

Code of Ethics Presidential Advisory Group Report (Summary)

August 2019

The Code of Ethics PAG was formed following the 2018 REALTORS® Conference & Expo to address the concerns expressed by many local associations who were faced with challenges in administering the two-year cycle of the Code of Ethics training requirement, which concluded on December 31, 2018. The PAG was charged with examining the current mandatory Code of Ethics training requirement policy and identifying possible modifications that ensure greater member value and more efficient administrative procedures.

Background

The mandatory Code of Ethics training requirement for new and continuing REALTOR® members was established by the NAR Board of Directors at the 1999 Annual Convention with the following goals:

- To heighten member awareness of the key tenets of the Code of Ethics.
- To create an awareness of and appreciation for the role the Code can and should play in their professional lives.
- To enhance professionalism and competency.
- To encourage REALTORS® to view the Code of Ethics as a living, viable guide in their daily dealings with clients, customers, and the public.

At the 1999 Annual Convention, the Professional Standards Committee recommended, and the Board of Directors approved, that effective January 1, 2001, new members are required to complete a two-and-a-half-hour Code of Ethics orientation program, and continuing members are required to take ethics training every four years.

At the 2014 REALTORS® Conference the Board of Directors approved a recommendation from the Leadership Team that Code of Ethics training be conducted every two years, rather than four, effective in 2017. The challenges faced by many local associations in implementing the training requirement when it moved to a two-year cycle, and the resistance or reluctance by many members, was the impetus for formation of the Code of Ethics PAG.

Discussion and Recommendations

PAG members reviewed and considered the original program goals and concluded that they are still valid and worthy of pursuit, but acknowledged that the current training requirement may not be effectively meeting them. Members also referenced NAR's new "That's Who We R" campaign and felt that maintaining the training requirement was consistent with the campaign and demonstrates a commitment to professionalism and to the Code of Ethics.

While the PAG members concluded that a training requirement should be maintained, they were also committed to delivering more modern and relevant requirement options that consider the following:

- A meaningful assessment of competency.
- Updates to course content that focus on professional conduct, courtesies, business etiquette, and real-life scenarios.
- Equivalency options for existing members, such as the C2EX endorsement.
- An enhanced process that allows REALTOR® associations more control over course content and delivery.
- Updated procedures that reduce the administrative burden on local associations and minimize the conflicts that often exist over noncompliance issues.
- A process that ensures member value, but is not punitive.

The PAG adopted the following recommendations which were approved by the NAR Leadership Team in September and are now NAR policy:

1. Be it resolved:

That the learning objectives for the existing member Code of Ethics training be revised to include content on professional conduct, courtesies, business etiquette, and real-life scenarios.

***Rationale:** The current Code of Ethics training learning objectives do not address professional practices and courtesies, and PAG members concur that the majority of member complaints are related to violations of professional practices and courtesies, rather than violations of the Articles of the Code of Ethics. With an added focus on professionalism members will find greater value in the course as it impacts their day-to-day business operations. And while content on professionalism may be included in courses for new members, the priority is to ensure that new members know and understand the importance of the Code.*

2. Be it resolved:

That NAR establish Code of Ethics training equivalency options that members can take in order to satisfy the Code of Ethics training requirement, and that the Commitment to Excellence (C2EX) endorsement be an equivalency option.

***Rationale:** There are current educational options that meet the learning objectives of the Code of Ethics training requirement, and the PAG believes that NAR should identify such options as equivalencies to meet the requirement. The Commitment to Excellence Program is designed to empower REALTORS® to evaluate, enhance, and showcase the highest levels of professionalism, which is in line with the proposed new focus for the Code of Ethics training course objectives and how that will impact members' business. The PAG also believes that the content, assessments, and tasks for the Code of Ethics equivalencies in C2EX should be expanded when future enhancements are completed. There will be a cost associated with these enhancements. Further, it is advisable that NAR review and communicate Code of Ethics training requirement policies and information on*

existing equivalencies on an ongoing basis for greater awareness among members and associations.

3. Be it resolved:

That only courses and equivalencies provided by a local, state or national REALTOR® association can satisfy the Code of Ethics training requirement.

Rationale: *Requiring that training be offered through a REALTOR® association ensures that all courses are consistent and that members meet the mandatory learning requirements. Currently, numerous education providers teach the Code of Ethics to members without consistency, approval, or oversight from a REALTOR® association. This recommendation does not require the REALTOR® association to actually provide the training, as they can partner with a provider to offer the training on their behalf, but this does eliminate the burden of having to review and approve numerous courses to ensure they meet the mandatory learning objections. This recommendation also eliminates the risk of members taking classes that do not fulfill the requirement.*

4. Be it resolved:

That an implementation team be appointed to develop a microsite that compiles all available options for fulfilling the Code of Ethics training requirement, including C2EX ethics modules, NAR-approved online courses, and links to association-approved courses.

Rationale: *The development of a single point of reference that compiles all options and resources available to fulfill the Code of Ethics training requirement allows members to make informed decisions about the best option for satisfying the training requirement. From this page, members can choose between an assessment-based approach (C2EX), an online course, or a live course in their area. As new options are developed, and new equivalencies are identified, they will be added to this page.*

5. Be it resolved:

That the Core Standards requirements be amended to clarify associations' duties regarding administration of the Code of Ethics training requirement.

Rationale: *Core Standards requires AEs, presidents, and presidents-elect to verify they are enforcing the Code of Ethics training requirement without providing context into what is fully required of an association. This recommendation clarifies the Core Standards language to ensure that associations are fulfilling their responsibility in administering the Code of Ethics training requirement. For example, such amendments would clarify that all local associations/providers must use NAR-approved training materials; Code of Ethics training completions must be tracked in NRDS; and members who are not compliant with the policy must be suspended/terminated.*

Future Action

The PAG also recommended a change to the timing requirement for compliance, and the Leadership Team is asking the Professional Standards, Association Executives, and Professional Development committees to provide their feedback on this recommendation during the 2019

REALTORS® Conference in San Francisco. The feedback will help determine whether the following recommendation will be presented to the Board of Directors at its meeting on November 11, 2019.

Recommendation:

That Code of Ethics training be required every three years, and that the current two-year cycle be amended to end December 31, 2021.

Rationale: *Enforcement of the Code of Ethics training requirement can be labor intensive and often draws association staff away from performing other member services, such as consumer outreach and advocacy initiatives, leadership development, meetings/events, dues billing, etc. The every three-year timeframe allows adequate time between cycles for associations to focus on the valuable member services that are put on hold to administer the training requirement. The three-year timeframe is manageable and reasonable for members, many of whom must balance the Code of Ethics training requirement with continuing education requirements. The extended timeframe also allows more time for the REALTOR® association to create additional resources that will ensure an easier and more effective process for members to complete the training and for associations to administer the requirement. Further, in order to ensure continued awareness and greater understanding, it's advisable for NAR to actively promote the Code of Ethics throughout the year and provide resources and templates that local and state associations can use to communicate the value of the Code of Ethics to REALTOR® members.*

PAG Members

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