

Missouri Association of REALTORS®
Board Operations Manual
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Induction Ceremony For New Members

Missouri Association of REALTORS®
Recommended Procedures for Activating New Members

A common occurrence in any voluntary association is that many times new people join the association with a great deal of enthusiasm and a willingness to contribute but within a short period of time they lose their enthusiasm and haven't contributed a thing other than their dues. More often than not, this is the result of poor local Board/Association orientation and indoctrination.

A new member has joined your Board/Association. The following is the minimum effort to make the new member feel welcome and important.

1. Every Board/Association should have a formal induction procedure to induct new members into the Board/Association. At the next meeting after the approval of the new member's application, he or she should be formally inducted. This ceremony should be conducted by the President using the induction ceremony recommended by the NATIONAL ASSOCIATION OF REALTORS®, or a variation of it.
2. The member who signed up the new member should personally contact the new member before the Board/Association membership meeting for the next three months and personally invite the new member to the meeting.
3. At the membership meeting the Board/Association member who signed up the new member should make it a point to make the new member welcome by introducing the new member to other members, perhaps buying the new member some liquid refreshments, etc.
4. Every Board/Association should have an Indoctrination Committee. Part of the Indoctrination Committee's responsibility should be to get the new members active on one of the Board/Association's committees. A list of all the committees of the Board/Association on which a new member could serve should be provided to the new member. The new member should be asked to select a committee on which he or she would like to serve. It will be necessary, of course, to provide brief written or oral summaries of the committee's functions. After the new member selects a committee, the chairperson of that committee should be notified immediately and urged to get the new member active immediately.
5. Indoctrination course should be scheduled for every new member within ninety days of his or her acceptance into membership. It is recommended that local Board/Associations consider conducting their indoctrinations on a regular basis. They could be open to the old members as well as the new members. They might be conducted in the congenial atmosphere of a member's home. They must cover the Code of Ethics and they should also cover such things as the use of the term REALTOR®, information about the National Association and State Association, especially National's and State's legislative and educational programs and, of course, information about policies and procedures of the local Board/Association.

The recommended content for a Board/Association Indoctrination Course is contained in this section.

Board/Association Indoctrination Courses: Meaning and Implication of Interpretation 18 of the Bylaws of the National Association

by William D. North

Former National Association Executive Vice President

Interpretation 18 of the Bylaws of the NATIONAL ASSOCIATION OF REALTORS® recognizes the right of the Board/Association to require as a condition of membership "completion of an objective and non-discriminatory indoctrination course with a stated passing grade in an examination thereon." The premise upon which Interpretation 18 is based is that it is reasonable to require that all applicants be fully informed in advance of their rights and obligations as members of the Board/Association and to demonstrate such knowledge.

To fully understand the meaning and implication of Interpretation 18, it is necessary to further define certain key terms found in it.

The first term "Indoctrination Course." As that term is used in Interpretation 18, it means a course of study covering the Constitution, Bylaws, Rules, Regulations, and Policies of the Local Board/Association, State Association and National Association, as well as the REALTOR® Code of Ethics and interpretations thereof.

If the Indoctrination Course is made mandatory, that is, a condition of membership, it should not attempt to cover topics, which were included, however inadequately, in the applicant's licensing examination. Licensure by the state constitutes governmental certification of the applicant's professional competence to engage in the real estate business. It is extremely dangerous for the Board/Association to "second guess" the state's decision in this regard.

Moreover, considering the educational purposes served by the Board/Association, it would appear inappropriate to deny a licensed broker access to the educational opportunities afforded by Board/Association membership because the Board/Association deems him inadequately educated. Such arrangements would have the anomalous effect of denying education to those most in need of it.

If the Board/Association believes state licensing examinations are inadequate to assure that level of professional competence necessary to protect the public, it may, and should, make every effort to upgrade such examinations. It should not, however, by unilateral action interpose barriers to a licensee's access to the educational opportunities afforded by Board/Association membership.

A second term used in Interpretation 18 requiring clarification is the term "non-discriminatory." As this term is used, it means that if an Indoctrination Course is required as a condition of membership, it must be a condition satisfied by all applicants. For this reason, it is essential that the requirement that an applicant satisfactorily complete the Indoctrination Course be included as a provision of the Bylaws. Failure to include such requirement in the Bylaws can provide grounds for a charge that such requirement is discretionary and the application of the requirement in any given case is discriminatory.

A third term used in Interpretation 18 warranting some explanation is the term "objective." Interpretation 18 contemplates that any Indoctrination Course, which is a condition of membership, will be conducted on an objective basis; that is, oral examinations or essay type answers are not desirable since they inherently require subjective evaluation. Subjective evaluation is vulnerable to serious criticism on the ground that such evaluation may be used to serve discriminatory purposes.

The question frequently arises as to whether or not the Indoctrination Course may be completed subsequent to election to membership. The answer to this question, of course, depends on whether the course is a condition of membership. If it is not, then the time of its completion is irrelevant. If, on the other hand, it is a condition of membership, it should be completed prior to election. A Board/Association can hardly justify admitting to membership a person who has not completed the Indoctrination Course if it, at the same time, justifies making such course mandatory on the ground that the applicant must know the rights and obligations of membership in advance.

Moreover, it makes little sense for a Board/Association to admit an applicant to membership and then terminate the membership because he fails to meet an essential membership condition. An applicant cannot and should not properly claim the benefits of membership until he has satisfied all membership conditions.

