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ARIZONA REALTORS®



PROFESSIONAL STANDARDS



"REALTOR®... the best prepared real estate practitioner with the highest standards"

PROFESSIONAL STANDARDS NEWSLETTER

June 2025

"You tell me, and I forget. You teach me, and I remember. You involve me, and I learn." -Benjamin Franklin

2025 FIRST QUARTER STATISTICS

- In the first quarter of 2025:
 - **51**-ethics complaints were filed, with **22** forwarded for a hearing.
 - **3**-arbitration requests filed, with all 3 being dismissed.
 - **10**-ethics hearings were held.
- Our Ombudsman Program Received:
 - **3** Requests. Of those **3**, **1** was in the scope of the program and was successfully resolved.
- Our Mediation Program received:
 - **7**-mediation requests, **5** of which were refused by a party. **2** mediations were held, and both were successfully resolved.

PROFESSIONAL STANDARDS

At the National Association of REALTORS® (NAR) Board of Directors June 5, 2025, meeting, policy language changes to Standard of Practice 10-5 were approved. Article 10 remains unchanged.

The Board of Directors approved changes to Standard of Practice 10-5, which now prohibits members of NAR from harassing any person or persons based on race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity. New language in the standard creates a specific definition of “harassment” to align with the definition in the [NAR Member Code of Conduct](#).

A related revision to Professional Standards Policy Statement 29 was also approved. NAR will be offering additional guidance, interpretations, etc. on the subject going forward.

Standard of Practice 10-5 approved revisions are as follows:

REALTORS®, in their capacity as real estate professionals, in association with their real estate businesses, or in their real estate-related activities shall not harass any person or persons based on race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity.

As used in this Code of Ethics, harassment is unwelcome behavior directed at an individual or group based on one or more of the above protected characteristics where the purpose or effect of the behavior is to create a hostile, abusive, or intimidating environment which adversely affects their ability to access equal professional services or employment opportunity. (Adopted and effective November 13, 2020, Amended 1/23 and 6/25)

Professional Standards Policy Statement 29 approved revisions are as follows:

While Realtors are encouraged to follow the principles of the Code of Ethics in all of their activities, a Realtor shall be subject to disciplinary action under the Code of Ethics only with respect to their capacity as real estate professionals, in association with their real estate businesses, or in their real estate-related activities.

Approved revisions to Standard of Practice 10-5 and Professional Standards Policy Statement 29 are effective immediately.

CHAIR TIPS

As a Hearing Panel Chair, you play a key role in upholding the integrity and fairness of the Professional Standards process. Two procedural issues that have come up more frequently, and that you may need to address during a hearing, are the late submission of evidence and the appearance of witnesses without proper notice. Your handling of these situations is crucial, not just for procedural compliance, but to maintain trust in the process and avoid appeals.

Parties are asked to submit evidence in advance, no later than 15 days prior to the hearing as outlined in the NAR Code of Ethics and Arbitration Manual. However, it is not unusual for a party to submit evidence the morning of a hearing or during the hearing.

As Chair, you have the right to allow or exclude late evidence. If the evidence is not relevant to the case, ruling that the evidence should be excluded is appropriate. If the evidence is relevant, and you determine the evidence should be allowed, the opposing party must be provided an opportunity to review the evidence and the right to request a postponement of the hearing to a later date in order to properly prepare their testimony or submit additional information in response to the late evidence.

Parties are also asked to submit notice of witnesses and/or counsel no later than 15 days prior to the hearing date. If a party attempts to have a witness attend the hearing without notice, you have the right to exclude the witness outright, allow the witness to attend the hearing and present testimony only if the other party agrees, or postpone the hearing to allow proper preparation for all parties. Allowing a surprise witness to attend the hearing and present testimony without giving the opposing party a fair opportunity to respond may create grounds for appeal.

HEARING PANEL TIPS

As a Hearing Panelist, it is essential to base your decisions solely on **clear, strong, and convincing evidence**, as set forth by the National Association of REALTORS®, when determining whether a violation of the Code of Ethics has occurred. Personal feelings, assumptions, or reactions to a Respondent's demeanor, testimony, or personality should not influence the outcome of a hearing.

When a Panelist allows emotions or subjective impressions to overshadow the evaluation of the evidence and testimony presented, the resulting decision may not align with the standards set by the National Association of REALTORS®. Adhering strictly to the evidentiary standard ensures that any finding of a violation is both fair and in full compliance with NAR's ethical guidelines.

It's important not to confuse a "violation" of the [Pathways to Professionalism](#) as a violation of the Code of Ethics. While the Code of Ethics sets the minimum bar, the Pathways to Professionalism goes **beyond what is required**, offering **voluntary guidelines** for everyday interactions. These recommendations promote:

- **Respectful and timely communication**
- **Timeliness and courtesy during showings**
- **Professional behavior toward clients, the public, and peers**

Pathways to Professionalism is **not enforceable** and is not subject to ethics complaints or disciplinary action. However, it can often serve as a teaching tool or point of reference in situations where a member's behavior is unprofessional but does not rise to the level of a Code of Ethics violation. Remember, there is not a "being a jerk Article" in the Code of Ethics. While being rude, arrogant, or using profanity is unprofessional or disrespectful, it is not, in itself, a violation of the Code of Ethics. It simply falls short of the courtesy and respect encouraged by the Pathways to Professionalism.

