

# 2014 LEGAL SEMINAR



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NATIONAL  
ASSOCIATION *of*  
REALTORS®

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# 2014 Legal Seminar Agenda

NAR Headquarter Building, 2<sup>nd</sup>  
Floor Bears Conference Room West  
Chicago, IL  
October 17, 2014

Friday, October 17, 2014

7:30 am – 8:30 am	Registration	
8:30 am – 8:35 am	Welcome/Opening Remarks	
	Antitrust Compliance Program and Litigation Update	Ralph W. Holmen Associate General Counsel
	Independent Contractor Status	Lesley Walker Associate Counsel
	Copyright	Jessica Edgerton Associate Counsel
	Trademark and dotREALTOR	Chloe Hecht Associate Counsel
10:15 am – 10:35 am	Break	
	RESPA/TILA	Finley P. Maxson Senior Counsel
	MLS and Professional Standards Update	Kevin Milligan Vice President, Board Policy and Programs
	Core Standards Update	Cliff Niersbach Associate General Counsel, Board Policy and Programs
12:00 pm – 1:00 pm	Lunch 2 <sup>nd</sup> Floor Conference Room South	
	Legal Update	Katie Johnson General Counsel
1:30 pm – 2:30 pm	<u>Breakout Sessions</u> Session 1: The Role of Legal Counsel in Professional Standards Hearings Session 2: State Legal Hotlines Session 3: MLS Issues	
2:45 pm – 3:30 pm	Questions & Answers	

# 2014 Legal Seminar Agenda

Hilton New Orleans Riverside  
Napoleon Ballroom, 3<sup>rd</sup> Floor  
New Orleans, LA  
November 6, 2014

Thursday, November 6, 2014

7:30 am – 8:30 am	Registration	
8:30 am – 8:35 am	Welcome/Opening Remarks	
	Antitrust Compliance Program and Litigation Update	Ralph W. Holmen Associate General Counsel
	Independent Contractor Status	Lesley M. Walker Associate Counsel
	Copyright	Jessica Edgerton Associate Counsel
	Trademark and dotREALTOR	Chloe Hecht Associate Counsel
10:15 am – 10:35 am	Break	
	RESPA/TILA	Finley P. Maxson Senior Counsel
	MLS and Professional Standards Update	Kevin Milligan Vice President, Board Policy and Programs
	Core Standards Update	Cliff Niersbach Associate General Counsel, Board Policy and Programs
	Legal Update	Katie Johnson General Counsel
12:30 pm – 1:30 pm	Lunch - Legal Counsel Only Versailles Ballroom, 3rd Floor	
1:30 pm – 2:30 pm	<u>Breakout Sessions</u> Session 1: The Role of Legal Counsel in Professional Standards Hearings Session 2: State Legal Hotlines Session 3: MLS Issues	
2:45 pm – 3:30 pm	Questions & Answers	

## **Biographies**

❖ **Katherine Johnson**, General Counsel, NATIONAL ASSOCIATION OF REALTORS®

Katherine “Katie” Johnson is the general counsel for the NATIONAL ASSOCIATION OF REALTORS®, “The Voice for Real Estate,” and the nation’s largest professional association, representing approximately one million members involved in all aspects of the real estate industry.

Katie joined NAR in 2007 and was appointed as general counsel in 2014. As general counsel, she is responsible for assuring that the programs, policies and activities of NAR are in compliance with the law. She also is responsible for defending the Association against legal challenges and initiating litigation to protect and preserve association assets and policies as necessary. Prior to becoming general counsel, Katie focused on software and data licensing, trademark protection, contract drafting and review, data security and privacy, brokerage risk management, and providing legal advice to NAR’s technology initiatives including RPR and RAMCO. Katie is currently pursuing a master’s degree for Information Technology and Privacy Law.

She resides with her husband, Jeff, and children, Paisley and Andrew, in the Lincoln Square neighborhood of Chicago, Illinois.

❖ **Ralph W. Holmen**, Associate General Counsel, NATIONAL ASSOCIATION OF REALTORS®

Ralph Holmen is Associate General Counsel of the NATIONAL ASSOCIATION OF REALTORS®, and for over 32 years has advised NAR, state and local associations and members on a wide variety of real estate and association law issues, including antitrust, federal election law, First Amendment issues, not-for-profit taxation, land use and environmental issues and others. He has authored or co-authored numerous amicus curiae briefs filed in the U.S. Supreme Court as well as other courts, addressing land use and environmental law, fair housing, commercial speech restrictions, and other issues of concern to the real estate industry.

Ralph is admitted to practice before the United States Supreme Court, the Court of Appeals for the Federal Circuit, the United States District Court for the Northern District of Illinois, and the bar of the State of Illinois. Ralph received a Bachelor of Science degree in physics from the University of Illinois in Champaign-Urbana, and a Juris Doctor degree from Loyola University of Chicago.

❖ **Clifford Niersbach**, RCE, Associate General Counsel, Board Policy & Programs, NATIONAL ASSOCIATION OF REALTORS®

Cliff Niersbach joined the NATIONAL ASSOCIATION OF REALTORS® as a Policy Review Coordinator in 1975. Since then he has served the Association and its members in a variety of positions including vice president, Board Policy and Programs.

From 1978 until 2014, Cliff was the staff liaison to the Professional Standards Committee, the Interpretations and Procedures Subcommittee, the Multiple Listing Issues and Policies Committee, and the MLS Technology and Emerging Issues Advisory Board. He currently serves as associate general counsel, Board Policy and Programs with responsibility for implementing the Organizational Alignment – Core Standards initiative.

Cliff is a graduate of Northwestern University and the John Marshall Law School. He is admitted to practice in Illinois and is a lifelong resident of Chicago where he lives with his wife Diane.

❖ **Kevin J. Milligan**, RCE, Vice President, NATIONAL ASSOCIATION OF REALTORS®

Kevin Milligan joined the NATIONAL ASSOCIATION OF REALTORS® as a Policy Analyst in 1980. Since then he has served the Association and its members in a variety of positions, currently as Vice President, Board Policy & Programs.

Board Policy & Programs has oversight for the activities of NAR's Professional Standards, MLS, and Membership Policy Committees and assists local and state associations in administering these programs. Kevin is actively involved in the work of these committees, and has worked with various study groups, task forces, and presidential advisory groups.

Kevin is a graduate of Western Illinois University, and has a Master's Degree in Business Administration.

❖ **Finley P. Maxson**, Senior Counsel, NATIONAL ASSOCIATION OF REALTORS®

Finley Maxson has been with NAR since 1999. Prior to joining NAR, Finley worked at a Chicago law firm. He received his B.A. degree in English from Kenyon College, and his J.D. degree from the Washington University School of Law. Finley is admitted to the state bar of Illinois.

Finley helps to maintain the risk management materials on Realtor.org, Window to the Law, and The Legal Pulse. He is the main contact person for the professional liability insurance for state and local REALTOR® associations. Finley also assists the Community & Political Affairs division with state campaign finance issues as general in-house responsibilities (drafting risk management articles, reviewing contracts, and miscellaneous projects). In addition, Finley also serves as the liaison between NAR and ARELLO.

❖ **Lesley Walker**, Associate Counsel, NATIONAL ASSOCIATION OF REALTORS®

Lesley Walker has been with NAR since May 2010. Lesley focuses her work on matters including the Americans with Disabilities Act, fair housing issues, NAR Constitution and Bylaws, Risk Management Committee, and general contract negotiation matters. Prior to joining NAR, Lesley's experience has focused on general corporate matters and financial services regulation, and includes three years at the North American Securities Administrators Association in Washington, D.C., where her work focused on securities regulation, corporate law, and association legal work. She received her J.D. from the Villanova University School of Law, and

is a graduate of The Pennsylvania State University, where she earned a B.S. and a B.A. Lesley is admitted to the state bars of Pennsylvania.

❖ **Jessica Edgerton**, Associate Counsel, NATIONAL ASSOCIATION OF REALTORS®

Prior to joining NAR in 2013, Jessica Edgerton served as general counsel to an appraisal management company, where she was responsible for overseeing company-wide industry and regulatory compliance and general corporate legal matters. She received her B.A. from Oberlin College and her J.D. from the Indiana University Maurer School of Law. Jessica is admitted to the state bar of Illinois.

At NAR, Jessica focuses her practice on contracts, online copyright and intellectual property matters, environmental issues affecting the real estate practitioner, and the creation of member educational resources including the risk management materials on Realtor.org, Window to the Law, and The Legal Pulse. Jessica also serves as the staff executive for the Risk Management Forum.

❖ **Chloe Hecht**, Associate Counsel, NATIONAL ASSOCIATION OF REALTORS®

Chloe Hecht joined NAR in May of 2014. Chloe worked as an intellectual property attorney at law firms in Chicago where she focused on U.S. and international trademark prosecution and enforcement, domain name and Internet matters, and branding strategies.

Chloe focuses on NAR's trademark protection program, licensing issues, the .REALTOR top level domain initiative, and reviewing contracts. Chloe received a B.S. degree in molecular biology from the University of Wisconsin – Madison and a J.D. degree from DePaul University College of Law. She is admitted to the state bar of Illinois.

## Annual Antitrust Compliance Program and Other Matters

National Association of REALTORS® 2014 Annual Attorney Seminar  
Ralph Holmen, Associate General Counsel

### **I. Department of Justice Antitrust Compliance**

1. “An annual program for NAR Member Boards and their counsel that includes a discussion of the antitrust laws (as applied to Member Boards) and this Final Judgment.”

- All MLSs must have adopted the VOW Policy and Rules.
- NAR must direct MLSs to correct any application, adoption, or enforcement of VOW rules that violates the Final Judgment, and to deny insurance coverage from an MLS that fails to do so promptly.
- NAR must provide quarterly reports to DOJ copies of complaints of such violations.
- An MLS may not prohibit or restrict electronic transmission of information that may be provided to consumers in other ways, and may not “unreasonably disadvantage or discriminate against” brokers in their use of VOWs to provide information to consumers.

### 2. VOW Compliance Issues

- Compliance with and application of the “Participation Rule”:  
“...actively endeavor(s) ... to list real property of the type listed on the MLS or to accept offers of cooperation and compensation ....”
- MLS delay in providing VOW datafeed.
- MLS not including all data on VOW datafeed.
- Issues involving the distribution or use of sold data.

## II. MLS Antitrust Issues

### A. Association Membership as a Prerequisite to MLS Participation

Summary of MLS Access Litigation:

[http://www.realtor.org/law-and-ethics/mls-access-litigation-summary?om\\_rid=AAAZdw&om\\_mid=\\_BUEIqeB88UUt3t&om\\_ntype=INSWeekly](http://www.realtor.org/law-and-ethics/mls-access-litigation-summary?om_rid=AAAZdw&om_mid=_BUEIqeB88UUt3t&om_ntype=INSWeekly)

*Marin County Board of REALTORS® v. Palsson*, 549 P. 2d 833 (Cal. 1976), *Glendale Bd. of Realtors® v. Hounsell*, 139 Cal. Rptr. 830 (Cal. Ct. App. 1977). (Requiring REALTOR® association membership for MLS access violates the Cartwright (California antitrust) Act.)

*Thompson v. Metropolitan Multilist*, 934 F. 2d 1566 (11th Cir. 1991). (Requiring REALTOR® association membership for MLS access is an illegal group boycott and unlawful tying arrangement under the Sherman (Federal antitrust) Act if MLS has market power.)

*Reifert v. REALTORS® Association of South Central Wisconsin, South Central Wisconsin MLS Corporation, et al*, 450 F.3d 312 (7<sup>th</sup> Cir. 2006) (Requiring REALTOR® association membership for MLS access not an unlawful tying arrangement under Federal law where there are no competing associations; No unlawful group boycott absent evidence that plaintiff was in fact excluded from MLS participation); *Buyer's Corner Realty v. Northern Kentucky Association of REALTORS®*, 410 F.Supp.2d 574 (E.D. Ky. 2006), *aff'd* 2006 WL 2827684 (6<sup>th</sup> Cir. Oct. 4, 2006) (same); *Prencipe v. Spokane Association of REALTORS®, et al*, No. CV-04-319-LRS, 2006 WL 1310402 (E.D. Wash. May 12, 2006); 2006-1 Trade Cases ¶75,301 (same).

### B. Exclusionary Practices

*U.S. v. Realty Multi-List, Inc.* 629 F.2d 1351 (5<sup>th</sup> Cir. 1980) (MLS membership requirements of a favorable credit report and business reputation, an active real estate office open during customary hours, and payment of \$1,000 fee for a share of stock are facially unreasonable restraints not justified by the needs of the MLS; but these restraints are unlawful only if MLS has market power in the relevant market.)

*FTC v. Realcomp II, Ltd*, 635 F.3d 815 (6<sup>th</sup> Cir. 2011). (Affirming Section 1 violation where MLS employed a “website policy (that) restricted the public dissemination of Realcomp real-estate listings (that) offer consumers limited-brokerage services at reduced costs”; no adequate procompetitive justification offered in defense of that website policy.)

*U. S. v. National Association of Realtors®*, No. 05C5140 (N.D. IL. Nov. 27, 2006). (Defendant's motion to dismiss denied where government alleged that NAR had adopted policies and bylaws “that restrain competition from brokers who use the Internet to more efficiently and cost effectively serve home buyers and sellers.”)

*Robertson, et al v. Sea Pines Real Estate Companies, Inc., et al* , 679 F.3d 278 (4<sup>th</sup> Cir. 2012). (Defendant’s motion to dismiss denied where plaintiffs alleged MLS maintained rules that excluded lower-cost brokerages from effectively competing. Those rules prohibited alternative terms in listing agreements and use of a “fee-for-service” business model, required a physical office location in the MLS area and office hours deemed reasonable by the MLS, and required brokers to hold their “primary” real estate license in South Carolina and to reside in the MLS service area. Also, Plaintiff’s allegation of a conspiracy against MLS Board members was sufficient even though the rules were implemented by the MLS, a single entity. Board members adopted the rules as “separate actors pursuing separate economic interests” and the rules are not wholly in accord with the MLS’s economic interests.)

