



Increase in Maximum Fine for Code of Ethics Violations

May 2, 2013

Professional Standards Committee

The following is for study only and has NOT been approved by the Professional Standards Committee, Executive Committee or the Board of Directors.

Issue:

Should CAR take a position urging NAR to raise the maximum fine for Code of Ethics violations to Fifteen Thousand Dollars (\$15,000).

Options:

Adopt Motions for any of the following:

1. Advocate a position to NAR that NAR raise the maximum fine for Code of Ethics violations to Fifteen Thousand Dollars (\$15,000).
2. Take no action.

Background:

Prior to November 2007, the maximum fine that NAR policy allowed to be imposed for both MLS Rule and Code of Ethics violations was Five Thousand Dollars (\$5,000).

At the November 2007 meeting of the NAR Board of Directors, the Directors adopted an amendment to NAR policy to expressly permit a multiple listing service to impose fines of up to Fifteen Thousand Dollars (\$15,000) for violation of MLS Rules or other MLS governance provisions.

No change was made to the maximum fine for violation of the Code of Ethics, and the maximum remained at Five Thousand Dollars (\$5,000).

In January 2009, the C.A.R. Professional Standards Committee passed a motion and the Directors approved a policy to encourage NAR to raise the maximum fine for violations to the Code of Ethics to Fifteen Thousand Dollars (\$15,000). C.A.R. made the request, but NAR did not take the action requested, and the maximum fine remained Five Thousand Dollars (\$5,000). At their May 2013 meeting, NAR Professional Standards Committee is, again, going to consider the issue of raising the maximum fine.

Conclusion:

The purpose of this Issues Briefing Paper is to determine if C.A.R. would like to support a position at the May NAR meeting to raise the maximum fine for Code of Ethics violations to Fifteen Thousand Dollars (\$15,000).