

Citation System for Code of Ethics Violations

A Complaint alleging violation of the Code of Ethics is received by a local association and channeled through the Grievance Committee:

1. The Complaint is forwarded to the Grievance Committee. The Grievance Committee will review the Complaint and decide whether conduct is subject to citation:

A. Assuming the allegations on the face of the complaint are true, is there a potential violation of the Code of Ethics?

B. Assuming there is a potential violation of the Code of Ethics, is the conduct the type that is prohibited by the Citation Schedule that has been adopted by the local association, i.e. a citable offense?

1) If a citable offense then the Complaint and the attached citation is sent to violator, with copy to his Designated Realtor

2) If there are allegations of more than one violation of the Code of Ethics and not all are citable offenses, then this Citation System is not applicable and the Grievance Committee will proceed in accordance with-Section 20 of the NAR *Code of Ethics and Arbitration Manual*

C. If conduct is not eligible for citation, but possible violation of the Code of Ethics is alleged the matter will be sent forward for an ethics hearing according to Section 20 of the NAR *Code of Ethics and Arbitration Manual*.

D. If no possible violation is alleged, the Complaint will be dismissed according to the NAR *Code of Ethics and Arbitration Manual*.

2. In the event the Grievance Committee found the conduct to be a citable offense, the violator has ten (10) days upon receipt of the citation to elect one of the following options:

A. Comply with the citation:

1) Pay the assessed fine. The schedule of fines is established in advance by the local Association and is attached hereto. (Citation Schedule)

2). In the event that the Grievance Committee requires the violator attend an Ethics Class, the violator must complete the required Ethics Class within the time frame set forth.

3) In the event that the Grievance Committee requires both the payment of a fine and attendance at an Ethics Class, the Grievance Committee may, at its option, allow the fine to be reimbursed in full, or in part, upon completion of the required Ethics Class within the time frame set forth.

B. Contest the citation and elect to proceed to a hearing in accordance with the NAR *Code of Ethics and Arbitration Manual*. At the option of the local association, if the violator elects to proceed to a hearing then the Complaint is returned to the Grievance Committee for further scrutiny and possible amendment according to the procedures set for by the NAR *Code of Ethics and Arbitration Manual*.

3. The citation will be kept in the violator's file only for purposes of keeping track of the number of citations within a three (3) year period and shall not be used to possibly increase discipline at a future, unrelated ethics hearing. Only three (3) citations in a three (3) year period may be issued to the same violator. When the number of citation limit is reached, no further citation can be issued to that violator and all alleged violations must go through the procedures established by the NAR *Code of Ethics and Arbitration Manual*.

4. Failure to respond to the citation within ten (10) days of receipt will result in a warning letter that the matter will be forwarded for a hearing if no response is received within the following ten (10) days.

5. Failure to respond to the citation with twenty (20) days from the date of citation automatically results in an ethics hearing in accordance with the NAR *Code of Ethics and Arbitration Manual* with all its allowable sanctions.

6. Citations:

A. Local Associations may adopt all or a part of the citation list attached. (The local association may adopt fewer than the number of citation listed but may also add citable offenses).

B. Amount of fine for citable offense:

- 1) Fines may not exceed maximum allowable by the NAR *Code of Ethics and Arbitration Manual*.
- 2) The local association may adopt, at their option, graduated fines for multiple violations. NAR recommends the use of graduated fines. Local Associations are encouraged to review Appendix VII to Part Four NAR *Code of Ethics and Arbitration Manual*.
- 3) The local association may elect to mandate ethics training as an alternative to paying the fine.
- 4) Each Association must review the Citation Schedule annually to ensure continued compliance with the sanction guidelines established by the NAR *Code of Ethics and Arbitration Manual*.

FAQ's – Professional Standards Citation Policy

1. Does every local association in the Commonwealth of Virginia have to adopt this policy?

No. Once this Policy is approved by NAR, then it will be each local association's prerogative to adopt the policy to be part of their Professional Standards procedures. The Board of Directors of each local association would determine whether to adopt the Policy or not.

2. Why is the Citation Policy necessary when there are already procedures in place to deal with the Code of Ethics violations?

Five Associations in the region, Dulles Area, Northern Virginia, Prince William, Greater Piedmont and the Fredericksburg Area Associations of REALTORS® are concerned that their members are not willing to draw attention to unprofessional behavior because the complaint process is too involved and time consuming. The Citation Policy process expedites the process. It works much like dealing with a speeding ticket. The violator can opt to pay the fine or if he or she does not agree with the claim or the fine they may go to court and in the case of the Citation Policy, opt to proceed to a hearing. The Articles selected by the Associations are ones that are the frequently violated AND are pretty straight forward, needing little explanation. Not all the Articles of the Code are covered by the Policy. If a complaint received at the Association sites Articles under the Policy and some that are not, the normal procedures will follow and the Citation Policy will not come into play.

3. What are some of the key advantages that the Citation Policy offers that current professional standards procedures do not?

Time for process: if a citation is issued and paid by the violator, the entire process is completed in thirty (30) days or less. By contrast, the process for a professional standards hearing generally takes from sixty (60) to ninety (90) days or more.