**C. Antitrust Standing/Injury**

*Keller v. Greater Augusta Ass'n of REALTORS®, Inc.*, 760 F.Supp.2d 1373, (S.D. Ga. 2011) (Granting defendant’s motion to dismiss antitrust claims where Plaintiff failed to allege sufficient injury to competition; Plaintiff alleged only legal conclusions and no facts supporting his claim that the MLS rule at issue adversely affected the relevant market, and also merely alleged harm to him and not to competition.)

*TheMLSONLINE.com v. Regional Multiple Listing Service of Minnesota, Inc.*, 840 F.Supp.2d 1174 (D.MN. 2012) (Granting defendant’s motion to dismiss federal antitrust claims where Plaintiff’s claims that association and MLS breached certain settlement agreements and brokerage firms filed repeated ethics complaints failed to allege any anticompetitive effect, but instead allege only injury to the Plaintiff rather than to competition.)

### III. **FTC Antisolicitation Litigation/ REALTORS® Code of Ethics Article 16**

In the Matter of National Association of Residential Property Managers, Inc., -  
<http://www.ftc.gov/enforcement/cases-proceedings/141-0031/national-association-residential-property-managers-inc-matter>

In the Matter of National Association of Teachers of Singing, Inc., -  
<http://www.ftc.gov/enforcement/cases-proceedings/131-0127/national-association-teachers-singing-inc-matter>

### IV. ***North Carolina State Board of Dental Examiners v. Federal Trade Commission***, 717 F. 3d 359 (4<sup>th</sup> Cir. 2013), cert granted, 134 S.Ct. 1491 (Mar. 4, 2014).

### V. **Neighborcity.com Litigation**

- *Metro. Reg'l Info. Sys. v. Am. Home Realty Network*, 12-CV-00954-AW, (D. Md.).

Two rulings of particular significance:

722 F.3d 591 (4th Cir. 2013): Confirming that ownership of photos may be transferred to MLS via “click through” terms of use; no need to provide names of photographers on copyright registration application; also acknowledging sufficient creativity in MLS database to allow the database to be copyrightable as a compilation.

Unpublished decision further confirming that an MLS’s use of software it developed, owned, and used to input listing data and to select, coordinate, and arrange the MLS database involved sufficient creativity to allow the database to be copyrightable as a compilation. [www.realtor.org/sites/default/files/handouts-and-brochures/2014/legal-seminar-program/12-0954-MRIS-Counterclaim-Decision.pdf](http://www.realtor.org/sites/default/files/handouts-and-brochures/2014/legal-seminar-program/12-0954-MRIS-Counterclaim-Decision.pdf)

- *Reg'l Multiple Listing Serv. of Minn., Inc. v. Am. Home Realty Network, Inc.*, CIV. 12-965 JRT/FLN, (D. Minn.).

- *Preferred Carolinas Realty, Inc., v. American Home Realty Network, Inc., d/b/a NeighborCity.com*, Civ. Action No. 1:13-cv-00181 (M.D.N.C.).

# INDEPENDENT CONTRACTOR CLASSIFICATION FOR REAL ESTATE PROFESSIONALS

Lesley Walker, NAR Associate Counsel

# WORKER CLASSIFICATION

- Employee v Independent Contractor
- Federal v. State Law
- Classification of Real Estate Salespeople

## IRS STATUTORY NON-EMPLOYEE:

- 1) The individual must be a licensed real estate professional;
- 2) Substantially all of their payments must be directly related to sales or other output, rather than the number of hours worked; and
- 3) Their services must be performed under a written contract providing that they will not be treated as employees for federal tax purposes.

\* If these three elements are met, federal income taxes do not need to be withheld from the worker's pay.

# THE COMMON LAW 20 FACTORS TEST:

- 
- |                                 |                                 |
|---------------------------------|---------------------------------|
| 1. Actual instruction of worker | 11. Submitting Reports          |
| 2. Training                     | 12. Method of Payment           |
| 3. Integration of Services      | 13. Payment of Expenses         |
| 4. Personal Nature of Services  | 14. Tools and Materials         |
| 5. Similar workers              | 15. Investment                  |
| 6. Continuing Relationship      | 16. Profit or Loss              |
| 7. Hours of work                | 17. Exclusivity of Work         |
| 8. Full-time Work               | 18. Available to General Public |
| 9. Work on Premises             | 19. Right of Discharge          |
| 10. Order of Performance        | 20. Right to Quit               |
- 

At the federal level, the IRS has recently refined this test for clarity. Please see the section marked “Common Law Rules” at the following IRS page for more details: <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Independent-Contractor-Self-Employed-or-Employee>

## THE ABC TEST:

- A. Whether the business controls the worker's performance of services;
- B. Whether the worker is operating an independent enterprise or business;  
and
- C. Whether the work is outside the usual course of business operations  
OR whether the worker is free to exercise discretion as to where the  
service will be performed.

## THE ECONOMIC REALITY TEST:

- The extent to which the work performed is an integral part of the employer's business.
- Whether the worker's managerial skills affect his or her opportunity for profit and loss.
- The relative investments in facilities and equipment by the worker *and* the employer.
- The worker's skill and initiative.
- The permanency of the worker's relationship with the employer.
- The nature and degree of control by the employer.

For more information on the Economic Reality Test, visit The U.S. Department of Labor's webpage on this topic:  
<http://www.dol.gov/whd/regs/compliance/whdfs13.htm>

# RECENT WORKER CLASSIFICATION LITIGATION

**Monell v. Boston Pads, LLC**, (unpublished), No. 11-3756 (Mass. Super. Ct. July 15, 2013).

**Barasani v. Coldwell Banker**, No. BC495767 (Cal. Sup. Ct.), complaint filed Nov. 15, 2012.

**Cruz v. Redfin**, No. RG13707955 (Cal. Supt. Ct.), complaint filed Dec. 23, 2013

**GOOD BUSINESS PRACTICES FOR BROKERS**  
**WITH INDEPENDENT CONTRACTOR**  
**SALESPEOPLE**

# FOR BROKERS WHO CLASSIFY THEIR SALESPEOPLE AS INDEPENDENT CONTRACTORS,

## DO:

- ✓ Have an independent contractor agreement in place.
- ✓ Have salespeople provide their own tools and materials, such as a car, computer, and mobile devices.
- ✓ Have salespeople cover their own expenses, including travel, gas, and mobile phone bills.
- ✓ Keep compensation commission-based.
- ✓ Have salespeople pay for and maintain their own health insurance\*.
- ✓ Become familiar with all applicable state and federal laws.

\* Broker E&O insurance can cover independent contractors without affecting worker classification. Check with an attorney licensed in your state regarding insurance-specific issues related to independent contractors.

**FOR BROKERS WHO CLASSIFY THEIR  
SALESPEOPLE AS INDEPENDENT CONTRACTORS,  
AVOID:**

- Requiring salespeople to provide non-essential reports or attend meetings.
- Making “manning the phones” or “desk duty” mandatory.
- Calling salespeople “employees” or “staff”.

# RESOURCES

- [www.REALTOR.org](http://www.REALTOR.org): Materials on our Independent Contractor resources page:  
<http://www.realtor.org/topics/independent-contractor>
  - “Ten Ways to Successfully Manage Your Independent Contractor Relationships”
  - Legal Affairs video discussing recent worker classification litigation
  - State labor law chart detailing states’ various approaches to classifying real estate professionals
  - Independent contractor FAQ
- Other Resources
  - IRS Website’s guide to worker classification: <http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/Independent-Contractor-Self-Employed-or-Employee>
  - US Department of Labor – Wage and Hour Division:  
<http://www.dol.gov/WHD/workers/Misclassification/index.htm>
  - Your state’s Department of Labor website
  - Your state’s real estate licensing authority’s website.

# Copyright Infringement

Jessica Edgerton, NAR Associate Counsel

# Digital Millennium Copyright Act (“DMCA”)

- Federal law enacted in 1998
- Limits liability for online service providers when certain criteria are met

# Safe Harbor

- Four DMCA Safe Harbor provisions
- Most applicable to our industry: 17 USC s. 512(c): Shields service providers from copyright infringement liability for content appearing “by reason of the storage at the direction of a user.”

# Situational Requirements for Safe Harbor

## Service Provider Cannot:

- Post the infringing content;
- Know that the content infringes a copyright, or be aware of facts that would make it obvious that the content infringes a copyright; or
- Receive any financial benefit that is directly tied to the infringing content.

# DMCA for Real Estate Professionals

- Applicable to IDX Feeds
- Blogs
- Ensure conforming DMCA policy posted

# Actions To Take for Safe Harbor Protection

## FIRST STEPS:

- Designate a copyright agent. Failure to do so can nullify Safe Harbor.
- Fill out form:  
<http://www.copyright.gov/onlinesp/agent.pdf>
  - \$105.00 filing fee
  - Consider designating MLS as Copyright Agent

# Actions To Take for Safe Harbor Protection

## SECOND STEP:

Post a DMCA Notice on website.

- Include policy statement that repeat infringers will be barred from further participation.
- Make sure copyright agent contact information and instructions for sending takedown notice are clear and complete.

# Actions To Take for Safe Harbor Protection

## THIRD STEP:

Comply promptly with any DMCA takedown notices.

gettyimages®

601 North 34th Street, Seattle, WA 98103  
Tel 1-800-972-4170 Fax 206 925 5001 www.gettyimages.com

[REDACTED]

[REDACTED]

Legal Department

[REDACTED]

**Re: Unauthorized Use of Getty Images' Photograph**  
**Reference Number [REDACTED]**

It has come to our attention that you are using an image (or images) represented by Getty Images for online promotional and/or editorial purposes. We have searched our records and were not able to locate a valid license for the use of the image(s) under your company's name. Attached is a copy of the image(s) in question along with the usage found on your company's website.

As the leading worldwide provider of digital media, Getty Images is deeply committed to protecting the interests, intellectual property rights and livelihood of the photographers, filmmakers and other artists who entrust Getty Images to license their work. Getty Images looks forward to amicably resolving this matter and appreciates your cooperation throughout this process.

As you may know, use of an image without a valid license is considered copyright infringement in violation of US copyright law, Title 17 of the United States Code. The purpose of this communication is to identify a previously purchased license or reach a fair settlement if no valid license exists.

**If you believe you have received this letter in error or have questions, please contact us at 1-800-972-4170 or email [licensecompliance@gettyimages.com](mailto:licensecompliance@gettyimages.com). Should you wish to resolve this matter by paying the settlement fee, please follow the remittance information included on the attached demand.**

**Within [REDACTED] days of the date of this letter please take the following action:**

If a valid license was purchased prior to the use of the image(s), please provide us the Getty Images' sales order, invoice number or other license information. If the image was licensed under an alternate company name (dba) or in the name of a third party, such as an advertising agency, please provide that company name and phone number.

If a valid license does not exist for the identified usage and you do not plan to use the image(s) moving forward, you must immediately cease and desist use of the image(s), and remove them from your website. In addition, attached is a demand representing the monetary settlement for the use of the image(s) in question. Payment of the attached demand will settle your company's unlicensed use of the referenced image(s). Please follow the remittance information on the attached demand. Payment must be received within [REDACTED] days of the date of this letter.

Please note that ceasing use of the image(s) does not absolve your company of its responsibility to pay for the image(s) already used without a license. Getty Images' Copyright Compliance Team is willing to discuss the circumstances surrounding this matter; however, absent appropriate licenses, Getty Images and its artists expect to be fairly compensated for the use of the image(s) in question.

If after settlement you would like to continue using the image(s), our Copyright Compliance Team can assist you with licensing the image(s) for future use.

If you have questions after reading this letter and the attached Frequently Asked Questions, please contact our Copyright Compliance Team. Please be sure to include your company name and reference number as they appear on the attached settlement demand in any correspondence. This information will help us to expedite our research.

This letter is without prejudice to Getty Images' rights and remedies, all of which are expressly reserved.

Sincerely,  
Copyright Compliance Team, Getty Images

[REDACTED]

[REDACTED]

# Complying with Notices

- Ensure allegedly infringing material is removed or disabled as quickly as possible.
- Notify the source of the allegedly infringing material of the claim. They may elect to file a counter-notice.
- If a counter-notice is provided, this must be passed on to the alleged copyright holder.
- If the alleged copyright holder does not file suit within 10 days after being provided a proper counter-notice, the material can be restored.

# Recent Litigation

Metropolitan Regional Information Systems, Inc. v.  
American Home Realty Network, Inc. 12-CV-00954-  
DKC (D. Md. Mar. 13. 2014)



# .REALTOR Domain Names

Presented by Chloe Hecht

# Top Level Domains (TLD)

- After the last “dot”
- Generic TLDs: .com, .net, .org,
- Country Code TLDs: .cn, .de, .ru

www.realtor.org

www.realtor.com

www.google.de

# New TLDs

- 1000+ new TLDs will be introduced in 2014
- Generic TLDs: .web, .book, .mail
- Brand TLDs: .walmart, .google, .nfl

# .REALTOR TLD



# .REALTOR TLD

- Leverage value of the REALTOR® Brand
- Who can register?
  - NAR Members, CREA Members
  - REALTOR® Firms/Offices
  - State and local REALTOR® Associations
  - REALTOR®-owned MLSs
  - NAR-affiliated institutes, groups and business partners
- The rules that govern members' use of the REALTOR® Membership Marks will also govern members' use of the .REALTOR domains.

# Definition

## **Real•tor** (re'al-tôr')

a registered collective membership mark which may be used by real estate professionals who are members of the NATIONAL ASSOCIATION of REALTORS® and subscribe to its Code of Ethics.

