The REALTOR® Professional Standards Process





What is "Professional Standards"?

A REALTOR® local association's professional standards program consists of 2 separate processes:

Arbitrations

Disciplinary Complaints





Arbitrations

Disciplinary Complaints



Arbitrations are **monetary disputes** where the person filing the complaint believes they are entitled to money from a member as a matter of law **Disciplinary Complaints** allege that a member has violated the rules of the local Association, the NAR REALTOR® Code of Ethics, and/or the MLS ("Professional Standards Rules)"

Who Can File a Disciplinary Complaint?



- <u>Any</u> person member or non-member
- Board of Directors may direct the Grievance Committee to investigate and file a complaint
- Grievance Committee may investigate on its own motion and file a complaint
- Board of Directors, as a group, should not be the complainant

Forms of Discipline

Ol Attendance at courses and seminars designed to increase REALTORS®' understanding of their ethical duties and responsibilities 02

A letter of warning or reprimand placed in the violator's file

O3 An appropriate fine not exceeding \$15,000; and/or

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Association and/or MLS membership suspension, termination or expulsion.

Who is Responsible for Enforcement?



THE GRIEVANCE COMMITTEE

Preliminarily review ethics complaints to determine if a possible violation is alleged





Members serve as panelists for disciplinary hearings and arbitrations



THE BOARD OF DIRECTORS

Acts as an appellate body for the Association's Professional Standards programs

General Procedures: Arbitrations

01 An arbitration hearing is scheduled if mediation does not result in a settlement, or if the parties refuse to mediate 03 The panel will then decide whether to award money to the complainant

02 At the hearing, both parties can present documentary evidence and witness testimony to the hearing panel 04 The losing party to the arbitration can request a review of the decision before a panel of the Board of Directors, but only for alleged procedural deficiencies

Enforcement of Arbitration Awards



If non-prevailing party fails to timely pay:

- Prevailing party can request a "show cause" hearing before the Board of Directors
- Non-paying party has chance to explain why they were unable to pay the award
- Directors can suspend member or mandate a payment plan

Additionally, parties have the right to petition a court to have an arbitration award judicially confirmed

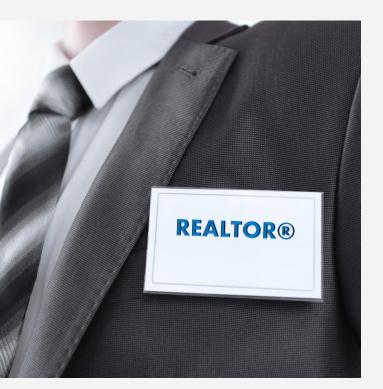
General Procedures: Disciplinary Hearings

01 Complaints reviewed by the Grievance Committee to decide whether to dismiss the complaint or send it forward for a hearing

02 If forwarded, a hearing is scheduled where both parties can present documentary evidence and witness testimony

- 03 The panel will then decide whether the respondent has committed violations of the cited rules and, if so, what discipline should be imposed as a result of those violations
- 04 The losing party can **request a review** of the decision before a panel of the Board of Directors.

Disciplinary Options



- Associations can discipline REALTORS® for violating the Code of Ethics, MLS Rules, and/or membership duties (duties included in the association's bylaws).
- Associations 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.
- The primary emphasis of discipline for ethical lapses is educational, to create a heightened awareness of and appreciation for the duties of membership. 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.

Additional Resources

- Quick Guide REALTOR® Professional Standards Process
- **Professional Standards Materials** https://www.car.org/en/mlspro/Pro-Standards-Materials
- Professional Standards Webinarshttps://www.car.org/en/mlspro/Pro-Standards-Materials/08-Professional-Standards-Webinars

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