

Filing Arbitration Requests

at the
Arizona Association of REALTORS®

Serving Local Member Signatory Associations:

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Mandatory arbitration of certain business disputes is a membership obligation of the REALTOR® association and is also part of the Code of Ethics. Most arbitrable matters related to disputes among REALTORS® are commission disputes.

FILING AN ARBITRATION REQUEST

As with any problem that might arise from your relationship with fellow REALTORS®, the first step you should take is to **talk to the other REALTOR®, and next, have your broker talk with the other REALTORS®'s broker or manager.** Many difficulties between REALTORS® result from misunderstanding or miscommunication. Open, constructive discussion often resolves questions or differences, eliminating the need for further action.

If these discussions are not successful in resolving the dispute, you may want to consider filing a request for arbitration.

Arbitration facilities are provided by the REALTOR® association as a service to its members. Arbitration is not a disciplinary proceeding nor does it award damages. There are certain disputes that REALTORS® are obligated to arbitrate as a part of their membership duties; these can be found in [Article 17 of the Code of Ethics and its related Standards of Practice](#).

Be aware that not every situation may be arbitrated at a REALTOR® association. Many disputes with clients or customers may not fall under the association's jurisdiction and must be handled through the civil courts. Also, disputes involving clients or customers require that the client or customer sign an agreement to arbitrate and to be bound by the arbitration, which means further legal action would most likely be precluded.

Most disputes handled at the association are commission disputes among members. Commission disputes among REALTORS® from different firms are most likely mandated to be arbitrated. Your dispute must also be one that the association determines is an [arbitrable issue](#). NAR Fact Situations, describing common disputes among REALTORS® and how they may be resolved, may also be of assistance to you in determining whether to file for arbitration. You can find information on arbitrable issues and NAR Fact Situations on our website, www.aaronline.com/ForRealtors/EthicsArbitrationAndMediation/

The following steps should be taken when filing a Request to Arbitrate against another REALTOR®.

STEP ONE

Contact the REALTOR® Association.

The Arizona Association of REALTORS® handles this process for all but one of Arizona's 22 local associations. You can get forms and information online at www.aaronline.com or you can contact the association directly at 602.248.7787 or 1.800.426.7274.

STEP TWO

Filing the arbitration request.

A Request and Agreement to Arbitrate form needs to be completed.

Here are some general principles to keep in mind as you begin the process. The request must:

1. be in writing.
2. be signed by the Complainant(s).
3. state the amount in dispute.
4. be filed **within 180 days after the closing or 180 days after the facts could have been known in the exercise of reasonable diligence, whichever is later.**
5. include the five hundred dollars (\$500) filing fee
5. include documentation that shows the transaction

When completing the form, steps to follow are:

1. Name the REALTOR® firm involved and all of the REALTORS® involved. This will help the Grievance Committee determine whether the right people are named, whether there is a contractual basis for the claim, and more. You must name at least one REALTOR® principal of the firm, and, if you are not a principal in your firm, you must get one of your firm's REALTOR® principals to sign the Request to Arbitrate, as

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commission disputes are between the principals of the firms involved. [REALTOR® principal is defined in the Code of Ethics and Arbitration Manual as: a licensed or certified principal, partner, corporate officer or branch office manager acting on behalf of principals of a real estate firm. For more details, please consult the Code of Ethics and Arbitration Manual, Section 26 (k).]

2. Indicate the amount in dispute.
3. Include an explanation of the situation. State why you believe you are entitled to receive the amount stated in your Request for Arbitration. If you think there have been ethical violations, they can be handled separately with an ethics complaint.
4. Attach copies of any and all pertinent documents such as listing agreements, purchase and sales agreements, closing statements, etc., plus any notarized statements from witnesses.
5. The Arizona Association of REALTORS® requires a \$500 arbitration deposit. Should your request be forwarded for a hearing and should you prevail at the hearing, this deposit will be returned to you. If you do not prevail at the hearing, the deposit will be retained by the association to help cover costs. **Include a \$500 check made to "AAR" with your written Request for Arbitration.** [NOTE: If the parties successfully reach a resolution to the dispute through either AAR mediation or a privately reached resolution, the parties' deposits will be returned.]

STEP THREE

Sending the complaint to the association.

If you are ready to file your arbitration request send it and the deposit check to:

Attn: Ethics
Arizona Association of REALTORS®
255 East Osborn Suite 200
Phoenix, Arizona 85012

STEP FOUR

The Grievance Committee's initial review.

The association's Grievance Committee will review your Request to determine if it is appropriate to be arbitrated at the association. Remember, your request must involve a dispute that the procedures define as "arbitrable." If the Committee determines your Request is not arbitrable, it will be dismissed, and you will be informed about appeal options.

STEP FIVE

If the Grievance Committee forwards your case for a hearing, you'll be advised by the association of the appropriate procedures and steps to take. Before any hearing is scheduled, however, you will be offered an opportunity to mediate the dispute with the other REALTOR®. Mediation involves an objective third-party mediator who will work with all parties in dispute to assist them in reaching a mutually agreed-upon resolution. If the mediation is successful and the parties reach and sign an agreement, it becomes judicially enforceable. Your arbitration deposit will also be returned. If the mediation is not successful, the matter will proceed to a hearing. To learn more about mediation of arbitrable issues, visit AAR's website, www.aaronline.com/documents/mediat_real.aspx

STEP SIX

The hearing will be scheduled shortly after the Grievance Committee has made their determination.

The association will provide information about the procedures involved and will answer other questions you may have about the process. You may also want to review the [NAR Arbitration Guidelines](#) or the arbitration sections of the Code of Ethics and Arbitration Manual to help you prepare for your case.

CONCLUSION

Many commission disputes between REALTORS® arise from misunderstanding or a failure in communication. Before filing an arbitration request, make reasonable efforts to communicate with the other REALTOR® involved. If these efforts are not fruitful, the association can give you the procedures and forms necessary to file a complaint.



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The terms REALTOR®, REALTORS®, and REALTOR-ASSOCIATE® are registered collective membership marks which may only be used by real estate professionals who are members of the NATIONAL ASSOCIATION OF REALTORS® and who subscribe to its strict Code of Ethics.