MEDIATOR TIPS

In mediation, not every party arrives ready to compromise or come to a resolution. One of the most challenging issues a mediator can face is when a party is focused not on resolving the conflict, but on validating their own sense of rightness. In a recent mediation, a party continuously stated, “*Why am I even here? I did not do anything wrong.*” This attitude stalled and derailed progress, shifting attention from resolution to self-justification.

Below are a few ways to manage and guide this type of party toward a more productive, resolution-focused mindset.

1. Acknowledge Their Feelings Without Reinforcing Them

The need for validation is often driven by a feeling of injustice or being misunderstood. Begin by *acknowledging* their experience without agreeing with their position.

For example, you can say:

“It sounds like you feel that your role in this transaction has not been fairly represented. That is a completely valid concern to bring up.”

This shows empathy and attentiveness without confirming or denying their version of events.

2. Shift the Party Away from Blaming

People who feel wrongly accused often think of mediation as a form of being put on trial. Reminding the party of the purpose of mediation is critical in these situations.

For example, you can say:

“This process is not about blame or saying who’s right or wrong. It’s about exploring what’s happened, how it’s affected everyone, and what we can do to move forward.”

Encourage them to consider *impact* instead of *intent*. A party may not have meant to cause harm, but that doesn’t mean harm wasn’t experienced. This helps open their mind to the possibility of resolution, without requiring them to admit fault.

3. Use Reflective Listening

When someone is stuck on self-justification, it helps to repeat back what they're saying slightly differently to encourage a different way of thinking.

For example:

Party: "I didn't do anything. This is all their fault."

Mediator: "You feel this situation escalated in ways you didn't intend, and you're frustrated that your actions are being seen differently."

This confirms that the party is heard but subtly introduces the idea that others might see the situation differently.

4. Validate the Desire for Closure

The desire to "clear one's name" can also be a desire for closure, respect, or understanding. Acknowledge that directly:

For example, you can say:

"I hear that being here feels unfair and I understand that you want that recognized. At the same time, what might help bring this issue to a close in a way that feels fair to you?"

You're showing respect for their perspective while redirecting focus toward resolution.

5. Know When to Pause

Sometimes, a party needs to take a break and think on their own. If the mediation becomes repetitive or overly emotional, don't force progress. Take a break.

For example, you can say:

"It seems like we might need to step back for a moment and take a break. I'd like to give you a few minutes to think on your own about the situation and a possible resolution."

Again, avoid forcing progress. If it becomes evident that a party is unwilling to engage in compromise or work toward a resolution, you are within your rights to terminate the mediation. In cases involving ethics or arbitration, you may remind the party that unresolved matters will proceed to a formal hearing. (Note: This does not apply to voluntary mediations.) Additionally, you can reassure the party that they can continue to pursue a resolution even after the mediation ends. Nearly half of the mediations held within the last year that did not result in a successful resolution were ultimately resolved in the days that

followed. Parties may discuss resolution outside of the Professional Standards process amongst themselves or with their brokers facilitating the discussions.

OMBUDSMAN TIPS

So far this quarter, there have been 3 ombudsman requests filed, 2 of which were successfully resolved, and 1 was out of scope. While there is not a high volume of ombudsman requests, it remains a key resource. A quick reminder: the Ombudsman process is designed to offer an informal, neutral route for resolving misunderstandings, often before they become formal complaints.

It's especially helpful in disputes involving:

- Lack of communication between parties.
- Misunderstandings about Arizona real estate practices.
- Procedural questions regarding real estate transactions.
- Basic transactional hiccups that don't necessarily rise to a Code of Ethics violation.

A few things to keep in mind:

- *It's not just for the "easy" cases.* The Ombudsman role can defuse tension even in situations that feel heated, sometimes that early conversation makes all the difference!
- *Participation is voluntary*, but it often results in faster resolution and a better experience for everyone involved.
- *It doesn't replace the formal ethics or arbitration process*, but it can be a helpful first step.

Ombudsmen are often the first line of defense when someone just wants to "talk it out." These are typically situations where a little patience, clarity and listening can prevent things from escalating. With a 100% success rate so far in the second quarter, thank you for continuing to make this program effective!

GRIEVANCE TIPS

Complainants have the right to withdraw their complaint at any time prior to the conclusion of the hearing. If the Complainant withdraws their complaint after the Grievance Committee has already forwarded the complaint to a hearing or if the Complainant fails to attend the hearing, the complaint will be returned to the GVC for review.

While both situations (a withdrawal and a complainant's failure to attend the hearing) require GVC review, you will be considering two different factors in each instance.

When a complaint is ***withdrawn***, the committee must determine whether the allegations in the complaint may potentially violate public trust. Public trust is defined as "demonstrated misappropriation of client

or customer funds or property, discrimination against the protected classes under the Code of Ethics, or fraud.

When a ***complainant fails to attend a hearing***, the committee must instead determine whether there is sufficient information for a Hearing Panel to consider without the complainant's participation.

In both instances, the committee does not need to consider timeliness as the complaint was deemed timely when it was initially reviewed and forwarded to a hearing. Additionally, the committee does not need to determine if the appropriate articles were cited, or whether other articles should be added especially if the complaint was withdrawn.

It is important to note that the public trust review applies only to complaints that have been withdrawn. It does ***not*** apply to new filings, which are considered through the standard process [i.e., forward, dismiss, add, or remove articles].