

RESPECT FOR THE PUBLIC • RESPECT FOR PROPERTY • RESPECT FOR PEERS

# PROFESSIONAL STANDARDS



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## PROFESSIONAL STANDARDS NEWSLETTER

December 2024



*Happy Holidays*



*“The secret of change is to focus all of your energy; not on fighting the old, but on building the new.” —Dan Millman*

### 2024 THIRD QUARTER STATISTICS

- In the third quarter of 2024, there was a total of:
  - **61** ethics complaints filed, with **28** forwarded.
  - **2** arbitration requests filed, with **1** forwarded for mandatory mediation.
  - **7** ethics hearings held, and **3** arbitration hearings held.
- Our Ombudsman Program Received:
  - **5** Requests, with all **5** of those requests in the scope of the program, and successfully resolved.
- Our Mediation Program received:
  - **7** mediation requests, **3** of which were accepted by the other party and successfully resolved.

**2025 Professional Standards Workshop**  
**Wednesday, February 12, 2025**  
**8:15 AM to 3:00 PM**

**Register [HERE](#)**

**Please contact Michelle Sinclair if you are  
unable to register:  
[MichelleSinclair@aaronline.com](mailto:MichelleSinclair@aaronline.com)**

### **CODE OF ETHICS VIDEOS**

Videos depicting NAR's Code of Ethics are now available on the Arizona REALTORS® website. Tune in and watch how various scenarios play out and decide for yourself whether there has been a violation of the Code of Ethics.

**For a play list, click here: <https://www.aaronline.com/code-of-ethics-videos/>**

### **PROFESSIONAL STANDARDS**

#### ***Overview of Changes to the Code of Ethics and Arbitration Manual***

The National Association of REALTORS® Board of Directors has approved the following summary of substantive issues and changes to the *Code of Ethics and Arbitration Manual* recommended by the Professional Standards Committee. The changes go into effect in January 2025.

**To view the full 2025 summary of key Professional Standards changes, click [HERE](#).**

- Amendment to Article 4, Standard of Practice 4-1, and a new Standard of Practice 4-2
- Amendment to Standard of Practice 11-2
- Amendment to Pathways to Professionalism, #6 under “Respect for Property”
- Amendment to Part One, Section 6 and Part Seven, Section 31 of the *Code of Ethics and Arbitration Manual* confirming that appeals and procedural review proceedings are not recorded in any way.

- Amendment to Part Two, Section 14 (i) of the *Code of Ethics and Arbitration Manual* indicating that respondents are required to document compliance when cease or refrain is imposed as a sanction.
- Amendments to Part Four, Sections 21 (e) and (f) of the *Code of Ethics and Arbitration Manual* clarifying that when a complaint is referred back to the Grievance Committee after a complainant withdraws, the Grievance Committee will receive both the complaint and response.
- Amendment of Complaint Form E-1 to include the date of closing or conclusion of the transaction, if applicable.
- Amendment Appendix VI to Part Ten of the *Code of Ethics and Arbitration Manual* clarifying when mediation must be offered.
- Amendments to Section 23 (d), Appendix V to Part Four, and Part Ten Section 55 (b) of the *Code of Ethics and Arbitration* extending the 30-day deadline to hold an appeal or procedural review to 45 days.
- Amendments to Section 23 (c) and 55 (a) of the *Code of Ethics and Arbitration Manual* clarify the role of the Board President and Professional Standards Administrator when reviewing appeals and procedural review requests.

### **CHAIR TIPS**

When you conclude a hearing by reading the Panel Chair closing statements, you first ask the parties, “*Do each of you feel that this hearing has been conducted fairly?*” followed by, “*Have each of you had an adequate opportunity to testify, present evidence, and conduct cross-examination?*”

Recently, we have been encountering parties, primarily members of the public, which do not fully understand what is being asked and as a result, answer “no” to one or both closing questions.

The most common reason for this is the party is unhappy with the opposing party’s behavior during the hearing, their testimony, or their cross-examination questions. Rarely has a party answered “no” due to a legitimate procedural deficiency.