However, the obligation to complete the Indoctrination Course prior to admission places on the Board/Association the obligation to conduct the course at intervals frequent enough to permit the processing of the application within a six month period. In this connection, Interpretation 9 limits the waiting period to which an applicant may be subject to that period necessary to process his application or six months, whichever period is shorter. This means that the Indoctrination Course cannot and must not be used as a device to unreasonably delay admission of an applicant.

The fourth term used in Interpretation 18, which may require clarification is the term "stated passing grade." As used in Interpretation 18, this term is intended to prohibit grading on the "curve," a grading procedure under which at least some of the examinees must fail. The "stated passing grade" should be realistic and should be established prior to the giving of the examination to avoid any charge that the "passing grade" was "rigged" to exclude a particular applicant.

The examination should be graded exclusively in terms of the applicant's demonstrated grasp of the course content. Classroom attendance should not be a factor in grading. However, the examination may properly cover not only text materials, but also matters covered in the course of classroom lectures. If matters not covered in the text materials, but covered in lectures are the subjects of examination questions, it is essential that the Board/Association be able to clearly identify the manner and form in which such matters were presented and the date on which such presentation was made.

In sum, a reasonable, well-developed Indoctrination Course is a legitimate requirement for membership in a Board/Association of REALTORS®. However, it cannot be emphasized too strongly that extreme care must be taken to assure that it is neither arbitrary nor discriminatory and that its content is properly restricted to the governing documents and policies of the Local Board/Association and State and National Associations. Because of the need for course integrity, we strongly recommend that Board/Associations review their course and related examinations with a qualified educator and be guided by his recommendations.

INDOCTRINATION COURSE OUTLINE

- I. National/State Association
 - A. History
 - B. Goals
 - C. Societies, Institutes & Councils
 - D. Three-Way Agreement
 - E. Representation
- II. Use of the term REALTOR® and REALTOR-ASSOCIATE®
 - A. Obligations
 - B. Non-Member Use
- III. Membership
 - A. Classes of Membership
 - B. Membership Qualification Criteria
 - C. All REALTOR® Concept
 - D. Dues Formula
- IV. REALTOR® Code of Ethics
 - A. The Code vs. License Law
 - B. The Articles of the Code
 - C. Processing Complaints
 - 1. Grievance
 - 2. Professional Standards
 - 3. Arbitration
 - D. License Law Complaints
- V. Governing Documents
 - A. National Policy Compliance
 - B. Errors and Omissions Insurance
 - C. Duties of Membership
 - D. Rights of Membership
 - E. Penalties of Membership Violation
- VI. Fair Housing Law
 - A. Federal
 - B. Missouri
 - C. Article 10
 - D. Voluntary Affirmative Marketing Agreement
- VII. Antitrust
 - A. The Federal Acts
 - B. Price Fixing
 - C. Boycotting
 - D. Board/Association of REALTORS®
 - E. Dangerous Phrasing
- VIII. Multiple Listing/Cooperative (If Applicable)
- IX. Test

INDOCTRINATION COURSE SCRIPT

NATIONAL ASSOCIATION

The NATIONAL ASSOCIATION OF REALTORS® was founded in 1908 by 120 people representing 19 Board/Associations and one State Association. The goals adopted then are still paramount today:

- To create unity in the real estate profession
- Compile and disseminate relevant information regarding real estate
- The protection and promotion of private ownership of real property
- Establish professional standards of practice in the interest of the public

In 1913 the National Association adopted its Code of Ethics. This will be discussed in more depth later on.

In 1916 the National Association adopted the term REALTOR®, to describe its members. This, too, will be covered in more depth later.

Over the years, the Association has sanctioned several affiliates to deal with several areas of real estate professionalism. These affiliates are normally structured to permit real estate specialists to join and receive the specialized services related to that specialty. These affiliates are:

REALTORS® National Marketing Institute (RNMI) - specializing in education from which members may obtain designations such as:

CRS - Certified Residential Specialist (**Council of Residential Specialists of RNMI**)

CRB - Certified Real Estate Broker (**Real Estate Brokerage Managers Council of RNMI**)

REALTORS® Land Institute (RLI) - offering programs for those specializing in farm properties and land sales. Members may obtain the ALC - Accredited Land Consultant - designation.

Women's Council of REALTORS® (WCR) - offering specialized education and leadership opportunities for women in real estate. Members may earn the PMN - Performance Management Network - designation.

Society of Industrial and Office REALTORS® (SIOR) - offering programs for industrial and office properties specialists. Members may earn the SIOR designation and the P.R.E. (Professional Real Estate Executive) designations.

American Society of Real Estate Counselors (ASREC) - fills the need for competent and independent real estate advice and guidance to be offered on a fee basis. The Counselor of Real Estate (CRE) designation may be earned through this Society.

Commercial Investment Real Estate Institute (CIRES) - serving those specializing in commercial investment real estate. Members may earn the CCIM (Certified Commercial Investment Member) designation through this institute.

The Institute of Real Estate Management (IREM) - serves the need for professionalism in property management. Designations that may be earned through this Institute are CPM (Certified Property Manager), ARM (Accredited Resident Manager), and AMO (Accredited Management Organization).