# Proper Use by Members

- In connection with their name
  - Sarah Smith, REALTOR®
  - REALTOR® Smith
- In connection with the full legal name of their real estate business
  - Smith Realty, REALTORS®
  - Sunshine, Inc., REALTORS®

# Proper Context

- Do not use the REALTOR<sup>®</sup> marks generically.  
REALTOR<sup>®</sup> = member  
REALTOR<sup>®</sup> ≠ real estate agent
- Do NOT modify “REALTOR<sup>®</sup>” with descriptive words or phrases.

# Use on the Internet

- The same rules governing the use of the REALTOR<sup>®</sup> marks in print apply in electronic media.
  - Domain names
  - Email addresses
  - Usernames in social media
- Remember:
  - With the name of a member or member's firm
  - No descriptive words or phrases!

# Examples of Proper Use

www.tsmithrealtor.com

Realtorjanechicago

www.smithrealtyrealtors.com

Janesmithrealtor

jdoerealtor@gmail.com

realtor\_jane\_number1

realtorjsmith@yahoo.com

chicagoassociationofrealtors

# Examples of Improper Use

www.bestrealtor.com

REALTOR\_mom

www.commercialrealtors.com

Hotshotrealtor

www.myREALTORjoe.com

JaneChicagoRealtor

yourlocalrealtor@gmail.com

Number1realtor

floridarealtorsmith@yahoo.com

# Your Use of the Marks

- Only use “REALTOR®” in its proper context and format.
- Identify and correct improper uses of the REALTOR® marks.

# Trademark Resources on [www.realtor.org](http://www.realtor.org)

The screenshot shows the National Association of Realtors' website. At the top left is the REALTOR logo. Below it is a navigation bar with links for News, Blogs & Videos; Research & Statistics; Member Benefits; Education; Events; Political Advocacy; and Law, Ethics & Policy. The main content area is titled "Membership Marks Manual" and includes a table of contents on the left and a main text area on the right. The table of contents lists sections such as Introduction, The Marks, Definition of REALTOR®, License to Use the Marks, Limitations on License, Use with a Member's Name, Use with a Firm Name, Use with a Board's Name, Specific Uses, Trademark Protection Program, and Sample Letters. The main text area contains an introduction to trademarks, a link to download the manual (PDF, 1 MB), and two videos explaining the importance of NAR's membership marks.

**MEMBERSHIP MARKS MANUAL HOME**

**Membership Marks Manual**

**INTRODUCTION**

**THE MARKS**

**DEFINITION OF REALTOR®**

**LICENSE TO USE THE MARKS**

**LIMITATIONS ON LICENSE**

**USE WITH A MEMBER'S NAME**

**USE WITH A FIRM NAME**

**USE WITH A BOARD'S NAME**

**SPECIFIC USES**

**TRADEMARK PROTECTION PROGRAM**

**SAMPLE LETTERS**

**Introduction to Trademarks**

It is important to use NAR's membership marks—including the REALTOR® logo and the terms REALTOR®, REALTOR-ASSOCIATE®, REALTORS®—correctly and according to the rules outlined in this Membership Marks Manual.

[Download this manual](#) (PDF, 1 MB), or browse using the links at the left.

Two videos help explain the importance of NAR's membership marks:

- [Make Our Marks Remarkable](#)
- [Why NAR Protects the REALTOR® Trademark](#)

Questions about this Manual can be directed to NAR's Legal Affairs team via e-mail to [trademark@realtors.org](mailto:trademark@realtors.org).

Copyright © 2013, NATIONAL ASSOCIATION OF REALTORS®

[Introduction to Trademarks](#)

[The MARKS: REALTOR®, REALTORS®, REALTOR-ASSOCIATE®, and the REALTOR® Logo](#)

[Definition of REALTOR®](#)

[License to Use the MARKS](#)

[Limitations on License to Use the MARKS](#)

[Use of the MARKS With a Member's Name](#)

[Use of the MARKS With a Member's Firm Name](#)

[Use of the MARKS by a Member Board](#)

[Specific Uses of the MARKS](#)

[Trademark Protection Program](#)

[Sample Letters](#)

- Membership Marks Manual
- Videos explaining the importance of NAR's trademark protection efforts
- Examples of proper and improper uses of the REALTOR® trademarks
- Template enforcement letters

# **.REALTOR Domain Names**

- These rules apply to .REALTOR domains
- Registrant's name must precede .REALTOR
- Firm name must match firm/office name in NRDS
- No descriptive or generic terms adjacent to .REALTOR
- Members may use .REALTOR domains only while membership is in good standing
- Member/Firm domains may not use REALTOR® before the “dot”

# Individual Names

- .REALTOR domain must incorporate name as it appears in the record used to verify membership
- May use aliases or initials however the domain must include a full first or full last name adjacent to the .REALTOR
- Generic terms can be used before the member's name
- Numbers can be used before or after the name

johndoe.REALTOR

jdoe.REALTOR

jwdoe.REALTOR

johndoe123.REALTOR

bubbadoe.REALTOR

# Firm Names

- .REALTOR domain must incorporate firm name as it appears in the record used to verify membership
- Other legal or DBA names are not permitted
- If exact match to NRDS record is not available, may include a number before or after the firm name
- May only be registered by the broker of record

SunnySideRealty.REALTOR

SunnySideRealty12.REALTOR

JohnWayneRealEstate.REALTOR

CoastalCanyonRealty.REALTOR

TheGroup.REALTOR

# Member Boards

- .REALTOR domain must consist of the official association name
- May use acronyms
- May not register a geographic-only domain name
- Full official names of each Member Board will be reserved for purchase by the Member Board
- NAR Member Boards may not display real property ads on the .REALTOR website

FloridaREALTORS.REALTOR

SouthwestFLBOR.REALTOR

REALTORAssociationofMaine.REALTOR

# Improper .REALTOR Domains

js.REALTOR

janesmiththebest.REALTOR

smithteam.REALTOR

Janesmithrealtor.REALTOR

# Launch of the .REALTOR Domain

- .REALTOR domains will be available in phases
- Individual members: October 23, 2014 on a first come, first serve basis
- First 500,000 NAR members and 10,000 CREA members will receive one .REALTOR domain free for one year
- Subsequent phases will be open to firms, Boards and Associations, and REALTOR®-owned MLSs.

**THANK YOU**

**Chloe Hecht**

**312-329-8248**

**[checht@realtor.org](mailto:checht@realtor.org)**

# CFPB's RESPA TILA Integrated Disclosure

Finley P. Maxson  
NAR Senior Counsel  
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(312) 329-8381

## **RESPA-TILA Integrated Disclosure**

### **A. Background**

#### **I. Impetus for change**

- a. Dodd-Frank directed CFPB to create integrated disclosure form.
- b. Improve disclosures to consumers by combining disclosure forms

#### **II. Overview of the new requirements**

- a. Create integrated “Loan Estimate” disclosure form, combining former Good Faith Estimate and Initial Truth-in-Lending (“TILA”) disclosure into one form
- b. Create integrated Closing Disclosure, combining HUD-1 and Final TILA disclosure
- c. New timing requirements
- d. New tolerance levels for variances in disclosed estimates
- e. New pre-disclosure requirements
- f. 5-year record retention requirement
- g. Does not apply to HELOCs, reverse mortgages, or mortgages secured by a mobile or a dwelling not attached to real property

#### **III. Effective date: August 1, 2015**

- a. Will still need to use old forms for all applications received prior to new effective date
- b. Should not use new forms prior to 8/1/2015

### **B. Loan Estimate**

#### **I. Requirements**

- a. Must be provided within three days of receipt of application
- b. Must contain good faith estimate of credit costs and transaction terms (“good faith” means using the best information reasonably available at the time of disclosure)

- c. Must be in writing and contain required information
- d. Can only change estimates in certain instances
- e. Lender cannot charge a fee until Loan Estimate is received by consumer and consumer has evidenced an intent to proceed with the transaction.
- f. Lender can estimate costs before providing official Loan Estimate, but must make clear with conspicuous disclaimers set forth by the CFPB that these estimates are not the official Loan Estimate.

## II. Content [see attached Model Estimate Loan Form]

### III. Delivery Requirements

- a. Required to be delivered or put in the mail not later than three days after receiving application; even if additional information is needed later, the application still triggers the disclosure requirement
- b. “Application” is the submission of a consumer’s financial information for the purposes of receiving a loan. Six required pieces of information from consumer: name, income, social security number, property address, estimate of property value, and amount of loan sought (can request more information).
- c. If application is delivered to mortgage broker, mortgage broker can provide the disclosure.

### IV. Tolerance Limitations

- a. Generally, lender is not acting in good faith if final charges exceed estimate; if less, lender is considered to be acting in good faith, regardless of tolerance limitations.
- b. Certain charges are not subject to tolerance limitation:
  - i. Prepaid interest; property insurance

- ii. Services required by the lender, if the consumer is allowed to shop for those services and the consumer selects a provider not on lender's list
  - iii. Changes in third party charges not required by lender
- c. Lender can only charge more if original disclosure met the definition of good faith.
- d. 10% cumulative tolerance allowed on the following charges: recording fees; third party services not paid to creditor or creditor's affiliate, or where consumer is allowed to shop for services and chooses a provider listed by creditor
- e. Zero tolerance for the following charges: fees to lender or lender's affiliate; fees paid to a third party if consumer is not allowed to shop for services; and transfer taxes
- f. Tolerance limits are cumulative, meaning one permitted charge could exceed 10%.
- g. If amounts exceed the tolerance limitations or zero tolerance limitations, lender must refund excess amounts to consumer within 60 days after closing.

#### V. Revisions & Corrections

- a. Only allowed to revise for a change in circumstances, such as consumer's eligibility for a loan or other circumstances which cause settlement charges to increase; not permitted to revise due to errors in calculation or mistakes or failing to collect all required information in original loan application
- b. General rule is that lender is bound by Loan Estimate, and can only increase charges if justified; change in circumstance is extraordinary event not contemplated by either party or new information about the consumer (examples of "extraordinary circumstances": title company goes out of business; natural

disaster; or new information about the property becomes known)

- c. Can also increase Loan Estimate in the following instances: consumer requests revisions; interest rate was not locked; consumer indicates intent to proceed more than 10 business days after Loan Estimate provided; or loan is for new construction and construction is delayed
- d. Loan Estimate must be provided seven business days prior to closing; cannot revise Loan Estimate after Closing Disclosure has been provided.

### C. Closing Disclosure

#### I. Requirements

- a. Must be provided no later than three business days before closing (or “consummation” of the loan- when consumer becomes contractually bound to the loan)
- b. Must contain actual terms and costs of the transaction; any estimates must be in “good faith”
- c. Must contain required information, as set forth on the form
- d. If certain terms change between Closing Disclosure and closing, three-day waiting period is reset and new Closing Disclosure to be provided. Terms requiring new disclosure are: APR becomes inaccurate; loan product changes; or prepayment penalty is added.

#### II. Contents [See attached Mortgage Loan Transaction Closing Disclosure]

#### III. Delivery Requirements

- a. Disclosure can be delivered in person; email, if consumer consents; or mail. Mail (postal or electronic) is presumed received three business days after mailing.

- b. Settlement agent can provide Closing Disclosure statement for creditor; settlement agent is responsible for providing a disclosure statement to the seller, which could be the same form or a separate form.
- c. Consumer can waive three-business day waiting period in a bona fide personal emergency and provides a written waiver that describes the emergency.
- d. Post-closing, a revised Closing Disclosure may be required if an event occurs within 30 days of the closing that causes the Closing Disclosure to become inaccurate, such as non-numerical clerical errors (i.e., wrong address) or refunds for tolerance violations.

D. Links

<http://www.consumerfinance.gov/regulatory-implementation/tila-respa/>

<http://www.realtor.org/topics/respa-tila-harmonization>

# TILA RESPA Integrated Disclosure

## H-25(A) Mortgage Loan Transaction Closing Disclosure – Model Form

This is a blank model Closing Disclosure that illustrates the content requirements in 12 CFR § 1026.38. This form provides three variations of page one, one page two, one page three, four variations of page four, and four variations of page five, reflecting the variable content requirements in 12 CFR § 1026.38. This form does not reflect modifications permitted under 12 CFR § 1026.38(t).

# Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

## Closing Information

**Date Issued**  
**Closing Date**  
**Disbursement Date**  
**Settlement Agent**  
**File #**  
**Property**  
  
**Sale Price**

## Transaction Information

**Borrower**  
  
**Seller**  
  
**Lender**

## Loan Information

**Loan Term**  
**Purpose**  
**Product**  
  
**Loan Type**     Conventional     FHA  
                           VA     \_\_\_\_\_  
**Loan ID #**  
**MIC #**

Loan Terms	Can this amount increase after closing?
<b>Loan Amount</b>	
<b>Interest Rate</b>	
<b>Monthly Principal &amp; Interest</b> <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	
	Does the loan have these features?
<b>Prepayment Penalty</b>	
<b>Balloon Payment</b>	

Projected Payments			
Payment Calculation			
Principal & Interest			
Mortgage Insurance			
Estimated Escrow <i>Amount can increase over time</i>			
Estimated Total Monthly Payment			
<b>Estimated Taxes, Insurance &amp; Assessments</b> <i>Amount can increase over time See page 4 for details</i>	<table border="0"> <tr> <td style="vertical-align: top;"> <b>This estimate includes</b>  <input type="checkbox"/> Property Taxes  <input type="checkbox"/> Homeowner's Insurance  <input type="checkbox"/> Other:  <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i> </td> <td style="vertical-align: top; text-align: right;"> <b>In escrow?</b> </td> </tr> </table>	<b>This estimate includes</b> <input type="checkbox"/> Property Taxes <input type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>	<b>In escrow?</b>
<b>This estimate includes</b> <input type="checkbox"/> Property Taxes <input type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>	<b>In escrow?</b>		

Costs at Closing	
<b>Closing Costs</b>	Includes _____ in Loan Costs + _____ in Other Costs – _____ in Lender Credits. <i>See page 2 for details.</i>
<b>Cash to Close</b>	Includes Closing Costs. <i>See Calculating Cash to Close on page 3 for details.</i>

# Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

## Closing Information

Date Issued  
Closing Date  
Disbursement Date  
Settlement Agent  
File #  
Property

Appraised Prop. Value

## Transaction Information

Borrower

Seller

Lender

## Loan Information

Loan Term  
Purpose  
Product

Loan Type  Conventional  FHA  
 VA  \_\_\_\_\_

Loan ID #  
MIC #

### Loan Terms

### Can this amount increase after closing?

Loan Amount

Interest Rate

Monthly Principal & Interest

See Projected Payments below for your Estimated Total Monthly Payment

### Does the loan have these features?

Prepayment Penalty

Balloon Payment

### Projected Payments

Payment Calculation

Principal & Interest

Mortgage Insurance

Estimated Escrow  
Amount can increase over time

Estimated Total Monthly Payment

Estimated Taxes, Insurance & Assessments

Amount can increase over time  
See page 4 for details

This estimate includes

- Property Taxes
- Homeowner's Insurance
- Other:

In escrow?

