and their clients and customers a vehicle to economically expedite ethics complaints and/or arbitration requests without going to court. If a monetary dispute arises from a real estate transaction or if you believe a REALTOR® may have acted in an unethical manner, seek a resolution through your local board of REALTORS®. Ethics complaints that are brought before the board give those parties involved an opportunity to be educated about the Code. In addition, REALTORS® are judged by their peers as opposed to other individuals who may be far less familiar with the practices and customs of the real estate industry.

Code of Ethics Enforcement
Frequently Asked Questions

What's the difference between an ethics complaint and arbitration request?
An **ethics** complaint charges that a REALTOR® or REALTOR-ASSOCIATE® has violated an Article(s) of the Code of Ethics. An **arbitration** request involves a dispute over entitlement to a monetary transaction (e.g., a commission).

Who can file an ethics complaint?
Any person, whether a member or not, having reason to believe that a member is in violation of any conduct subject to disciplinary action.

Who can file an arbitration request?
A customer, client, or REALTOR® principal. A REALTOR® nonprincipal can also request arbitration with his current or former REALTOR® principal.

Is there a time limit?
Yes, **ethics** complaints must be filed within one hundred eighty (180) days after the facts constituting the matter complained of could have been known in the exercise of reasonable diligence or within one hundred eighty (180) days after the conclusion of the transaction or event, whichever is later. Requests for **arbitration** must be 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.*

Who should I give the complaint or request to?
The Association Executive/Secretary of the board/association of REALTORS®.

What should be included with the ethics complaint or arbitration request?
Ethics — An ethics complaint form must be completed and filed. In addition, a written statement of the facts (with appropriate documentation, if any) on which the complaint is based must also be included, dated, and signed by the complainant. The appropriate Article(s) as they pertain to the facts in the alleged violation must be cited in the complaint. **Arbitration** — An arbitration request form must be completed and submitted with details of the dispute and the deposit as set by the board (not to exceed $500, which may be refundable if the requestor is found to be the prevailing party). In addition, include whatever documentation that may help to substantiate your position.

Are there certain Articles that can or can't be cited?
Only Articles 1 through 17 may be the basis of a complaint. The Preamble is aspirational and establishes ideals that a REALTOR® should strive to attain. Because of its subjective nature, the Preamble may not be used as a basis for charges of alleged unethical conduct or as the basis for disciplinary action.

Can Standards of Practice be cited in an ethics complaint?
No. Standards of Practice may be cited only in support of the Article(s) that was allegedly violated.

Are there issues or complaints that should not be brought before a board/association of REALTORS®?
Yes. A charge of violating the law or State real estate regulations is not a matter that would be considered by the board/association of REALTORS®. Also, the board/association is not a court of law where criminal or civil issues are resolved.

Is submitting to arbitration mandatory?
It depends on the circumstances. A REALTOR® may be obligated to arbitrate, or he/she may have a choice as to whether or not to voluntarily participate in an arbitration proceeding conducted by the board/association of REALTORS®.

When is arbitration mandatory/voluntary?
Mandatory — When the dispute is between: 1) REALTORS® who are principal brokers** in different firms; 2) clients and REALTOR® principals. **Voluntary** — When the dispute is between: 1) Members in the same firm; 2) a REALTOR®, who is a principal broker, and a non-member principal broker in another firm; 3) customers and REALTOR® principals.

* *If the board's informal dispute resolution processes (e.g., mediation) are invoked, the 180 day filing deadline is suspended.*
** *"Principal Broker" means... A sole proprietor, partner, corporate officer, majority shareholder, or branch office manager of a real estate firm.*

Do You Have a Complaint?

Problem with a REALTOR® but not sure where to turn?

Ready to take matters into your own hands?

Afraid of being buried under the paperwork?

Let your local board's Code of Ethics enforcement program point you in the right direction!