The American Chapter of International Real Estate Federation (FIABCI/USA) - recognizes a high level of knowledge and practical experiences in conducting international business transactions. The International Property Specialist (IPS) designation may be earned through the Federation.

Three-Way Agreement

Membership in the organization is based on the "Three-Way Agreement." This is an agreement between the National Association, the State Association, and Member (local) Board/Associations which grants the right to use the term REALTOR® in the name of the State Association and Member Board/Associations. It also grants the right to use the term REALTOR® and REALTOR-ASSOCIATE® within the State Association and Member Board/Associations to such individuals as deemed qualified for membership. In turn, the State Association and Member Board/Associations agree to properly regulate the use of the term; to subscribe to the Code of Ethics and uphold and enforce the Code; and the Member Board/Associations agree to maintain membership in good standing in the State Association of the State in which they are located.

This then reflects upon some provisions of the National and State Association Bylaws. The territorial jurisdiction of a Member Board/Association is a descriptive territory indicated either by a county, city, or town, or such identifiable permanent boundaries. These territorial jurisdictions are subject to final approval of the National Association and must meet certain prescribed qualifications. The Member Board/Association then must enforce the membership criteria, Code of Ethics, and use of the term REALTOR® and REALTOR-ASSOCIATE® within the prescribed territorial jurisdiction.

Representation

The Member Board/Association has representation on the Board/Association of Directors of the Missouri Association of REALTORS® based upon the number of REALTORS® and REALTOR-ASSOCIATE® members of the Board/Association. Each Board/Association will have two state directors and one additional state director for each 100 members or fraction thereof over 200 members. The current elected Board/Association President serves as a state director in addition to the Board/Association's representation entitlement.

The Member Board/Associations are represented on the National Association's Board/Association of Directors by virtue of the number of REALTOR® and REALTOR-ASSOCIATE® members of the Member Board/Associations throughout the state of Missouri. Missouri currently is entitled to have four (4) National Directors. The Missouri Association requests nominations from its Member Board/Associations as vacancies occur. The State Directors then vote - usually at the January meeting - to elect National Director nominees to send to the National Board/Association of Directors. These National Directors do not represent a given Member Board/Association of the State Association per se...they represent a membership segment.

Use of the Term REALTOR® and REALTOR-ASSOCIATE®

The terms REALTOR®, REALTORS®, and REALTOR-ASSOCIATE® are copyrighted service marks and a distinction which a member should protect as a dues-paying member of the Association.

It is the obligation of each member to see that there are no misuses of the term. This includes the use of the block "R" and any other materials which may represent a licensee to the public as a REALTOR® or REALTOR-ASSOCIATE®.

If you determine that a non-member is using the block "R" or the term on signs, letterhead, business cards, advertising, or in any other way, please notify your Board/Association President. The Board/Association will then handle this with the party involved and copy the State Association and the National Legal Department on any correspondence requesting the party to cease and desist.

Also, the non-member use of any standard real estate forms produced by the Missouri Association of REALTORS® is prohibited and the same procedure should be followed.

There are misuses of the term REALTOR® by members. You need to be cognizant of those misuses also. Some of the most common misuses are:

- not capitalizing the term
- not separating the term by a comma from the company's name or individual's name
- creative colors and designs integrating the block "R"

See , Use of the term "REALTOR@", on next page

WHO ARE REALTORS®

The two basic classes of membership are REALTOR® and REALTOR-ASSOCIATE®. REALTORS® are licensed brokers or licensed or certified appraisers who make individual application for membership. REALTOR® membership may be either primary or secondary. An individual is a primary member if the Board/Association pays State and National dues based on such Member. An individual is a secondary member if state and National dues are remitted through another Board/Association. One of the principals in a real estate firm must be a "Designated REALTOR®" member of the Board/Association in order for the licensees affiliated with the firm to select the Board/Association as their "primary" Board/Association. A REALTOR® member may obtain membership in a "secondary" Board/Association in another state.

REALTOR-ASSOCIATES® are licensed salespersons or broker/salespersons, or licensed or certified appraisers affiliated with a REALTOR®, who make individual application for membership. Broker/salesperson licensees may make application for REALTOR® membership and would be REALTORS® if their primary function is management. If they are primarily functioning as a salesperson, then the REALTOR-ASSOCIATE® status would be appropriate.

Because this is a trade association and membership has a significant impact on a licensee's ability to compete in the marketplace, membership should be available to any licensee who meets minimal qualifications. Membership should not be restrictive. To assist Board/Associations, the Membership Qualification Criteria of the National Association for Applicants for REALTOR® Members Who Are Sole Proprietors, Partners, Corporate Officers, or Branch Office Managers in a Real Estate Firm and Membership Qualification Criteria for Applicants for REALTOR® and REALTOR-ASSOCIATE® Membership Other than Sole Proprietors, Partners, Corporate Officers, or Branch Office Managers in a Real Estate Firm have been developed. A membership application should not be refused for any reason other than those criteria.

Use of the Term “REALTOR®”

In Text Formats

When using these terms in the text of brochures, pamphlets, newsletters or otherwise in the body of written text, the first use of the term should be followed by a footnote to the effect that:

REALTOR® - is a registered collective membership mark that may be used only by real estate professionals who are members of the National Association of REALTORS® and subscribe to its strict Code of Ethics.

The registration symbol ® and REALTORS® should also be used in connection with the terms in the body of any written material.