See Escrow Account on page 4 for details. You must pay for other property costs separately.

### Costs at Closing

Closing Costs

Includes \_\_\_\_\_ in Loan Costs + \_\_\_\_\_ in Other Costs –  
in Lender Credits. See page 2 for details.

Cash to Close

Includes Closing Costs. See Calculating Cash to Close on page 3 for details.

# Closing Disclosure

This form is a statement of final loan terms and closing costs. Compare this document with your Loan Estimate.

## Closing Information

**Date Issued**  
**Closing Date**  
**Disbursement Date**  
**Settlement Agent**  
**File #**  
**Property**  
  
**Estimated Prop. Value**

## Transaction Information

**Borrower**  
  
**Seller**  
  
**Lender**

## Loan Information

**Loan Term**  
**Purpose**  
**Product**  
  
**Loan Type**     Conventional     FHA  
                           VA     \_\_\_\_\_  
**Loan ID #**  
**MIC #**

Loan Terms	Can this amount increase after closing?
<b>Loan Amount</b>	
<b>Interest Rate</b>	
<b>Monthly Principal &amp; Interest</b> <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	
Does the loan have these features?	
<b>Prepayment Penalty</b>	
<b>Balloon Payment</b>	

Projected Payments			
Payment Calculation			
Principal & Interest			
Mortgage Insurance			
Estimated Escrow <i>Amount can increase over time</i>			
<b>Estimated Total Monthly Payment</b>			
<b>Estimated Taxes, Insurance &amp; Assessments</b> <i>Amount can increase over time</i> <i>See page 4 for details</i>	<table border="0"> <tr> <td style="vertical-align: top;"> <b>This estimate includes</b>  <input type="checkbox"/> Property Taxes  <input type="checkbox"/> Homeowner's Insurance  <input type="checkbox"/> Other:  <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i> </td> <td style="vertical-align: top; padding-left: 20px;"> <b>In escrow?</b> </td> </tr> </table>	<b>This estimate includes</b> <input type="checkbox"/> Property Taxes <input type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>	<b>In escrow?</b>
<b>This estimate includes</b> <input type="checkbox"/> Property Taxes <input type="checkbox"/> Homeowner's Insurance <input type="checkbox"/> Other: <i>See Escrow Account on page 4 for details. You must pay for other property costs separately.</i>	<b>In escrow?</b>		

Costs at Closing	
<b>Closing Costs</b>	Includes _____ in Loan Costs + _____ in Other Costs – _____ in Lender Credits. <i>See page 2 for details.</i>
<b>Cash to Close</b>	Includes Closing Costs. <i>See Calculating Cash to Close on page 3 for details.</i>

# Closing Cost Details

Loan Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
<b>A. Origination Charges</b>					
01 % of Loan Amount (Points)					
02					
03					
04					
05					
06					
07					
08					
<b>B. Services Borrower Did Not Shop For</b>					
01					
02					
03					
04					
05					
06					
07					
08					
09					
10					
<b>C. Services Borrower Did Shop For</b>					
01					
02					
03					
04					
05					
06					
07					
08					
<b>D. TOTAL LOAN COSTS (Borrower-Paid)</b>					
Loan Costs Subtotals (A + B + C)					
<b>Other Costs</b>					
<b>E. Taxes and Other Government Fees</b>					
01 Recording Fees                      Deed:                      Mortgage:					
02					
<b>F. Prepays</b>					
01 Homeowner's Insurance Premium (    mo.)					
02 Mortgage Insurance Premium (    mo.)					
03 Prepaid Interest (    per day from    to    )					
04 Property Taxes (    mo.)					
05					
<b>G. Initial Escrow Payment at Closing</b>					
01 Homeowner's Insurance                      per month for    mo.					
02 Mortgage Insurance                      per month for    mo.					
03 Property Taxes                      per month for    mo.					
04					
05					
06					
07					
08 Aggregate Adjustment					
<b>H. Other</b>					
01					
02					
03					
04					
05					
06					
07					
08					
<b>I. TOTAL OTHER COSTS (Borrower-Paid)</b>					
Other Costs Subtotals (E + F + G + H)					
<b>J. TOTAL CLOSING COSTS (Borrower-Paid)</b>					
Closing Costs Subtotals (D + I)					
Lender Credits					

## Calculating Cash to Close

Use this table to see what has changed from your Loan Estimate.

	Loan Estimate	Final	Did this change?
Total Closing Costs (J)			
Closing Costs Paid Before Closing			
Closing Costs Financed (Paid from your Loan Amount)			
Down Payment/Funds from Borrower			
Deposit			
Funds for Borrower			
Seller Credits			
Adjustments and Other Credits			
<b>Cash to Close</b>			

## Summaries of Transactions

Use this table to see a summary of your transaction.

### BORROWER'S TRANSACTION

#### K. Due from Borrower at Closing

- 01 Sale Price of Property
- 02 Sale Price of Any Personal Property Included in Sale
- 03 Closing Costs Paid at Closing (J)
- 04

#### Adjustments

- 05
- 06
- 07

#### Adjustments for Items Paid by Seller in Advance

- 08 City/Town Taxes to
- 09 County Taxes to
- 10 Assessments to
- 11
- 12
- 13
- 14
- 15

#### L. Paid Already by or on Behalf of Borrower at Closing

- 01 Deposit
- 02 Loan Amount
- 03 Existing Loan(s) Assumed or Taken Subject to
- 04
- 05 Seller Credit

#### Other Credits

- 06
- 07

#### Adjustments

- 08
- 09
- 10
- 11

#### Adjustments for Items Unpaid by Seller

- 12 City/Town Taxes to
- 13 County Taxes to
- 14 Assessments to
- 15
- 16
- 17

### CALCULATION

- Total Due from Borrower at Closing (K)
- Total Paid Already by or on Behalf of Borrower at Closing (L)

**Cash to Close**  From  To Borrower

### SELLER'S TRANSACTION

#### M. Due to Seller at Closing

- 01 Sale Price of Property
- 02 Sale Price of Any Personal Property Included in Sale
- 03
- 04
- 05
- 06
- 07
- 08

#### Adjustments for Items Paid by Seller in Advance

- 09 City/Town Taxes to
- 10 County Taxes to
- 11 Assessments to
- 12
- 13
- 14
- 15
- 16

#### N. Due from Seller at Closing

- 01 Excess Deposit
- 02 Closing Costs Paid at Closing (J)
- 03 Existing Loan(s) Assumed or Taken Subject to
- 04 Payoff of First Mortgage Loan
- 05 Payoff of Second Mortgage Loan
- 06
- 07
- 08 Seller Credit
- 09
- 10
- 11
- 12
- 13

#### Adjustments for Items Unpaid by Seller

- 14 City/Town Taxes to
- 15 County Taxes to
- 16 Assessments to
- 17
- 18
- 19

### CALCULATION

- Total Due to Seller at Closing (M)
- Total Due from Seller at Closing (N)

**Cash**  From  To Seller

# Additional Information About This Loan

## Loan Disclosures

### Assumption

- If you sell or transfer this property to another person, your lender
- will allow, under certain conditions, this person to assume this loan on the original terms.
  - will not allow assumption of this loan on the original terms.

### Demand Feature

Your loan

- has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
- does not have a demand feature.

### Late Payment

If your payment is more than \_\_\_ days late, your lender will charge a late fee of \_\_\_\_\_

### Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

- are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- do not have a negative amortization feature.

### Partial Payments

Your lender

- may accept payments that are less than the full amount due (partial payments) and apply them to your loan.
- may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
- does not accept any partial payments.

If this loan is sold, your new lender may have a different policy.

### Security Interest

You are granting a security interest in \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

### Escrow Account

**For now,** your loan

- will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		
Escrowed Property Costs over Year 1		Estimated total amount over year 1 for your escrowed property costs:
Non-Escrowed Property Costs over Year 1		Estimated total amount over year 1 for your non-escrowed property costs:  You may have other property costs.
Initial Escrow Payment		A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment		The amount included in your total monthly payment.

- will not have an escrow account because  you declined it  your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow		
Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

### In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

# Additional Information About This Loan

## Loan Disclosures

### Assumption

- If you sell or transfer this property to another person, your lender
- will allow, under certain conditions, this person to assume this loan on the original terms.
  - will not allow assumption of this loan on the original terms.

### Demand Feature

Your loan

- has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
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If your payment is more than \_\_\_ days late, your lender will charge a late fee of \_\_\_\_\_

### Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

- are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- do not have a negative amortization feature.

### Partial Payments

Your lender

- may accept payments that are less than the full amount due (partial payments) and apply them to your loan.
- may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
- does not accept any partial payments.

If this loan is sold, your new lender may have a different policy.

### Security Interest

You are granting a security interest in \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

### Escrow Account

**For now,** your loan

- will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		
Escrowed Property Costs over Year 1		Estimated total amount over year 1 for your escrowed property costs:
Non-Escrowed Property Costs over Year 1		Estimated total amount over year 1 for your non-escrowed property costs:  You may have other property costs.
Initial Escrow Payment		A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment		The amount included in your total monthly payment.

- will not have an escrow account because  you declined it  your lender does not offer one. You must directly pay your property costs, such as taxes and homeowner's insurance. Contact your lender to ask if your loan can have an escrow account.

No Escrow		
Estimated Property Costs over Year 1		Estimated total amount over year 1. You must pay these costs directly, possibly in one or two large payments a year.
Escrow Waiver Fee		

### In the future,

Your property costs may change and, as a result, your escrow payment may change. You may be able to cancel your escrow account, but if you do, you must pay your property costs directly. If you fail to pay your property taxes, your state or local government may (1) impose fines and penalties or (2) place a tax lien on this property. If you fail to pay any of your property costs, your lender may (1) add the amounts to your loan balance, (2) add an escrow account to your loan, or (3) require you to pay for property insurance that the lender buys on your behalf, which likely would cost more and provide fewer benefits than what you could buy on your own.

## Adjustable Payment (AP) Table

Interest Only Payments?	
Optional Payments?	
Step Payments?	
Seasonal Payments?	
<b>Monthly Principal and Interest Payments</b>	
First Change/Amount	
Subsequent Changes	
Maximum Payment	

## Adjustable Interest Rate (AIR) Table

Index + Margin	
Initial Interest Rate	
Minimum/Maximum Interest Rate	
<b>Change Frequency</b>	
First Change	
Subsequent Changes	
<b>Limits on Interest Rate Changes</b>	
First Change	
Subsequent Changes	

# Additional Information About This Loan

## Loan Disclosures

### Assumption

- If you sell or transfer this property to another person, your lender
- will allow, under certain conditions, this person to assume this loan on the original terms.
  - will not allow assumption of this loan on the original terms.

### Demand Feature

Your loan

- has a demand feature, which permits your lender to require early repayment of the loan. You should review your note for details.
- does not have a demand feature.

### Late Payment

If your payment is more than \_\_\_ days late, your lender will charge a late fee of \_\_\_\_\_

### Negative Amortization (Increase in Loan Amount)

Under your loan terms, you

- are scheduled to make monthly payments that do not pay all of the interest due that month. As a result, your loan amount will increase (negatively amortize), and your loan amount will likely become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- may have monthly payments that do not pay all of the interest due that month. If you do, your loan amount will increase (negatively amortize), and, as a result, your loan amount may become larger than your original loan amount. Increases in your loan amount lower the equity you have in this property.
- do not have a negative amortization feature.

### Partial Payments

Your lender

- may accept payments that are less than the full amount due (partial payments) and apply them to your loan.
- may hold them in a separate account until you pay the rest of the payment, and then apply the full payment to your loan.
- does not accept any partial payments.

If this loan is sold, your new lender may have a different policy.

### Security Interest

You are granting a security interest in \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

You may lose this property if you do not make your payments or satisfy other obligations for this loan.

### Escrow Account

**For now,** your loan

- will have an escrow account (also called an "impound" or "trust" account) to pay the property costs listed below. Without an escrow account, you would pay them directly, possibly in one or two large payments a year. Your lender may be liable for penalties and interest for failing to make a payment.

Escrow		
Escrowed Property Costs over Year 1		Estimated total amount over year 1 for your escrowed property costs:
Non-Escrowed Property Costs over Year 1		Estimated total amount over year 1 for your non-escrowed property costs:  You may have other property costs.
Initial Escrow Payment		A cushion for the escrow account you pay at closing. See Section G on page 2.
Monthly Escrow Payment		The amount included in your total monthly payment.

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## Adjustable Interest Rate (AIR) Table

Index + Margin
Initial Interest Rate
Minimum/Maximum Interest Rate
<b>Change Frequency</b>
First Change
Subsequent Changes
<b>Limits on Interest Rate Changes</b>
First Change
Subsequent Changes

## Loan Calculations

**Total of Payments.** Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.

**Finance Charge.** The dollar amount the loan will cost you.

**Amount Financed.** The loan amount available after paying your upfront finance charge.

**Annual Percentage Rate (APR).** Your costs over the loan term expressed as a rate. This is not your interest rate.

**Total Interest Percentage (TIP).** The total amount of interest that you will pay over the loan term as a percentage of your loan amount.