When a party answers “no” to the Panel Chair closing questions, ask the party to explain why they feel the hearing was not conducted fairly, or how they were not provided adequate opportunity to testify, present evidence, and/or conduct cross-examination. Because the reason is often due to something the opposing party said or perhaps didn’t do, such as failure to submit specific documents as evidence, you may need to clarify that what you are asking is specific to the hearing procedures and the conduct of you as the Chair, the Panel Members, and Association Staff. You may need to direct the party to the Outline of Procedure they were provided prior to the hearing and ask them if there was a specific procedure that was not followed, explaining that if there was a procedural error, you would like to have an opportunity to rectify the error to ensure all parties are afforded due process. However, simply explaining that you

are not referring to the opposing party's behavior during the hearing, their testimony, or their cross-examination questions often resolves any confusion.

If you are unsure of how to address a party's concerns, you may call for an executive session to have a discussion with the Panel and Association Staff or you may ask Association Staff to address the questions.

### **HEARING PANEL TIPS**

All Professional Standards members are provided with the updated Professionalism in Real Estate Practice booklet at the Professional Standards Workshop each year. You may also access the PDF version of the booklet [HERE](#). When in executive session discussing the Panel's decision and determining if there has been a violation of the Code of Ethics, please utilize the Professionalism in Real Estate Practice booklet to assist you in making your decision. Pages 52-74 contain the definition of each Article with their correlating Standards of Practice which are used to support, interpret, and amplify the Article. Reviewing the Standards of Practice for the Article(s) alleged to have been violated is a great way to clarify what actions are a violation of that Article. Pages 82-84 provide you with the discipline that may be imposed when a violation of the Code of Ethics has been determined.

### **REMINDER**

If you have not signed up for January, February, and March 2025 hearing dates, please do so [HERE](#).

### **MEDIATOR TIPS**

Mediation does not require that one party is right and the other is wrong. Instead, the focus of mediation is to find a resolution that is agreeable to both parties, regardless of who is "right." It may be possible to identify a blameworthy party during a mediation, and as the mediator, highlighting what a party might have done incorrectly in a situation may encourage settlement. However, the primary goal is not to pinpoint who is wrong and who is right. It is a compromise.

A good approach is to privately ask each party at the start of mediation what their terms for compromise are and what their limit is. Once this has been established, you can use this information to guide the parties to a settlement.

If a party is unsure of what their options are regarding settlement, remind them that mediation gives the parties the power to determine their own outcome. You may also suggest a few settlement options such as a letter of apology, educational courses, and even monetary reimbursement.

### **OMBUDSMAN TIPS**

Thank you for joining us at the annual Ombudsman/Mediator training taught by Arizona REALTORS® General Counsel Aaron Green. Aaron shared helpful tips and reminders such as:

- Fully listen to the complainant; listen to *hear* not to respond.
  - Ask questions, remain open-minded.
- Clarify expectations and limitations.
- Identify the goal; what does the complainant want? Is it realistic? Redirect if not.
- Remind the respondent of other potential actions the complainant may take such as an ethics complaint, an ADRE complaint or even litigation.

While there is not a perfect *recipe* for a successful ombudsman request, Arizona REALTORS® Ombudsmen are Iron Chefs! Finishing the third quarter with an 82% success rate is amazing! Thank you all for your commitment to this program, you are greatly appreciated.

### **GRIEVANCE TIPS**

Wrapping up the final quarter of the year we will enter 2025 with a few *slight* changes, but also clarifying details that will be outlined in the 2025 Code of Ethics and Arbitration manual. Below are some key changes:

- Amendments to Part Four, Sections 21 (e) and (f) of the *Code of Ethics and Arbitration Manual* clarifying that when a complaint is referred back to the Grievance Committee after a complainant withdraws, the Grievance Committee will receive both the complaint and response.
- Amendment of Complaint Form E-1 to include the date of closing or conclusion of the transaction, if applicable.

*Please expect to receive your manual at the annual Professional Standards Training in February 2025. The PDF version of the manual will be shared once available.*

Through November 2024, the Grievance Committee reviewed 120 ethics complaints and forwarded 82 to a hearing. In addition, 8 arbitration requests were reviewed and forwarded for mandatory arbitration. The time to review ethics complaints and arbitration cases can be very time consuming, some containing hundreds of pages. We thank you all for your thoughtful insights and commitment to ensuring integrity within the REALTOR® community. We appreciate you and look forward to 2025!

*Have a happy New Year!*