In Business Names

Always separate the terms REALTOR® and REALTORS® from your name or the firm’s name with punctuation, even when they appear on separate lines.

John Jones, REALTOR®

Sally Brown and Company, REALTORS®

Rod Smith, Inc., REALTORS®

The terms REALTOR® and REALTORS® may not be registered by any member or member business as part of a business logo. Nor is it permissible to incorporate under or register an assumed business name including either of these terms.

In Press Releases

Since most reputable newspapers adhere to the Associated Press style manual, they will not print anything in full capital letters. It is therefore permissible to refrain from using all capital letters for the terms when submitting copy for newsprint. The registered symbol may be deleted from the copy, but a footnote must be provided to define the exclusive use of the terms.

How Not to Use the Terms

Please do NOT hyphenate, reconstruct, expand or divide the terms, e.g., REAL-TOR, REALTORific, Blue Ribbon Chain, R-E-A-L-T-O-R-S.

Please do NOT use these terms or parts of these terms to create or construct more complex designs or new terms such as...

BOB’s REALT-ORent A Home

Mary J. GoodeREALTOR®

Please do NOT use descriptive words or phrases to modify the terms. Adjectives may tend to distort the consistent image of these terms and undermine their identifying function, e.g.,

Main Street’s Most Qualified REALTOR®

Doe County’s Leading REALTOR®

The Concerned REALTOR®

Official Logo

The National Association has also designed and approved an official logo to be used exclusively by members of the Association. The REALTOR® logo consists of a block letter “R” set in Futura Black Typeface on a contrasting background under which the word REALTOR® is centered.



The block “R” should never be used without an approved identifier below it.

The REALTOR® logo may be applied to any member’s business card, vehicle, sign advertising and stationery provided there can be no mistake that the logo refers to the firm or company.

Contrasts, Spacing, and Color

It may be necessary at times to use the component elements on a dark background. In such cases, it is permissible to reverse the contrasts of the REALTOR® logo to light on a dark background, provided the background is sufficiently dark to ensure a high degree of contrast.

When necessary to use color in communicating the REALTOR® logo, please use the official colors adopted by the National Association: Blue (Pantone PMS 293) and Gold (Pantone PMS 873).

The background around the REALTOR® logo should be separated from other lettering or emblems by a minimum distance of 1/2 the width of the symbol.

How Not to Use the Logo

Please do NOT redraw, round the corners, reshape, trace, tilt, intersect, photographically alter or distort the REALTOR® logo. Please do not use the block “R” as part of a company or individual name, or as the first letter of any words beginning with “R,” particularly including real estate, realty, and REALTOR®; or reverse it out of a photograph or pictorial background; or superimpose it over any graphic pattern or design; or combine it with any other symbol or device; or outline it.

In Connection with Multiple Listing Service (MLS)

A member Board operated Multiple Listing Service must conform to the National Association’s 14-Point Multiple Listing Policy. Use of the Member Board’s name or one of the MARKS as part of the MLS name requires prior written confirmation from the National Association as to such conformity. In addition, the use of the MLS service mark shown below is available only to Member Boards who have executed the “License Agreement for use of the MLS Service Mark by Member Boards.”



Unauthorized Uses of the Marks

The MLS Service Mark may not be modified in any manner and must appear as shown above. Unauthorized uses of the Marks include uses by non-members whether or not those uses comply with the rules for proper use.

Members are authorized to use the Marks and logo only in connection with their activities which fall within the definition of “real estate business.” For purposes of use of the Marks, “real estate business: includes real estate brokerage, property management, mortgage financing, real estate appraising, real estate counseling, real estate syndication, land development and building.”

Your Board is charged under the Constitution and Bylaws of the National Association with responsibility for stopping and preventing unauthorized use of the Marks by non-members within its jurisdiction. For your Board to fulfill that obligation it is essential that you promptly notify it of possible unauthorized uses which you observe.

Your responsibility with regard to unauthorized uses requires that you take note of who is and who is not a member of your Board and that you observe with care the activities of those who are non-members, promptly notifying your Board and State Association of suspected unauthorized uses.

In notifying your Board of suspected unauthorized uses of the Marks, include as much of the following information as possible: a description of the suspected unauthorized use, person or firm responsible for the use, address of such person or firm, date of the use, the publication where the use appeared and any other information available, including photographs and samples when possible.

The Board should send a copy of your letter and sample of misuses of any National Association Mark to:

Executive Vice President
MISSOURI ASSOCIATION OF REALTORS®
P.O. Box 1327
Columbia, MO 65205

Remember, the collective membership Marks are valuable only as long as they continue to identify and distinguish members of the NATIONAL ASSOCIATION OF REALTORS® from non-members.

It is in your best interest to be alert to every use of the Marks.

Additional information about the proper uses of membership Marks can be found on the NAR website www.realtor.org.

ALL REALTOR® CONCEPT

A Member Board/Association, by virtue of a change in its Bylaws, may eliminate the REALTOR-ASSOCIATE® class of membership and provide for only REALTOR® membership. This would enable any licensee, whether broker, broker/salesperson, or salesperson to be REALTOR® members and have all the privileges of the Board/Association. Those would include full votes, holding any elected office, and to use the term REALTOR®.

DUES FORMULA

Memberships are individual in nature. There are no firm or company memberships.