**Questions?** If you have questions about the loan terms or costs on this form, use the contact information below. To get more information or make a complaint, contact the Consumer Financial Protection Bureau at [www.consumerfinance.gov/mortgage-closing](http://www.consumerfinance.gov/mortgage-closing)

## Other Disclosures

### Appraisal

If the property was appraised for your loan, your lender is required to give you a copy at no additional cost at least 3 days before closing. If you have not yet received it, please contact your lender at the information listed below.

### Contract Details

See your note and security instrument for information about

- what happens if you fail to make your payments,
- what is a default on the loan,
- situations in which your lender can require early repayment of the loan, and
- the rules for making payments before they are due.

### Liability after Foreclosure

If your lender forecloses on this property and the foreclosure does not cover the amount of unpaid balance on this loan,

- state law may protect you from liability for the unpaid balance. If you refinance or take on any additional debt on this property, you may lose this protection and have to pay any debt remaining even after foreclosure. You may want to consult a lawyer for more information.
- state law does not protect you from liability for the unpaid balance.

### Refinance

Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.

### Tax Deductions

If you borrow more than this property is worth, the interest on the loan amount above this property's fair market value is not deductible from your federal income taxes. You should consult a tax advisor for more information.

## Contact Information

	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
Name					
Address					
NMLS ID					
___ License ID					
Contact					
Contact NMLS ID					
Contact ___ License ID					
Email					
Phone					

## Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature

Date

Co-Applicant Signature

Date

## Loan Calculations

<b>Total of Payments.</b> Total you will have paid after you make all payments of principal, interest, mortgage insurance, and loan costs, as scheduled.	
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### Loan Acceptance

You do not have to accept this loan because you have received this form or signed a loan application.

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## Contact Information

	Lender	Mortgage Broker	Real Estate Broker (B)	Real Estate Broker (S)	Settlement Agent
<b>Name</b>					
<b>Address</b>					
<b>NMLS ID</b>					
<b>___ License ID</b>					
<b>Contact</b>					
<b>Contact NMLS ID</b>					
<b>Contact ___ License ID</b>					
<b>Email</b>					
<b>Phone</b>					

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Name					
Address					
NMLS ID					
___ License ID					
Contact					
Contact NMLS ID					
Contact ___ License ID					
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Phone					

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Date

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Date

## Loan Calculations

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Name					
Address					
NMLS ID					
___ License ID					
Contact					
Contact NMLS ID					
Contact ___ License ID					
Email					
Phone					

# TILA RESPA Integrated Disclosure

## H-24(A) Mortgage Loan Transaction Loan Estimate – Model Form

This is a blank model Loan Estimate that illustrates the application of the content requirements in 12 CFR § 1026.37. This form provides two variations of page one, four variations of page two, and four variations of page three, reflecting the variable content requirements in 12 CFR § 1026.37.

Save this Loan Estimate to compare with your Closing Disclosure.

# Loan Estimate

DATE ISSUED  
APPLICANTS

PROPERTY  
SALE PRICE

LOAN TERM

PURPOSE

PRODUCT

LOAN TYPE  Conventional  FHA  VA  \_\_\_\_\_

LOAN ID #

RATE LOCK  NO  YES, until

Before closing, your interest rate, points, and lender credits can change unless you lock the interest rate. All other estimated closing costs expire on

Loan Terms	Can this amount increase after closing?
<b>Loan Amount</b>	
<b>Interest Rate</b>	
<b>Monthly Principal &amp; Interest</b> <i>See Projected Payments below for your Estimated Total Monthly Payment</i>	
	Does the loan have these features?
<b>Prepayment Penalty</b>	
<b>Balloon Payment</b>	

Projected Payments	
<b>Payment Calculation</b>	
Principal & Interest	
Mortgage Insurance	
Estimated Escrow <i>Amount can increase over time</i>	
<b>Estimated Total Monthly Payment</b>	
<b>Estimated Taxes, Insurance &amp; Assessments</b> <i>Amount can increase over time</i>	<p><b>This estimate includes</b></p> <p><input type="checkbox"/> Property Taxes</p> <p><input type="checkbox"/> Homeowner's Insurance</p> <p><input type="checkbox"/> Other:</p> <p><i>See Section G on page 2 for escrowed property costs. You must pay for other property costs separately.</i></p>
	<b>In escrow?</b>

Costs at Closing	
<b>Estimated Closing Costs</b>	Includes _____ in Loan Costs + _____ in Other Costs – _____ in Lender Credits. <i>See page 2 for details.</i>
<b>Estimated Cash to Close</b>	Includes Closing Costs. <i>See Calculating Cash to Close on page 2 for details.</i>

Visit [www.consumerfinance.gov/mortgage-estimate](http://www.consumerfinance.gov/mortgage-estimate) for general information and tools.

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# Loan Estimate

DATE ISSUED  
APPLICANTS

PROPERTY  
EST. PROP. VALUE

LOAN TERM  
PURPOSE  
PRODUCT  
LOAN TYPE  Conventional  FHA  VA  \_\_\_\_\_  
LOAN ID #  
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Projected Payments	
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# Closing Cost Details

## Loan Costs

### A. Origination Charges

% of Loan Amount (Points)

### B. Services You Cannot Shop For

### C. Services You Can Shop For

### D. TOTAL LOAN COSTS (A + B + C)

## Other Costs

### E. Taxes and Other Government Fees

Recording Fees and Other Taxes  
Transfer Taxes

### F. Prepaids

Homeowner's Insurance Premium (    months)  
Mortgage Insurance Premium (    months)  
Prepaid Interest (    per day for    days @    )  
Property Taxes (    months)

### G. Initial Escrow Payment at Closing

Homeowner's Insurance	per month for	mo.
Mortgage Insurance	per month for	mo.
Property Taxes	per month for	mo.

### H. Other

### I. TOTAL OTHER COSTS (E + F + G + H)

### J. TOTAL CLOSING COSTS

D + I  
Lender Credits

## Calculating Cash to Close

Total Closing Costs (J)  
Closing Costs Financed (Paid from your Loan Amount)  
Down Payment/Funds from Borrower  
Deposit  
Funds for Borrower  
Seller Credits  
Adjustments and Other Credits

### Estimated Cash to Close

# Closing Cost Details

## Loan Costs

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% of Loan Amount (Points)

### B. Services You Cannot Shop For

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Maximum Payment	

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Recording Fees and Other Taxes  
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Mortgage Insurance Premium (    months)  
Prepaid Interest (    per day for    days @    )  
Property Taxes (    months)

### G. Initial Escrow Payment at Closing

Homeowner's Insurance	per month for	mo.
Mortgage Insurance	per month for	mo.
Property Taxes	per month for	mo.

### H. Other

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### J. TOTAL CLOSING COSTS

D + I  
Lender Credits

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Total Closing Costs (J)  
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Down Payment/Funds from Borrower  
Deposit  
Funds for Borrower  
Seller Credits  
Adjustments and Other Credits

### Estimated Cash to Close

## Adjustable Interest Rate (AIR) Table

Index + Margin
Initial Interest Rate
Minimum/Maximum Interest Rate
<b>Change Frequency</b>
First Change
Subsequent Changes
<b>Limits on Interest Rate Changes</b>
First Change
Subsequent Changes

# Closing Cost Details

## Loan Costs

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### D. TOTAL LOAN COSTS (A + B + C)

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Seasonal Payments?	
<b>Monthly Principal and Interest Payments</b>	
First Change/Amount	
Subsequent Changes	
Maximum Payment	

## Other Costs

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Recording Fees and Other Taxes  
Transfer Taxes

### F. Prepaids

Homeowner's Insurance Premium (    months)  
Mortgage Insurance Premium (    months)  
Prepaid Interest (    per day for    days @    )  
Property Taxes (    months)

### G. Initial Escrow Payment at Closing

Homeowner's Insurance	per month for	mo.
Mortgage Insurance	per month for	mo.
Property Taxes	per month for	mo.

### H. Other

### I. TOTAL OTHER COSTS (E + F + G + H)

### J. TOTAL CLOSING COSTS

D + I  
Lender Credits

## Calculating Cash to Close

Total Closing Costs (J)  
Closing Costs Financed (Paid from your Loan Amount)  
Down Payment/Funds from Borrower  
Deposit  
Funds for Borrower  
Seller Credits  
Adjustments and Other Credits

### Estimated Cash to Close

# Closing Cost Details

## Loan Costs

### A. Origination Charges

% of Loan Amount (Points)

### B. Services You Cannot Shop For

### C. Services You Can Shop For

### D. TOTAL LOAN COSTS (A + B + C)

## Other Costs

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Recording Fees and Other Taxes  
Transfer Taxes

### F. Prepaids

Homeowner's Insurance Premium (    months)  
Mortgage Insurance Premium (    months)  
Prepaid Interest (    per day for    days @    )  
Property Taxes (    months)

### G. Initial Escrow Payment at Closing

Homeowner's Insurance	per month for	mo.
Mortgage Insurance	per month for	mo.
Property Taxes	per month for	mo.

### H. Other

### I. TOTAL OTHER COSTS (E + F + G + H)

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D + I  
Lender Credits

## Calculating Cash to Close

Total Closing Costs (J)  
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Funds for Borrower  
Seller Credits  
Adjustments and Other Credits

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Index + Margin  
Initial Interest Rate  
Minimum/Maximum Interest Rate

### Change Frequency

First Change  
Subsequent Changes

### Limits on Interest Rate Changes

First Change  
Subsequent Changes

## Additional Information About This Loan

LENDER  
 NMLS/\_\_\_ LICENSE ID  
 LOAN OFFICER  
 NMLS/\_\_\_ LICENSE ID  
 EMAIL  
 PHONE

MORTGAGE BROKER  
 NMLS/\_\_\_ LICENSE ID  
 LOAN OFFICER  
 NMLS/\_\_\_ LICENSE ID  
 EMAIL  
 PHONE

Comparisons	Use these measures to compare this loan with other loans.
<b>In 5 Years</b>	Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
<b>Annual Percentage Rate (APR)</b>	Your costs over the loan term expressed as a rate. This is not your interest rate.
<b>Total Interest Percentage (TIP)</b>	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Considerations	
<b>Appraisal</b>	We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
<b>Assumption</b>	If you sell or transfer this property to another person, we <input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input type="checkbox"/> will not allow assumption of this loan on the original terms.
<b>Homeowner's Insurance</b>	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
<b>Late Payment</b>	If your payment is more than ___ days late, we will charge a late fee of _____
<b>Refinance</b>	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
<b>Servicing</b>	We intend <input type="checkbox"/> to service your loan. If so, you will make your payments to us. <input type="checkbox"/> to transfer servicing of your loan.

**Confirm Receipt**

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_ Co-Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_

## Additional Information About This Loan

LENDER  
 NMLS/\_\_\_ LICENSE ID  
 LOAN OFFICER  
 NMLS/\_\_\_ LICENSE ID  
 EMAIL  
 PHONE

MORTGAGE BROKER  
 NMLS/\_\_\_ LICENSE ID  
 LOAN OFFICER  
 NMLS/\_\_\_ LICENSE ID  
 EMAIL  
 PHONE

Comparisons	Use these measures to compare this loan with other loans.
<b>In 5 Years</b>	Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
<b>Annual Percentage Rate (APR)</b>	Your costs over the loan term expressed as a rate. This is not your interest rate.
<b>Total Interest Percentage (TIP)</b>	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Considerations	
<b>Appraisal</b>	We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.
<b>Assumption</b>	If you sell or transfer this property to another person, we <input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input type="checkbox"/> will not allow assumption of this loan on the original terms.
<b>Homeowner's Insurance</b>	This loan requires homeowner's insurance on the property, which you may obtain from a company of your choice that we find acceptable.
<b>Late Payment</b>	If your payment is more than ___ days late, we will charge a late fee of _____
<b>Loan Acceptance</b>	You do not have to accept this loan because you have received this form or signed a loan application.
<b>Refinance</b>	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
<b>Servicing</b>	We intend <input type="checkbox"/> to service your loan. If so, you will make your payments to us. <input type="checkbox"/> to transfer servicing of your loan.

## Additional Information About This Loan

LENDER  
 NMLS/\_\_\_ LICENSE ID  
 LOAN OFFICER  
 NMLS/\_\_\_ LICENSE ID  
 EMAIL  
 PHONE

MORTGAGE BROKER  
 NMLS/\_\_\_ LICENSE ID  
 LOAN OFFICER  
 NMLS/\_\_\_ LICENSE ID  
 EMAIL  
 PHONE

Comparisons	Use these measures to compare this loan with other loans.
<b>In 5 Years</b>	Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
<b>Annual Percentage Rate (APR)</b>	Your costs over the loan term expressed as a rate. This is not your interest rate.
<b>Total Interest Percentage (TIP)</b>	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Considerations	
<b>Assumption</b>	If you sell or transfer this property to another person, we <input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input type="checkbox"/> will not allow assumption of this loan on the original terms.
<b>Late Payment</b>	If your payment is more than ___ days late, we will charge a late fee of _____
<b>Refinance</b>	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
<b>Servicing</b>	We intend <input type="checkbox"/> to service your loan. If so, you will make your payments to us. <input type="checkbox"/> to transfer servicing of your loan.

### Confirm Receipt

By signing, you are only confirming that you have received this form. You do not have to accept this loan because you have signed or received this form.

Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_ Co-Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_

## Additional Information About This Loan

LENDER  
 NMLS/\_\_\_ LICENSE ID  
 LOAN OFFICER  
 NMLS/\_\_\_ LICENSE ID  
 EMAIL  
 PHONE

MORTGAGE BROKER  
 NMLS/\_\_\_ LICENSE ID  
 LOAN OFFICER  
 NMLS/\_\_\_ LICENSE ID  
 EMAIL  
 PHONE

Comparisons	Use these measures to compare this loan with other loans.
<b>In 5 Years</b>	Total you will have paid in principal, interest, mortgage insurance, and loan costs. Principal you will have paid off.
<b>Annual Percentage Rate (APR)</b>	Your costs over the loan term expressed as a rate. This is not your interest rate.
<b>Total Interest Percentage (TIP)</b>	The total amount of interest that you will pay over the loan term as a percentage of your loan amount.