Association Resources: if a citation is issued and paid by the violator, no association resources are used. By contrast, the process for a professional standards hearing, generally, requires one (1) or more hearings, all of which necessitate the use of association meeting rooms and legal counsel.

Volunteer time: if a citation is issued and paid by the violator, no volunteers from the professional standards committee or Board of Directors are involved. By contrast, the normal process for a professional standards hearing requires the participation of five (5) members of the professional standards committee and, if there is a request for review, up to six (6) directors.

Staff time: if a citation is issued and paid by the violator, a minimal amount of staff time is used. By contrast, the normal process for a professional standards hearing requires a great deal of staff time, to prepare paperwork, coordinate a hearing panel and set hearing dates – not to mention what is involved to actually hold hearings at the association.

4. If a citation is issued, can the member who receives the citation ask for a professional standards hearing?

Yes. When the violation is sent to the member, the violator is advised that he/she has the right to request a full dues process hearing, rather than pay the citation fine.

5. What happens if a violator ignores the citation?

If a violator fails to respond to a citation, a full professional standards hearing is processed, and all the normal procedures for a disciplinary complaint that are in the Code of Ethics and Arbitration Manual of NAR (Manual) are in effect.

6. If the matter goes to hearing, is the hearing panel limited to the discipline that they can recommend?

No, Any matter that goes to hearing is treated like a normal ethics complaint, the Grievance Committee may add additional violations and the hearing panel, if it finds a violation, can recommend any discipline it deems appropriate, in accordance with the Manual.

7. If the member who receives a citation is a salesperson, is that person's Designated REALTOR® notified.

Yes.

8. How does the association know what kinds of conduct are subject to a citation?

Each association adopting the policy has published a Model Citation Schedule that lists all the conduct that is subject to citation.

9. How much is the fine for a citation?

The amount of a fine is a matter of individual discretion, established and approved by the Board of Directors of each association and is published on the Citation Schedule.

10. Are there any alternatives to a fine for a citation?

The association can require attendance at ethics training or issue a letter of warning, as an alternative, or in combination to a fine, as is published in the Model Citation Schedule.

11. Does NAR's Professional Liability Insurance cover the Citation Policy?

Yes, prior to implementation, NAR approved these procedures for our use. Therefore, the association, its staff and volunteers are covered by NAR's insurance for any liability that may arise out of the citation policy.

12. How much discretion does each association have if they adopt this procedure?

Each Association that adopts this procedure may modify the Articles cited and the amounts of the fines. They may only adjust the procedures after seeking approval of NAR.

13. If I agree to the citation and fine, does this count toward my violations?

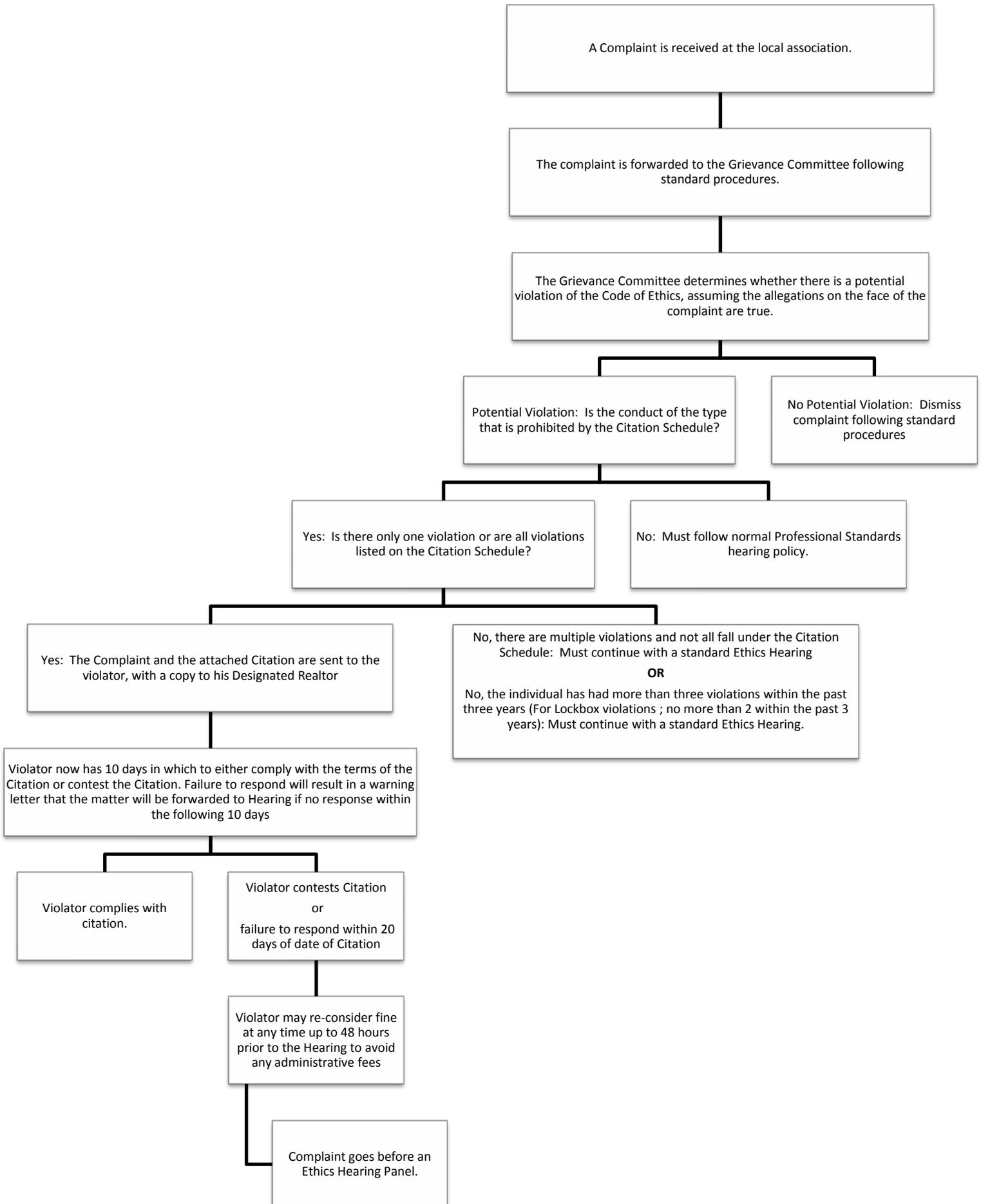
The citation will be kept in the violator's file only for purposes of keeping track of the number of violations issued within a three (3) year period and shall not be used to possibly increase discipline at a future, unrelated ethics hearing.