Some trade associations base dues on sales volume, production, or individuals in the business. The REALTOR® association decided that the individual membership would be the most equitable formula. It was reasoned that real estate licensees affiliated with a member (REALTOR®) would directly or indirectly benefit from the REALTOR® affiliation; therefore, the dues formula was developed on this premise.

The Board/Association, State, or National cannot mandate individual membership except when there is a corporation, partnership or trusteeship structure in any given company. If an officer, partner, or trustee of a company becomes a member, then all other officers, partners or trustees must become members. They then indicate to the Board/Association which one of the officers, partners or trustees is to be the "Designated REALTOR®" (DR). The "Designated REALTOR®" is then the principle contact and is responsible for collection of dues from the other REALTORS® and members affiliated with that company.

All licensees affiliated with that company must be accounted for in one of two ways: (1) Through the "Designated REALTOR®" dues; or (2) Through individual memberships.

All other licensees other than an officer, partner or trustee may elect to be members or not to be members. Let's use an example:

ABC, REALTORS®, is owned by Jones and Smith. Jones is the "Designated REALTOR®", besides Smith. There are two (2) other brokers and ten (10) salespeople licensed, with either, Jones or ABC, REALTORS®. If the dues are \$108.00 for Designated REALTOR® and \$93.00 for REALTORS® and REALTOR-ASSOCIATES®, the Jones' dues are as follows:

\$108.00 for Jones (DR)	\$108.00
\$93.00 for three brokers	279.00
\$93.00 for ten salespersons	<u>930.00</u>
TOTAL	\$1,317.00

The three brokers make application for REALTOR® membership and five of the ten salespeople make application for REALTOR-ASSOCIATE® membership. Jones' dues would then be reduced by:

3 x \$93.00	\$279.00
5 x \$93.00	<u>465.00</u>
TOTAL REDUCTION	\$744.00

Jones's dues would be \$573.00.

Again, all licensees affiliated with the broker and/or the company must be accounted for. Payment of the \$573.00 will **not** make the other five salespeople **members**. Again, remember that under the 6 point criteria, one of those was "must make written application for REALTOR-ASSOCIATE® membership in the Board/Association." In the instances of those five salespeople, no application was submitted.

Code of Ethics

It is important to distinguish between the REALTOR® Code of Ethics and the rules and regulations of the Missouri Real Estate Commission, which reflect Missouri License Law. Although there are some similarities, it is important that the Board/Association of REALTORS® may enforce **only** the Code of Ethics and must not attempt to enforce the Missouri License Law. The Missouri Real Estate Commission and the State Attorney General's office enforce Missouri License Law.

Procedure for Processing Ethics Complaints

(Most of the Boards/Associations in the state are part of the Statewide Process for Ethics and Arbitration issues. The following is written for Cooperative Enforcement Boards/Associations. The basic outline is the same for the Statewide Process. Except, you would send your complaint to MAR Attn: Director of Risk Management, not the Board/Association Secretary.)

An individual who feels that a REALTOR® has violated one Article (or more) of the Code of Ethics should put the complaint in writing and send it to the Board/Association Secretary. The Board/Association Secretary will forward the complaint for consideration by the Grievance Committee. The Grievance Committee may dismiss the complaint or forward it to the Professional Standards Committee for a hearing.

The Professional Standards Chairperson will appoint a hearing panel and inform both parties of the time, place, and date of the hearing. The determination will be made from testimony at the hearing and examination of other submitted information. The parties may produce witnesses and may be represented by legal counsel. The decision of the Professional Standards Committee is forwarded to the Board of Directors for ratification. A REALTOR® found in violation of the Code made be disciplined, including:

- Requirement for education
- Letter of reprimand
- Letter of warning
- Fine (up to \$5,000)
- Suspension (up to 1 year)
- Expulsion

A detailed discussion of the notification and hearing procedures used and the rights of the parties is found in the NAR *Code of Ethics and Arbitration Manual*, which is revised annually.

Arbitration

When REALTORS® sign the membership application, they agree to arbitrate contractual issues and questions, including entitlement to commissions and subagency compensation, that arise out of the business relationships between REALTORS®, and between REALTORS® and their clients and customers, as specified in Section 44, Duty and Privilege to Arbitrate, *Code of Ethics and Arbitration Manual*. REALTORS® are bound by the Code of Ethics to arbitrate as a condition of membership. The Uniform Arbitration Act of the State of Missouri declares that the results of arbitration are binding.

A REALTOR® wishing to arbitrate a dispute shall file the request with the Board/Association Secretary, who will refer it to the Grievance Committee. If the Grievance Committee determines that the matter is properly arbitrable, it is referred to the Professional Standards Committee. (Some Board/Associations may offer mediation as an alternative to arbitration. This voluntary process may be undertaken at any time during the process.)

The Professional Standards Chairperson will appoint a hearing panel and inform both parties of the time, place, and date of the arbitration. The award will be made on the basis of testimony at the hearing and examination of other submitted information. The parties may produce witnesses and may be represented by legal counsel. The hearing panel will make an award, which is to be satisfied within 20 days. If the award is not satisfied, the prevailing party may submit the matter to the proper court for enforcement.