Other Considerations	
<b>Assumption</b>	If you sell or transfer this property to another person, we <input type="checkbox"/> will allow, under certain conditions, this person to assume this loan on the original terms. <input type="checkbox"/> will not allow assumption of this loan on the original terms.
<b>Late Payment</b>	If your payment is more than ___ days late, we will charge a late fee of _____
<b>Loan Acceptance</b>	You do not have to accept this loan because you have received this form or signed a loan application.
<b>Refinance</b>	Refinancing this loan will depend on your future financial situation, the property value, and market conditions. You may not be able to refinance this loan.
<b>Servicing</b>	We intend <input type="checkbox"/> to service your loan. If so, you will make your payments to us. <input type="checkbox"/> to transfer servicing of your loan.

# MLS & PROFESSIONAL STANDARDS UPDATE

KEVIN MILLIGAN, VP BOARD POLICY & PROGRAMS

# MLS UPDATE

# **MLS UPDATE**

**MLS Technology and Emerging Issues Advisory Board met September 18 & 19.**

**Four recommendations for consideration by the NAR Multiple Listing Issues and Policies Committee at the REALTORS® Conference and Expo in New Orleans.**

# MLS UPDATE

**Recommendation 1: Amendments to NAR's IDX Policy and IDX Rules reducing the time to refresh all MLS IDX downloads and displays to not less frequently than 12 hours. The current requirement is not less than three (3) days.**

# MLS UPDATE

**Recommendation 2: Amendments to NAR's IDX Policy and IDX Rules to require inclusion of sold information in IDX feeds unless sold information is not publicly accessible.**

# MLS UPDATE

**Recommendation 3: Amendments to NAR's IDX Policy and IDX Rules allowing MLS Participants (and where permitted locally, MLS Subscribers) to comingle IDX data feeds from REALTOR® Association MLSs where the MLS Participants and MLS Subscribers hold participatory rights.**

# MLS UPDATE

**“Comingling” as used in the IDX policy means that consumers can execute a single property search of multiple IDX data feeds resulting in the display of IDX information on a single search results page; and that MLS Participants and MLS Subscribers may display listings from each MLS IDX feed on a single webpage or display.**

# MLS UPDATE

**Recommendation 4: Amendments to MLS Policy Statement 7.90, Real Estate Transaction Standards (RETS), to require adoption and implementation of RETS Web API by January 1, 2016.**

# MLS UPDATE

What is an API?

API, short for Application Program Interface, describes a data transfer method that eliminates the need to copy listings between servers. The MLS becomes the original and only source of MLS property data.

# MLS UPDATE

## Benefits of API:

Provides MLS participants/subscribers with improved MLS data access including faster updates/results, increased security, and ease of use in displaying property information.

# MLS UPDATE

The RESO Data Dictionary standardizes all available data fields for software programming and eliminates the need to “map” local MLS data. This will not preclude MLSs from using local terminology for naming data fields.

# PROFESSIONAL STANDARDS UPDATE

# PROFESSIONAL STANDARDS UPDATE

Recommendations of the Expedited  
Enforcement Work Group

“Streamlining” the existing ethics enforcement  
procedures.

# PROFESSIONAL STANDARDS UPDATE

- Existing administrative and procedural deadlines enhanced.
- Optional “fast track” hearing process.
- Email preferred form of service for notices and documents.

# PROFESSIONAL STANDARDS UPDATE

- Strongly encourage use of conference calls and other technologies to expedite decision making process.
- Eliminate the “extreme circumstances” requirement to participate in hearings remotely.

# PROFESSIONAL STANDARDS UPDATE

- Adoption of a Model Citation Policy to simplify and expedite processing of minor violations of the Code of Ethics.
- All associations to provide ombudsman services on or before January 1, 2016.

## **Minutes**

Multiple Listing Issues and Policies Committee  
2014 REALTOR<sup>®</sup> Party Convention & Trade Expo  
Thursday, May 15, 2014  
9:00 a.m. – 12:00 noon  
Regency Ballroom, Lower Level  
Omni Shoreham Hotel  
Washington D.C.

### **ACTIONS REQUIRING BOARD OF DIRECTORS APPROVAL**

- Amendments to Multiple Listing Policy Statement 7.79, Reproduction of MLS information

#### **Call to Order**

The meeting of the Multiple Listing Issues and Policies Committee was called to order at 9:00 a.m. by Committee Chair Bill Lublin.

#### **Multiple Listing Service Forum**

The Multiple Listing Service Forum was called to order by Chair Joe Horning. Ohannes Antebian, Vice President of Industry Relations for the REALTOR<sup>®</sup> Property Resource updated the Forum on the status of RPR and the new MLS dashboard.

Robert Bailey, Chair of the MLS Technology and Emerging Issues Advisory Board discussed the Advisory Board's proposed amendments to MLS Policy Statement 7.79, Reproduction of MLS Information, addressing use of MLS information to create automated valuation models ("AVMs") using third-party software. Numerous comments and constructive suggestions were offered by Forum participants.

Ted Loring Jr., Chairman of the Data Strategies Committee and Mark Lesswing, NAR Chief Technology Officer, discussed Alternative Program Interfaces ("APIs"), an alternative method for data control and ownership to protect listing content. An API is a method of delivering MLS information directly from the MLS for displays by participants in real time and without duplication.

The Forum discussed local issues, including MLS model rule 2.7.

Given the interest of attendees in the proposed amendments to Multiple Listing Policy Statement 7.79, the Forum was extended beyond its scheduled time and adjourned at 10:45 a.m. at which point the Multiple Listing Issues and Policies Committee was called into session.

#### **Approval of Minutes of the 2013 REALTORS<sup>®</sup> Conference and Expo**

The minutes of the November 9, 2013 meeting were approved as written.

## Old Business

### Examples of “basic” services in Multiple Listing Policy Statement 7.57, *Categorization of MLS Services, Information and Products*

Robert Bailey, Chair of the MLS Technology and Emerging Issues Advisory Board reported that this issue was considered at the March, 2014 meeting of the Advisory Board, and it was the consensus of the Advisory Board that existing MLS Policy Statement 7.57, *Categorization of MLS Services, Information and Products* is appropriate as written, and that no changes would be recommended to the Committee.

## New Business

### Amendments to Multiple Listing Policy Statement 7.79, *Reproduction of MLS information*

It was moved, seconded and carried:

#### Motion:

That Multiple Listing Policy Statement 7.79 be amended as follows (underscoring indicates additions, strikeouts indicate deletions):

*Reproduction of MLS-generated information is subject to the following limitations:*

**Option #1:** *Participants or their affiliated licensees shall not reproduce any MLS compilation or any portion thereof, except in the following limited circumstances:*

*Participants or their affiliated licensees may reproduce from the MLS compilation and distribute to prospective purchasers a reasonable number of single copies of property listing data contained in the MLS compilation which relate to any properties in which the prospective purchasers are or may, in the judgment of the participant or their affiliated licensees, be interested.*

*Reproductions made in accordance with this rule shall be prepared in such a fashion that the property listing data of properties other than that in which the prospective purchaser has expressed interest, or in which the participant or the affiliated licensees are seeking to promote interest, does not appear on such reproduction.*

*Nothing contained herein shall be construed to preclude any participant from utilizing, displaying, distributing, or reproducing property listing sheets or other compilations of data pertaining exclusively to properties currently listed for sale with the participant.*

*Any MLS information, whether provided in written or printed form, provided electronically, or provided in any other form or format, is provided for the exclusive use of the participant and those licensees affiliated with the participant who are authorized to have access to such information. Such information may not be transmitted, retransmitted, or provided in any manner to any unauthorized individual, office, or firm.*

*None of the foregoing shall be construed to prevent any individual legitimately in possession of current listing information, sold information, comparables, or statistical information from utilizing such information to support ~~an estimate of value~~ valuations on a particular ~~property~~ properties for a particular ~~clients~~ and*

customers. Any MLS content in data feeds available to participants for real estate brokerage purposes must also be available to participants for valuation purposes, including automated valuations. MLSs must either permit use of existing data feeds, or create a separate data feed, to satisfy this requirement. MLSs may require execution of a third-party license agreement where deemed appropriate by the MLS. MLSs may require participants who will use such data feeds to pay the reasonably estimated costs incurred by the MLS in adding or enhancing its downloading capacity for this purpose. However, only such information that an association or association-owned multiple listing service has deemed to be nonconfidential and necessary to support the estimate of value may not be reproduced and attached to the report used as supporting documentation. Any other use of such information is unauthorized and prohibited by these rules and regulations.

**Option #2:** Participants or their affiliated licensees shall not reproduce any MLS compilation or any portion thereof, except in the following limited circumstances:

Participants or their affiliated licensees may reproduce from the MLS compilation and distribute to prospective purchasers a reasonable number of single copies of property listing data contained in the MLS compilation which relate to any properties in which the prospective purchasers are or may, in the judgment of the participants or their affiliated licensees, be interested.

Nothing contained herein shall be construed to preclude any participant from utilizing, displaying, distributing, or reproducing property listing sheets or other compilations of data pertaining exclusively to properties currently listed for sale with the participant.

Any MLS information, whether provided in written or printed form, provided electronically, or provided in any other form or format, is provided for the exclusive use of the participant and those licensees affiliated with the participant who are authorized to have access to such information. Such information may not be transmitted, retransmitted, or provided in any manner to any unauthorized individual, office, or firm.

None of the foregoing shall be construed to prevent any individual legitimately in possession of current listing information, sold information, comparables, or statistical information from utilizing such information to support an estimate of value valuations on a particular property properties for a particular clients and customers. Any MLS content in data feeds available to participants for real estate brokerage purposes must also be available to participants for valuation purposes, including automated valuations. MLSs must either permit use of existing data feeds, or create a separate data feed, to satisfy this requirement. MLSs may require execution of a third-party license agreement where deemed appropriate by the MLS. MLSs may require participants who will use such data feeds to pay the reasonably estimated costs incurred by the MLS in adding or enhancing its downloading capacity for this purpose. However, only such information that an association or association-owned multiple listing service has deemed to be nonconfidential and necessary to support the estimate of value may not be reproduced and attached to the report used as supporting documentation. Any other use of such information is unauthorized and prohibited by these rules and regulations.

~~**Option #3:** Participants or their affiliated licensees shall not, under any circumstances, reproduce any MLS compilation or any portion thereof.~~

*Nothing contained herein shall be construed to preclude any participant from utilizing, displaying, distributing, or reproducing property listing sheets or other compilations of data pertaining exclusively to properties currently listed for sale with the participant. (Adopted 11/04)*

**Important Notes:**

- This recommendation was subsequently approved at the May 17, 2014 meeting of the Board of Directors.
- Section 12.2 of the model MLS rules will be amended to reflect the above changes.
- At the same meeting, the Board of Directors also approved the following, related motion:

*If the above recommendation of the Multiple Listing Issues and Policies Committee is adopted, that staff and counsel develop information and resources including model third-party license agreements, checklists of key issues and concerns, educational materials and other information necessary for MLSs to ensure that MLS-provided information is used by MLS participants and their third-party technology providers only for specified, authorized purposes.*

**Adjournment**

There being no further business to come before the Committee, the meeting was adjourned at 12:05 p.m. on Thursday, May 15, 2014.

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Bill Lublin, Vice Chair  
Multiple Listing Issues and Policies Committee  
National Association of REALTORS®

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Cliff Niersbach  
Staff Executive

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Date

## **Minutes**

Professional Standards Committee  
2014 REALTOR® Party Convention & Trade Expo  
Thursday, May 15, 2014  
1:00 p.m. - 5:30 p.m.  
Regency Ballroom, Lower Level  
Omni Shoreham Hotel  
Washington, D.C.

### **ACTIONS REQUIRING BOARD OF DIRECTORS APPROVAL**

- Section 18, Function, and Section 20(a), Initiating an Ethics Hearing, *Code of Ethics and Arbitration Manual*
- Publishing the names of Code of Ethics violators – California Association of REALTORS® pilot program
- “Probation” clarified
- Section 14, Nature of Discipline, *Code of Ethics and Arbitration Manual*

### **Call to Order**

The meeting of the Professional Standards Committee was called to order at 1:00 p.m. by Committee Chair Brad Knapp.

### **Professional Standards Forum**

The Professional Standards Forum was conducted by Chair Carolyn D’Agosta and Vice Chair George Wonica.

Chair D’Agosta reviewed the Professional Standards Committee’s potential action items and invited comments and questions from the Forum attendees.

Chair D’Agosta presented the issue of “Pocket Listings / No Lockbox / Accompanied Showings” and its impact on the industry. Forum attendees expressed concern about whether brokers employing these methods are protecting the best interests of their sellers.

Vice Chair Wonica invited attendees to share local professional standards issues and concerns.

### **Approval of the Minutes of the 2013 REALTORS® Conference & Expo**

The minutes of the November 9, 2013 meeting were approved as written.

### **Old Business**

#### **REALTORS® Code of Ethics Training Update**

Rodney Gansho, Director, Policy Information, updated the Committee on development of NAR’s new on-line training program. Committee members were able to see a sample page from the module-based course and to ask questions about the project’s anticipated launch.