14. What if I've already had a previous violation in the past 3 years? Any previous violations within the past 3 years will count toward the maximum permitted. Note that a violations may include two citationable offences.

15. If I agreed to the citation and fine, are there any other fees I have to pay?

Each Association establishes its own administrative fees which may be imposed at their discretion. Your association should notify you if there will be an administrative fee.

Citation Policy Decision Tree



Step 1: A Complaint is received at the local association.

Step 2: The complaint is forwarded to the Grievance Committee following standard procedures.

Step 3: The Grievance Committee determines whether there is a potential violation of the Code of Ethics, assuming the allegations on the face of the complaint are true.

- Potential Violation: Is the conduct of the type that is prohibited by the Citation Schedule?
- No Potential Violation: Dismiss complaint following standard procedures

Step 4: Potential Violation: Is there only one violation or are all violations listed on the Citation Schedule?

- No, there are multiple violations and not all fall under the Citation Schedule: Must continue with a standard Ethics Hearing
- No, does not fall under Citation Policy: Must follow normal Professional Standards hearing policy.

Step 5: Yes: The Complaint and the attached citation are sent to the violator, with a copy to his Designated Realtor

- Violator now has 10 days in which to either comply with the terms of the Citation or contest the citation. Failure to respond will result in a Warning letter that the matter will be forwarded to Hearing if no response within the following 10 days.
- Violator complies with Citation.
- Violator contests Citation or failure to respond within 20 days of date of Citation
- Violator may re-consider fine at any time up to 48 hours prior to hearing to avoid any administrative fees
- Complaint goes before an Ethics Hearing Panel.



Citation Policy Fines
Effective June 24, 2014

Code of Ethics		
Article 1	Failure to disclose dual representation and obtain written informed consent from both parties.	\$500
	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.	\$500
Article 3	Failure to disclose existence of a dual or variable rate commission	\$400
	Failure to disclose existence of other contracts to cooperating broker	\$250
Article 4	Failure to disclose REALTOR®'s interest in a property being bought or sold	\$300
Article 5	Providing professional services without disclosing interest in the property	\$300
Article 6	Accepting any commission, rebate, or profit on expenditures without client's knowledge or consent	\$400
Article 9	Failure to fill out all necessary forms fully and completely	\$200
	Failure to obtain necessary signatures on forms	\$400
Article 12	Failure to present a true picture in real estate communications and advertising	\$250
	Failure to disclose professional status in advertising or other real estate communications	\$150
	Advertising/offering to sell/lease property without the authority of the owner or the listing broker	\$500
	Failure to disclose name of firm in advertisement for listed property	\$150
	Claiming to have "sold" a property when not the listing broker or cooperating broker	\$250
Article 14	Failure to cooperate in any professional standards proceeding	\$500
Article 16	Using the terms of an offer to modify listing broker's offer of compensation	\$400
	Placement of a for sale sign/lease on property without permission of the landlord/seller	\$200
Regional Rules and Regulations for the LockBox System		
Policy 3	Use of lockbox to gain unauthorized access to a property	\$500
Policy 5	Attaching PIN Code to KeyCard	\$450
	Sharing PIN Code with another person	\$450
	Lending KeyCard or property key to another person	\$500
	Duplicating KeyCard or property key	\$500
Policy 10	Using lockbox to enter a property while not holding a current license	\$500
Policy 17	Publication or distribution of Call Before Showing codes	\$450
	Failure to remove lockbox within 48 hours of settlement	\$250
*These fines may be increased for the second and third violations, please check www.dullesarea.com for updated information		