A detailed discussion of the notification and hearing procedures used, the rights of the parties, and Suggested Factors for Consideration by a Hearing Panel in Arbitration may be found in the NAR *Code of Ethics and Arbitration Manual*, which is revised annually. The **MAR Professional Standards Statewide Process** follows the same procedures as listed above with the only major difference being that all ethics and arbitration issues are processed through the state association. Currently, 28 of the 37 boards/associations belong to the Statewide Process. For information, contact Opal Evans, Risk Management Coordinator, at 573-445-8400 or 800-403-0101, ext. 122.

Procedure for Processing License Law Complaints

Remember, the Board/Association does not enforce the Missouri License Law. Any alleged violation of the License Law should be directed to the Missouri Real Estate Commission in Jefferson City. They will provide the proper forms for submitting a complaint. Their number is 573-751-2628.

Board/Association Governing Documents

The National Association has an errors and omissions policy, which provides blanket coverage for State Associations and Board/Associations of REALTORS®. One of the stipulations for coverage is that the Board/Association's governing documents (i.e., Bylaws, MLS Rules and Regulations, Articles of Incorporation, etc.) must be in compliance with National policy. Each Board/Association and State Association must send these documents to National for a compliance review every year.

It is imperative that the governing documents be followed with regard to Board/Association and member activities because of antitrust laws and Federal Trade Commission reviews.

Duties of Membership

- To pay dues and any assessments which are properly authorized.
- To protect the use of the terms REALTOR®, REALTORS®, and REALTOR-ASSOCIATE® and to use the terms and the REALTOR® logo properly.
- To abide by the REALTOR® Code of Ethics
- To abide by the Constitution and Bylaws and the rules and regulations of the Board/Association, State Association and National Association.

Rights of Membership

- To use the term REALTOR®, REALTORS®, and REALTOR-ASSOCIATE®
- **[NOTE:** Here you advise them of their rights regarding holding elective office, voting, etc., which are provided in your local Board/Association Bylaws.]

Penalties for Violations of Membership Obligations

A member may be suspended or expelled from membership depending upon the severity of a violation of the Code of Ethics, Bylaws, or rules and regulations. These actions may be the result of Professional Standards procedures discussed earlier. All actions are the results of deliberations and hearings under due process of law. In most instances, violations are dealt with through written reprimands.

Fair Housing Law

The Federal Fair Housing Law is contained in Title VIII of the Civil Rights Act of 1968 and the Fair Housing Law Amendments of 1988. This law treats as illegal the denial by action or intent of equal treatment in the selling, prospecting, advertising, management, rental or any activity involved in the business of real estate.

The Federal law states that no person will be denied equal opportunity in housing based on race, color, religion, sex, handicap, familial status, or national origin. The Missouri law also includes ancestry.

Any person who feels they have been discriminated against may file a complaint with HUD or with the Missouri Commission on Human Rights. Any violation of the Missouri statutes is a Class C misdemeanor. If after 180 days from the filing of a complaint with the Missouri Commission on Human Rights, the Commission has not completed its administrative process and the aggrieved person requests written authority from the Commission to bring a civil action, then the aggrieved person may bring an action to obtain injunction from a temporary restraining order and the court may award actual or punitive damages together with court costs and reasonable attorney's fees. In the event the attorney general believes any person or group of persons is engaged in a pattern of discrimination, then the attorney general may bring a civil action for injunction or temporary restraining order.

Article 10 of the REALTOR® Code of Ethics addresses equal professional services. Therefore, a violation of the Federal or state housing laws could be a violation of the Code of Ethics and could lead to action by the Board/Association of REALTORS®.

Antitrust

[Note: You can show the antitrust video program, which may be borrowed from the Missouri Association of REALTORS® and/or cover the following remarks:]

The three Federal legislative acts from which the antitrust laws evolve are:

- The Sherman Act of 1890
- The Clayton Act
- The Federal Trade Commission Act

In the real estate business, there are essentially two "prices" which may be subject to agreement between real estate competitors, and, therefore, the subject of a potential price-fixing violation of the antitrust laws.

1. The price, rate or fee charged by a licensee for the services rendered to clients (the commission); and
2. The price or fee offered one real estate licensee by another for services rendered in a cooperatively produced sale or rental of property (the commission split).

Therefore, an agreement between any two or more real estate brokers in competition with each other to control, regulate, limit, maintain, increase, decrease, or in any way fix the price at which they offer their services to the public, is a violation of Section 1 of the Sherman Act.

A real estate broker may establish commissions in agreement with other brokers and salespersons within his/her own office without being in violation of price fixing laws.

An agreement between two or more real estate brokers, not in the same office, not to cooperate with another named broker is illegal and considered a "boycott." A broker, on his/her own, may make the decision not to cooperate with a certain broker; however, there should be a reason for this in view of his/her obligation to the client or buyer.

It is important to understand that Board/Associations of REALTORS® do not in any way recommend or set commission rates or business relationships for their members. Those decisions are ones to be made by the individual broker based upon his/her price procedures. The commission charged should be reasoned by virtue of the services provided the client and the broker's costs to provide the service.

Some dangerous phrases, which can cause a broker and/or salesperson potential problems are:

1. "This is the rate everyone charges"...
2. "Before you list with XYZ Realty, you should be aware that nobody works on their listings"...
3. "If you valued your services as a professional, you would not cut your commission"...
4. "Let him stay in his market, this is our territory"...
5. "If he was really professional, he wouldn't use part-timers"....