### **Pre-hearing meetings of ethics hearing panels**

It was moved, seconded and carried:

#### **Motion:**

That the concluding portion of Section 18, Function, and Section 20(a), Initiating an Ethics Hearing, *Code of Ethics and Arbitration Manual*, be amended as follows (underscoring indicates additions, strikeouts indicate deletions):

*When Grievance Committees refer ethics complaints and arbitration requests for hearing, hearing panel chairs can determine if questions about*

- 1) whether ethics complaints and arbitration requests are timely filed,*
- 2) whether arbitrable issues exist,*
- 3) whether arbitration requests are too legally complex to be fairly arbitrated, and*
- 4) other administrative issues*

*will be addressed through a pre-hearing meetings of the hearing panel or at the outset of the hearing prior to testimony relating to the ethics complaint or arbitration request commencing. If these matters rise during a hearing, the hearing panel will address them at that time.*

*Dismissals of ethics complaints and arbitration requests by hearing panels can be appealed to the Board of Directors on the same bases as dismissals by the Grievance Committee.*

*Where such issues are considered at a pre-hearing meeting of the hearing panel, the chair will determine whether the parties may be present, and the extent to which their participation will be permitted.*

~~*Any proceeding convened to resolve such issues must include all of the procedural due process safeguards required for ethics and arbitration hearings.*~~

(Note: This recommendation was subsequently approved at the May 17, 2014 meeting of the Board of Directors.)

### **New Business**

#### **Publishing the names of Code of Ethics violators – California Association of REALTORS<sup>®</sup> pilot program**

It was moved, seconded and carried:

#### **Motion:**

That the pilot program described in the California Association of REALTORS<sup>®</sup>, (“C.A.R.”) January 29, 2014 *Proposal for Publication of Ethics Discipline To the National Association of REALTORS<sup>®</sup>*, and as further discussed in C.A.R.’s *Supplemental and Response to Questions Regarding the Proposal for*

*Publication of Ethics Discipline to the National Association of REALTORS<sup>®</sup>*, be approved subject to the conditions detailed in the NAR Discipline Work Group's February 26, 2014 letter including:

- Information about the number of ethics hearings conducted by local associations in California in 2013 and 2014 until the pilot program goes "live".
- A "launch" report detailing the steps taken from approval of the pilot program proposal through implementation and activation statewide.
- Annual reports that include qualitative data, quantitative data, as well as anecdotal information on the extent to which decisions (including fact summaries) are relied on by complainants and respondents as precedent in subsequent hearings involving different parties.
- Information on the initial and ongoing costs of implementing and administering the pilot program, including hardware and software, legal and staff time, and other costs.

(Note: This recommendation was subsequently approved at the May 17, 2014 meeting of the Board of Directors.)

#### **"Probation" clarified**

It was moved, seconded and carried:

#### **Motion #1:**

That Section 1(r), Definitions Relating to Ethics, *Code of Ethics and Arbitration Manual*, be amended as follows (underscoring indicates additions, strikeouts indicate deletions):

- (r) *"Probation" means that a ~~another~~ form of discipline recommended by the Hearing Panel will be held in abeyance for a stipulated period of time which may not exceed one (1) year. Any subsequent finding of a violation of the Code of Ethics during the probationary period may, at the discretion of the Board of Directors, result in the imposition of the suspended discipline. Absent any subsequent findings of a violation during the probationary period, both the probationary status and the suspended discipline shall be considered fulfilled, and the record shall reflect the fulfillment. The fact that one or more forms of discipline will be held in abeyance during the probationary period does not bar the imposition of other forms of discipline which will not be held in abeyance. (Revised 11/96)*

It was moved, seconded and carried:

#### **Motion #2:**

That Section 14(e), Nature of Discipline, *Code of Ethics and Arbitration Manual*, which currently describes "probation" as a separate form of discipline be deleted, and that the deleted provision be amended as follows (underscoring indicates additions, strikeouts indicate deletions) and reinserted as the new concluding paragraph of Section 14.

*\*Probation means that ~~a another~~ form of discipline recommended by the Hearing Panel will be held in abeyance for a stipulated period of time which may not exceed one (1) year. Any subsequent finding of a violation of the Code of Ethics during the probationary period may, at the discretion of the Board of Directors, result in the imposition of the suspended discipline. Absent any subsequent findings of a violation during the probationary period, both the probationary status and the suspended discipline shall be considered fulfilled, and the record shall reflect the fulfillment. The fact that one or more forms of discipline will be held in abeyance during the probationary period does not bar the imposition of other forms of discipline which will not be held in abeyance. (Revised 11/96)*

(Note: These recommendations were subsequently approved at the May 17, 2014 meeting of the Board of Directors.)

### **Enjoining ongoing unethical conduct as an authorized form of discipline**

It was moved, seconded and carried:

#### **Motion:**

That Section 14, Nature of Discipline, *Code of Ethics and Arbitration Manual*, be amended as follows (underscoring indicates additions):

*Disciplinary action may consist only of one or more of the following. Refer to Appendix VII to Part Four of this Manual for sanctioning guidelines.*

- (a) Letter of Warning with copy to be placed in member's file;*
- (b) Letter of Reprimand with copy to be placed in member's file;*
- (c) Requirement that member attend the ethics portion of the Board Indoctrination Course or other appropriate course or seminar specified by the Hearing Panel which the respondent could reasonably attend taking into consideration cost, location, and duration;*
- (d) Appropriate and reasonable fine not to exceed \$15,000 (Revised 5/13);*
- (e) Member placed on probation for a stated period of time not less than thirty (30) days nor more than one (1) year;\**
- (f) Membership of individual suspended for a stated period not less than thirty (30) days nor more than one (1) year with automatic reinstatement of membership in good standing at the end of the specified period of suspension. The thirty (30) day minimum and one (1) year maximum do not apply where suspension is imposed for a remediable violation of a membership duty (e.g., failure to pay dues or fees or failure to complete educational requirements). The Directors may order suspension unconditionally, or they may, at their discretion, give the disciplined member the option of paying to the Board, within such time as the Directors shall designate, an assessment in an amount fixed by the Directors, which may not exceed \$15,000 and which can be utilized only once in any three (3) year period, in lieu of accepting suspension. But, if the conduct for which suspension is ordered consists of failure to submit a dispute to arbitration, the Directors may not permit the disciplined*

*member to avoid suspension without submitting to the arbitration in addition to paying the assessment, unless in the meanwhile the dispute has been submitted to a court of law without any objection by any party that it should be arbitrated;\*\* \*\*\* (Revised 11/13)*

- (g) Expulsion of individual from membership with no reinstatement privilege for a specified period of one (1) to three (3) years, with reinstatement of membership to be by application only after the specified period of expulsion, on the merits of the application at the time received (decision should be written clearly articulating all intended consequences, including denial of MLS participatory or access privileges); (Revised 4/96)*
- (h) Suspension or termination of MLS rights and privileges may also be utilized. Suspension of MLS services may be no less than thirty (30) days nor more than one (1) year; termination of MLS services shall be for a stated period of one (1) to three (3) years; (Revised 5/02)*
- (i) REALTORS<sup>®</sup> who participate in MLS or otherwise access MLS information through any Board or Association in which they do not hold membership are subject to the Code of Ethics in that Board or Association on the same terms and conditions as Board members. Discipline that may be imposed may be the same as but shall not exceed the discipline that may be imposed on members. Boards (i) entering into regional or reciprocal MLS agreements are encouraged to include provisions requiring signatory Boards to respect, to the extent feasible, decisions rendered by other Boards involving suspension or expulsion from membership or from MLS. (Revised 4/96)*
- (j) Members may also be required to cease or refrain from continued conduct deemed to be in violation of the Code, or to take affirmative steps to ensure compliance with the Code, within a time period to be determined by the hearing panel. Where discipline is imposed pursuant to this subsection, the decision should also include additional discipline (e.g. suspension or termination of membership) that will be imposed for failure to comply by the date specified, and to continue to comply for a specified period not to exceed three years from the date of required compliance.*

*In addition to any discipline imposed, Boards and Associations may, at their discretion, impose administrative processing fees not to exceed \$500 against each respondent found in violation of the Code of Ethics or other membership duties. Any administrative processing fee will be in addition to, and not part of, any disciplinary sanction imposed. Boards and Associations shall determine in advance when, and under what circumstances, administrative processing fees will be imposed so that imposition is a matter of administrative routine. (Revised 5/13)*

*\*Probation means that another form of discipline recommended by the Hearing Panel will be held in abeyance for a stipulated period of time which may not exceed one (1) year. Any subsequent finding of a violation of the Code of Ethics during the probationary period may, at the discretion of the Board of Directors, result in the imposition of the suspended discipline. Absent any subsequent findings of a violation during the probationary period, both the probationary status and the suspended discipline shall be considered fulfilled, and the record shall reflect the fulfillment. (Revised 11/96)*

*\*\*\$15,000 is the maximum fine that may be assessed regardless of the number of Articles of the Code of Ethics that a member is determined to have violated in any given hearing. It is noted that a "reasonable and appropriate" fine may vary from \$1 to \$15,000 and should relate to the gravity of the offense and objective of the proposed sanction. (Revised 5/13)*

*\*\*\*Boards are advised that they should be guided by the provisions of Part Four, Section 24, Initial Action by Directors, and Part Ten, Section 56, Enforcement, of this Manual. Judicial enforcement should be used to enforce any award in arbitration. (Revised 9/87)*

(Note: This recommendation was subsequently approved at the May 17, 2014 meeting of the Board of Directors.)

**Other Business**

**Organizational Alignment PAG update**

Gavin Blair, Dayton Area Board of REALTORS® (OH) and Christine Todd, Northern Virginia Association of REALTORS® (VA) updated the Committee on the specifics of the Presidential Advisory Group's recommendation to the NAR Leadership Team.

**Adjournment**

There being no further business to come before the Committee, the meeting was adjourned at 3:30 p.m. on Thursday, May 15, 2014.

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Brad Knapp, Chair  
Professional Standards Committee  
National Association of REALTORS®

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Cliff Niersbach  
Staff Executive

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Date

# NAR Organizational Alignment - Core Standards FAQs

These FAQs are provided to assist local and state REALTOR® association leaders and association executives in understanding the [Organizational Alignment Core Standards](#) program and how to comply with its requirements. Periodically, the FAQs will be enhanced and updated to address arising issues and questions. Readers are encouraged to utilize the most recent version of the FAQs.

[1. General Information](#) | [2. Compliance Issues](#) | [3. Mergers](#) | [4. Strategic Plans](#) | [5. Advocacy](#) | [6. Professional Standards / Code of Ethics](#) | [7. Consumer Outreach](#) | [8. Unification Efforts and Supports of the REALTOR® Organization](#) | [9. Technology](#) | [10. Financial Solvency](#) | [11. State Association Funding](#)

## 1. General Information

### **1.1. When do the Core Standards become effective?**

The Core Standards became effective upon approval by the National Association of REALTORS® Board of Directors on May 17, 2014.

### **1.2. Do the Core Standards replace the Organizational Standards and the Organizational Standards Certification process?**

Yes.

### **1.3. We are currently involved in certifying our compliance with the Organizational Standards. Should we continue that effort?**

No. Because the Organizational Standards have been rescinded, there is no need to certify compliance with them.

### **1.4. When must local and state associations comply with the Core Standards?**

Efforts to achieve compliance with the Core Standards should begin as soon as possible. The deadline for compliance is June 30, 2015.

### **1.5. What will the certification period be for subsequent years?**

Certification will be an annual process to be met by June 30th each subsequent year.

### **1.6. What are the consequences for not meeting the Core Standards?**

The consequence of not achieving compliance with the Core Standards is loss of charter status as a local or state association of REALTORS®.

### **1.7. If the state association does not confirm our local association's compliance with the Core Standards by June 30, 2015 (or subsequent periods) is that determination subject to review by NAR? What is the process?**

No association will lose its charter without first being given an opportunity to appear before a panel of at least three (3) members of the NAR Association Executives Committee to show cause why the association's charter status should not be terminated. In such cases the recommendation of the panel will be reported to the NAR Board of Directors for final action.

### **1.8. Must the activities mandated by the Core Standards start after the May 17, 2014 adoption date? Will consumer outreach efforts, for example, initiated before May 17, 2014 satisfy the Core Standards?**

As long as the activity continued after the May 17, 2014 adoption of the Core Standards, the fact that it was "initiated" before that date doesn't make it ineligible. *(Added 8.7.14)*

### **1.9. Will the NAR Board of Directors vote on whether associations' charter will be revoked?**

The charter revocation process will begin automatically if an association's compliance with the Core Standards isn't confirmed by the state association. The NAR Board of Directors will become involved only if an association appeals the state association's conclusion that the local association had not met the Core Standards. In that case, the local association will have an opportunity to appear before a three (3) member panel of the NAR Association Executives Committee and show cause why the association's charter shouldn't be revoked. Following that, the panel's recommendation will be reported to the NAR Board of Directors for final action. If the Directors determine the charter should be revoked, the revocation will be effective immediately. *(Added 8.7.14)*

### **1.10 If our charter is revoked, how long do we have to dissolve the corporation? And what happens to the corporation's assets?**

Revocation of an association's charter doesn't automatically result in the corporation being dissolved. The future of the corporation will be determined pursuant to the provisions of the articles of incorporation and the association's bylaws. The decision may be to wind up the affairs of the corporation and dissolve or, alternatively, to continue to function as a real estate association, though not as a member of NAR.

If the corporation is dissolved, the assets would be paid out pursuant to the relevant bylaw provision. Generally the bylaws of associations of REALTORS® (Article XVII in the NAR model association bylaws) provide that upon dissolution the assets will be paid to the state association or to another non-profit, tax exempt organization. *(Added 8.7.14)*

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## **2. Compliance Issues**

### **2.1. What must we do to meet the Core Standards?**

The Core Standards themselves spell out what's required of local and state associations to maintain their charters. In addition, an online compliance certification system (the "Compliance Tool") has been developed to facilitate tracking and reporting compliance. The system details the specific information required to demonstrate compliance. *(Revised 9.26.14)*

### **2.2. Will NAR develop an online compliance reporting/enforcement database?**

Yes. Please refer to the answer to question 2.1.

