

The REALTOR®

Professional Standards Process



C.A.R.
LEGAL
TOOLS

What is “Professional Standards”?

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

Arbitrations



Disciplinary Complaints



Arbitrations



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



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?



- Any 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

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

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

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

04 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



THE PROFESSIONAL STANDARDS COMMITTEE

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
- 02** At the hearing, both parties can present documentary evidence and witness testimony to the hearing panel
- 03** The panel will then decide whether to award money to the complainant
- 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 Webinars**

<https://www.car.org/en/mlspro/Pro-Standards-Materials/08-Professional-Standards-Webinars>