The area of antitrust is dangerous and each, licensee, should be aware of their obligations under the law. The brokers should take the responsibility of counseling their affiliated brokers and salespersons and should be prudent in their pricing decisions.

Multiple Listings

[If your Board/Association has an MLS or cooperative, you should cover the process for access, rules and regulations, penalties, participant obligations, fees, etc., pertinent to your Board/Association's program.]

INDOCTRINATION COURSE EXAM

1. The National Association of REALTORS® was founded in:
 - a. 1920
 - b. 1776
 - c. 1908
 - d. 1913

2. The REALTOR® Code of Ethics was adopted in:
 - a. 1916
 - b. 1913
 - c. 1943
 - d. 1910

3. The Institutes, Societies and Councils under the umbrella of the National Association of REALTORS® exist to provide education and other services to real estate specialists.
True _____ False _____

4. The agreement within the organization, which defines the relationship of the local, state, and national with regard to membership is called:
 - a. Tying Agreement
 - b. Pyramid Agreement
 - c. Three-Way Agreement
 - d. REALTORS® Agreement

5. Which entity in the REALTOR® organization is charged with enforcing the REALTOR® Code of Ethics?
 - a. Legal Counsel
 - b. Local Board/Association
 - c. State Association
 - d. National Association

6. The Local Board/Association has representation on the Board/Association of Directors of the Missouri Association based upon.
 - a. Amount of dues paid in total
 - b. Number of years Board/Association has been in existence
 - c. Total number of members in Board/Association
 - d. None of the above

7. The Missouri Association is entitled to how many National Directors?
 - a. 9 elected members
 - b. 8 elected members and the State President is ex officio
 - c. 4 elected members
 - d. 5 elected members and the State President is ex officio

8. National Directors represent certain Local Board/Associations while serving on the National Board/Association of Directors.
True _____ False _____

9. The terms REALTOR® and REALTOR-ASSOCIATE® are registered service marks of the:
- Local Board/Association
 - National Association of REALTORS®
 - Missouri Association of REALTORS®
 - Missouri Real Estate Commission
10. Non-members may use the term REALTOR® with written permission of the President of the Board/Association of REALTORS®
True _____ False _____
11. The terms REALTOR® and REALTOR-ASSOCIATE® should be displayed in block capital letters:
- When convenient
 - Most of the time
 - When used in advertisements
 - Always
12. Only members may purchase and use standard real estate forms produced by the Missouri Association of REALTORS® and approved by the Association's legal counsel.
True _____ False _____
13. The term REALTOR® may be used in a member real estate firm's name if it is separated from the name by a comma.
True _____ False _____
14. Which of the following are membership classifications in the Board/Association of REALTORS®?
- REALTOR-ASSOCIATE®
 - REALTOR®-Salesperson
 - REALTOR®-Appraiser
 - REALTOR®
15. An application for REALTOR® membership may be refused by a Board/Association for which of the following reasons:
- Applicant has a record of recent or pending bankruptcy
 - Applicant has a place of business within the state
 - President of the Board/Association had a bad business dealing with applicant in the past
 - Applicant refuses to attend the indoctrination course
16. Memberships in the Local Board/Association are primarily company memberships.
True _____ False _____
17. There are no circumstances under which the REALTOR® organization can require that a broker join the organization.
True _____ False _____
18. Each firm in which there are REALTOR® members must indicate a REALTOR® member who is responsible for dues collection. That REALTOR® is referred to as:
- REALTOR®-Primary
 - REALTOR®-Manager
 - Designated REALTOR®
 - none of the above.

19. Only those licensees in a firm in which there is a REALTOR® member who elect to become members are figured in the dues payable.
True _____ False _____
20. A REALTOR® may become a secondary member in the state or a state contiguous thereto.
True _____ False _____
21. Complaints of possible violations of the REALTOR® Code of Ethics must be filed with:
a. Board/Association Attorney
b. Missouri Association of REALTORS®
c. National Director
d. Local Board/Association Secretary or Executive Officer
22. The REALTOR® Code of Ethics is:
a. A license law provision
b. A possible guideline to salespersons and brokers
c. A statement of standards by the National Association of REALTORS® of real estate practices
d. A written agreement in the real estate business
23. A violation of the Code of Ethics could result in a member's expulsion from the Board/Association of REALTORS®.
True _____ False _____
24. A REALTOR® could be in violation of the Code of Ethics if he/she discussed the integrity of another REALTOR® with a client.
True _____ False _____
25. The Grievance Committee of the Board/Association grants awards in arbitration cases.
True _____ False _____
26. If a REALTOR® is found to be in violation of one or more of the Articles in the REALTOR® Code of Ethics, he/she may appeal the findings to:
a. State Association President
b. A contiguous Board/Association of REALTORS® to his/her Board/Association
c. Local Board/Association's Board/Association of Directors
d. Board/Association's REALTOR® Affairs Committee
27. The membership application contains an agreement to arbitrate according to Missouri law.
True _____ False _____
28. One of the requirements a Board/Association of REALTORS® must meet for coverage under the blanket Errors and Omissions Insurance is:
a. Have 25 or more members
b. Have governing documents in compliance with National Policy
c. Have been in existence for five or more years
d. All of the above

29. Which of the following is not an obligation of membership?
- Pay dues
 - Abide by the REALTOR® Code of Ethics
 - Agree to accept exclusive right to sell listings only
 - Proper use of the term REALTOR®
30. Which of the following is a potential penalty for violation of member obligations?
- Suspension from the Board/Association
 - Reprimand
 - Expulsion from the Board/Association
 - \$1,000.00 fine
 - All of the above
31. The Federal Fair Housing Law is contained in Title III of the Civil Rights Act of 1968 and the Fair Housing Amendments of 1988.
True _____ False _____
32. The law treats denial by action or intent of equal treatment in the selling of homes but does not address rentals.
True _____ False _____
33. Which of the following minority categories is stated in the Missouri Statutes, but not the Federal Fair Housing Law?
- Sex
 - Religion
 - Handicapped
 - Ancestry
34. Any violation of the Missouri statutes dealing with Fair Housing is a felony.
True _____ False _____
35. Which Article of the REALTOR® Code of Ethics deals with equal opportunity in professional services?
- 6
 - 23
 - 12
 - 10
36. The Affirmative Marketing Agreement is a mandatory program dealing with Fair Housing Laws.
True _____ False _____
37. The Affirmative Marketing Agreement as it applies to individual offices does cover affirmative action regarding hiring of employees.
True _____ False _____
38. Which of the following legislative acts is not related to Federal Antitrust Laws?
- Sherman Act of 1890
 - Federal Trade Commission act
 - TEFRA 1982
 - Clay Act

39. Board/Associations of REALTORS® may not set commission rates but may encourage uniform rates to be in compliance with antitrust laws.
True _____ False _____
40. Agreements between two or more real estate brokers in competition with each other to control, regulate, limit, maintain, increase or in any way fix prices are a violation of the Sherman Act. However, an agreement by the same parties to decrease prices would not be in violation.
True _____ False _____
41. A real estate broker on his/her own may make a decision not to cooperate with another broker and not be in violation of antitrust laws.
True _____ False _____
42. When asked, "Why is your commission rate X percent" by a potential client, a good answer is: "That is what everyone else charges."
True _____ False _____

[Note: If you cover MLS in the Indoctrination Course, you should add 6 to 8 questions about your MLS.]

INDOCTRINATION COURSE EXAM
Answer Key

1. c
2. b
3. True
4. c
5. b, c
6. c
7. d
8. False
9. b
10. False
11. d
12. True
13. True
14. a, d
15. a, d
16. False
17. False
18. c
19. False
20. True
21. d
22. c
23. True
24. True
25. False
26. c
27. True
28. b
29. c
30. e
31. False (Title VIII)
32. False
33. d
34. False (Misdemeanor)
35. d
36. False
37. True
38. c
39. False
40. False
41. True
42. False

Induction Ceremony for New Members

Local Board/Association President (Presiding):

“Today you have the privilege of witnessing the induction of (a) new member(s). Mr./Miss/Ms/Mrs. _____, Membership Chair, will conduct the initiation ceremony.”

Initiation Officer:

“President _____, fellow REALTORS®, ladies and gentlemen. It is a pleasure and a privilege to conduct the initiation of our new member(s).”

Installing Officer introduces the new members and asks them to stand in front of and facing the head table. He presents each new member with a copy of the Code of Ethics.

“It is assumed that, in seeking membership, you are in complete accord with the ideals and principles of the _____ Board/Association of REALTORS® and the state and national associations. The time has now come, however, for you to accept the objectives, benefits, and obligations of membership.”

The objectives are:

- To encourage and foster higher ethical standards in our profession.
- To take an active interest in the welfare of the community.
- To develop services as the basis of worthy enterprises.
- To interchange ideas, business methods, and transactions with other REALTORS®.
- To oppose harmful legislation and to strive for legislation beneficial to real estate.

The benefits are:

- The legal right to call yourself a REALTOR® (or a REALTOR-ASSOCIATE®).
- A higher standing in the community.
- Better relations with fellow brokers, clients, and the public.
- Current knowledge of real estate through your Board/Association, the state and national association, their institutes, publications, and meetings.
- Greater success in your business because of your increased knowledge and opportunities.

The obligations are:

- To attend meetings regularly.
- To pay your dues promptly.
- To do your part when called upon.

To observe and conduct your business in accordance with the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®.

To be considerate, understanding, informed and reliable.

Now raise your right hand and repeat after me:

“I (state your name) pledge myself:

To protect the individual right of real estate ownership / and to widen the opportunity to enjoy it.

To be honorable and honest in all dealings.

To seek better to represent my clients and customers / by building my knowledge and competence.

To act fairly towards all / in the spirit of the Golden Rule.

To serve well my community / and through it my country.

To observe the REALTOR® Code of Ethics / and conform my conduct to its lofty ideals.

Thank you!

You have been handed a copy of the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS® [hold up a copy]. Read it, study it, and conduct yourselves and your relations with others according to these standards.

As (a) new REALTOR (S)® or REALTOR-ASSOCIATE®, you will now face the audience. Let us give them a rousing welcome.

President _____, I thank you for the opportunity to conduct this ceremony, and I return the meeting to you.”

{Note: When inducting other members, such as Affiliates, you will want to extend them a welcome. They will not pledge themselves as REALTORS® do, but you will want to begin their induction with the same remarks as for other members. It would be well to restate the objectives of the Board/Association of REALTORS® as given above, and conclude with a simple welcome to your ranks, and a thank you for their support.}