### **2.3. How does the reporting/enforcement database ("Compliance Tool") function?**

The [Compliance Tool](#) provides simple, objective determiners for associations to confirm and/or demonstrate they've met the Core Standards requirements for the current cycle. *(Revised 9.26.14)*

### **2.4. What is the role of the state association in determining whether local associations meet the Core Standards?**

Each year local associations will use the online compliance certification system to submit the required Core Standards information required to the state association for review and validation. Not later than June 30 each year, each state association, using the online compliance certification system, will provide NAR with the name of each local association meeting the requirements of the Core Standards program. Any association not reported as having complied will be subject to charter revocation.

#### **2.4.1 What must the state association do to determine whether local associations' policies and procedures conform to local, state and federal laws?**

It is not contemplate that state associations will be responsible for ensuring that local associations' policies and procedures do not violate all potentially applicable laws and regulations. The state association will need to verify that state and federal tax returns have been filed, and that any other required corporate filings have been made. *(Added 7.3.14)*

**2.5. Will state associations need to develop reporting systems/software? Or is it anticipated that all state associations will use the NAR-provided database?**

It's anticipated all state associations will use the NAR database.

**2.5.1. What "proof" will local associations need to provide their state association to demonstrate compliance?**

Many of the compliance criteria simply request that examples be submitted using the compliance database. In cases where a state association needs additional information to make a knowledgeable compliance determination, additional information may be requested from the local association.

It's important to keep in mind throughout the process that trust - at all levels of the REALTOR® organization - is essential to successful implementation of this effort. The profession itself exists on trust. Clients and customers trust the REALTORS® they work with. REALTORS® need to - and do - trust each other. Associations rely on the word of their members. Members need to be able to rely on what their association tells them. The representations made via the compliance database will be attested to by each local association's elected president and president-elect (or equivalent officers) as well as by the association's chief staff. Except in the most unusual circumstances, their assurance that the information shared via the compliance database is truthful and accurate to the best of their knowledge should be sufficient "proof". *(Added 8.7.14)*

**2.6. What options/alternatives are available to local associations that anticipate difficulty in meeting the Core Standards?**

Given the goals of the Organizational Alignment/Core Standards program, some associations may determine that the needs of their members may be best served by merging with another association. Local identity, something understandably important to associations of any size, can be retained in large measure by establishing community-specific chapters or councils of local associations.

The [Association Merger Procedures](#) are available at Realtor.org.

[Shared services](#) is another option/alternative for associations that anticipate difficulty meeting the Core Standards. State associations may want to consider conducting a shared services workshop for local associations that might benefit from using shared services. Information on Realtor.org includes workshop materials and facilitator resources. <http://www.realtor.org/ae/manage-your-association/shared-services> *(Revised 9.26.14)*

**2.6.1 Question 2.6 (above) refers to "chapters or councils of local associations" as a possibility for associations that surrender their charter as part of a merger with another association(s). Is there an NAR chapter "model" for local associations to adopt?**

No. While over the years a few associations have surrendered their charter to merge into another association, with the resulting association creating a community-based "chapter" that allowed the dissolved association to retain a local presence and a measure of local identity, these have been the exception rather than the rule. As a result, there is little experience to draw on. NAR and the state associations do not charter "chapters", nor is there any defined "chapter" structure within the REALTOR organization.

Simply put, chapters are sub-units of an existing, chartered local association of REALTORS®, with that association of REALTORS® being the only chartered (or recognized) entity. The structure, as well as the privileges and responsibilities (if any) of a local association's "chapter" would need to be determined locally (presumably as part of the merger discussions/negotiations) and should be spelled out with specificity in the "parent" association's bylaws or other governing documents.

In most cases, chapters are the residual effect of mergers of two or more associations that resulted in a larger "regional" association. Chapters can enable the former associations that surrendered their

charters as part of a merger to retain some measure of identity/presence in their community, coupled with the efficiencies and economies of scale resulting from the merger. Use of the term REALTOR® in a chapter's name must be in connection with the parent organization (e.g. The \_\_\_\_\_ Chapter of the \_\_\_\_\_ Association of REALTORS®). *(Added 8.7.14)*

**2.7 Is there an ongoing professional development requirement for associations' chief paid staff member?**

Yes, each year the association's chief paid staff officer must complete at least six (6) hours of REALTOR® association professional development. Training meeting the requirement is available annually at the NAR Association Executives Institute. Similar programs are available in many states. Receipt of the RCE designation is also deemed to satisfy the requirement – but only for the year in which it is received by the chief paid staff member. *(Added 7.3.14)*

**2.8 Must the professional development training required of associations' chief paid staff be "in-person" or will relevant on-line and "distance learning" programs satisfy the requirement?**

While attendance at in-person educational programs like the NAR AE Institute and similar programs conducted by state associations is an optimum learning experience because of the opportunity to interact with peers face-to-face, it should also be considered that much of the educational offerings available to REALTORS® from NAR (including REALTOR® University) and its Institutes, Societies and Councils is delivered online. What's important here is that the program addresses management/administration of real estate associations. Where a question arises about the relevancy of programming offered in satisfaction of this requirement, the state association could require documentation or explanation of how the course related to real estate association management. Given the broad experience and skillsets required of association executives, it's anticipated this requirement will be construed liberally. *(Added 8.7.14)*

**2.9 How will consistent application and enforcement of the Core Standards be assured from one state to another? How will the state associations be "policed"?**

The simple answer is that it's anticipated that each state association will make consistent, objective, good faith efforts to evaluate the information provided by their local associations in determining compliance. Obviously, this requires significant trust between all levels of the REALTOR® family. *(Added 8.7.14)*

**2.10 Can state associations require local associations to submit their compliance information prior to June, 30, 2015?**

Yes. State associations can set their own deadlines for their local associations to submit information demonstrating compliance with the Core Standards. Additionally, while the deadline for local associations to submit compliance information using the compliance database is June 30, 2015, state associations will have an additional 30 days (until July 30) to certify their local associations' compliance status to NAR. *(Added 8.7.14)*

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## 3. Mergers

**3.1. What financial and other resources are or will be available from NAR to facilitate mergers?**

Grants at a minimum of \$15,000 and a maximum of \$25,000 are available to merged associations. Grant amount are calculated at \$25 times the number of primary REALTOR® members in the newly-merged association but will not in any instance exceed \$25,000. If the newly merged association later merges with yet another association, additional monies may be requested but any subsequent grant will be limited to (a) the number of additional primary REALTOR® members gained through the subsequent merger, and (b) the aggregate funding available through the grant program will not exceed \$25,000. To be eligible, all mergers must become final between May 17, 2014 and June 30, 2016.

The merger grants will be available for two years because it's anticipated that in some cases merger discussions may not commence until after the associations have first attempted to meet the Core Standards; also because merger negotiations can take considerable time to complete.

A [comprehensive NAR Merger Kit](#) is available on Realtor.org. The white paper [An Alternative to Merging](#) is also available on Realtor.org. *(Revised 9.26.14)*

**3.1.1. Our association merged with another association resulting in the now-merged association having eight hundred primary REALTOR® members. We requested and received an NAR merger grant of \$20,000 (800 members times \$25). We are now considering a merger with another association which, if consummated, will increase our membership to approximately nine hundred fifty primary REALTOR® members. Would we be eligible for a second merger grant, and if we would be, how would it be calculated?**

You would be eligible for a second merger grant. It would be based on the one hundred fifty additional primary REALTOR® members gained through the second merger or \$3,750. That brings the total grant monies paid to \$23,750. If yet another merger happens, any additional grant would be capped at \$1,250 due to the aggregate cap of \$25,000. *(Added 9.26.14)*

**3.1.2. Our association has 250 members. We are in the process of completing a merger with another association that will result in the newly-merged association having about 400 primary REALTOR® members. We realize that the merger grant that will then be available from NAR would be greater than 400 members times \$25 since the minimum grant amount is \$15,000. Our question is if in 2015 we then merge with still another association bringing the total of primary REALTOR® members to 500, would we then be eligible for a second merger grant of \$15,000? If not, what amount would we be eligible for?**

Under these circumstances, a second merger grant would not be available because the total of primary REALTOR® members in the association that resulted from the two mergers is still less than the number needed to qualify for a grant larger than the already-awarded minimum of \$15,000. *(Added 9.26.14)*

**3.1.3. Following up on question 3.1.2, what if we complete a third merger resulting in an association with 750 primary REALTOR® members. Would we then be eligible for another merger grant, and what would it be.**

Yes, a second grant would be available. Because the initial grant was the minimum payable (\$15,000) which is equivalent to 600 members times \$25, the additional funds available would be \$3,750 (150 members times \$25). *(Added 9.26.14)*

**3.1.4. We are a large association involved in merger discussions with several smaller associations. One of the mergers is about to be finalized. It will result in the newly-merged association having approximately eleven hundred members. We realize the grant money from NAR is capped at \$25,000. But if the newly-merged association then merges with another association resulting an association with twelve hundred and fifty primary REALTOR® members, are we eligible for another \$25,000 merger grant?**

No. The aggregate amount available to an association regardless of how many separate mergers occur is capped at \$25,000. *(Added 9.26.14)*

**3.2. What can we use the merger grant for?**

Merger grants may be used to cover any costs incurred in bringing about a successful merger of two or more associations, such as severance packages for AEs, technology costs, legal fees, facilitator fees, travel expenses, and administrative costs.

**3.3. Is there a directory of NAR-approved merger facilitators?**

The [directory of NAR-approved merger facilitators](#) is available at REALTOR.org. *(Revised 8.7.14)*

**3.4. How do facilitators qualify for the NAR merger facilitator training?**

As soon as it is finalized, information about eligibility to participate in this training will be shared via the Internal News Service (INS) report for AEs. It's anticipated applicants will provide a resume documenting their experience facilitating mergers, including the number of assignments completed over the past five (5) years, a listing of those assignments (including references from the principals), and copies of merger agreements (with names redacted if requested by clients).

**3.5. Will there be a cost to attend or will NAR sponsor this training?**

NAR will sponsor the training. Attendees will be responsible for their travel and lodging expenses.

**3.6. How do we obtain financial assistance for mergers from NAR?**

The [merger grant program](#) is administered by the NAR Finance Committee through the Finance Division. [Grant applications](#) are available on Realtor.org. *(Revised 9.26.14)*

**3.7. If three (or more) local associations merge, can each request funding from NAR?**

Merger grants will only be available to successfully merged associations, based on the number of primary REALTOR® members in the resulting merged association. Secondary members (i.e. those who hold their primary REALTOR® membership in another association) cannot be included in this calculation. *(Revised 9.26.14)*

**3.8. How will the amount of financial assistance from NAR be determined?**

Please see the answer to question 3.1.

**3.9. Our association completed a merger with two other associations prior to the 2014 REALTOR® Party Conference and Trade Expo. Will “merger funding” be available to us?**

No. Please see the answer to question 3.1.

**3.10. Can we retain our local identity/autonomy by becoming a chapter or council of a local association?**

Yes. As discussed in the answer to question 2.6, a degree of local identity and presence can be maintained by establishing community-specific chapters or councils of local associations. Please also see Question 2.6.1 for further information on the relationship between local associations of REALTORS® and their chapters. *(Revised 8.7.14)*

**3.11. Is there a difference between a chapter and a council?**

For purposes of local associations of REALTORS®, the terms are synonymous.

**3.12. Are chapters and/or councils chartered by NAR?**

No. Only local and state associations of REALTORS® are chartered by NAR.

**3.13. If we become a chapter of another local association can we retain our current name (e.g. “ABC Association of REALTORS®”)?**

Technically, no. But essentially the same result can be achieved. When two (or more) associations of REALTORS® merge, there is only one resulting association. Let's say the ABC association and the DEF association merge, and the resulting merged association calls itself the XYZ Association of REALTORS®. If the members of the association formerly known as the ABC Association of REALTORS® wanted to form a chapter, it could be known as the ABC Chapter of the XYZ Association of REALTORS®.

**3.14. Can we contract now with someone to facilitate our merger?**

If you contract with a facilitator now – or later – remember the facilitator grant will be disbursed by NAR only after approval of the merger by the membership of the merging associations, so you will want to make that clear in your agreement with the facilitator.

### 3.15. Does NAR set merger facilitators' fees?

No. That is a matter of agreement between the associations considering merging - and the facilitator.

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## 4. Strategic Plans

### 4.1. Do the Core Standards require associations to have a strategic plan?

Yes.

### 4.2. What financial and other resources are available from NAR to facilitate development of strategic plans?

Grants at a minimum of \$2,500 and a maximum of \$5,000 are available to associations to develop a strategic plan, or to enhance an existing strategic plan. Grants are disbursed after the strategic plan has been completed, and submitted to and approved by NAR. Grants are based on the number of primary REALTOR® members at \$10 per member with a minimum grant of \$2,500 and a maximum grant of \$5,000 regardless of association size. Secondary members (i.e. those who hold their primary REALTOR® membership in another association) cannot be included in this calculation. Grants are available for strategic plans created or enhanced between May 17, 2014 and June 30, 2015. *(Revised 9.26.14)*

### 4.3. What can we use the strategic planning grant for?

Strategic planning grants - which will be disbursed after a strategic plan has been completed, and has been submitted to and approved by NAR - can be used for any purpose the association deems appropriate including facilitator fees, meetings and facilities, administrative expenses, travel expenses, etc.

#### 4.3.1 Must an NAR qualified facilitator be used for an association to be eligible for a strategic planning grant?

The primary purpose of the strategic planning grant program is to ensure associations have access to qualified facilitators. Consequently, associations with five hundred (500) or fewer members must use an NAR qualified facilitator to be eligible for a strategic planning grant. Associations with more than five hundred members do not have to use an NAR qualified facilitator to be eligible for a strategic planning grant. *(Added 6.25.14)*

#### 4.3.2 What date is used for determining whether we must use an NAR-approved strategic planning facilitator to be eligible for an NAR grant? Is it the date we contract with the facilitator or the date we submit the strategic plan to NAR? Let me explain. We currently have 503 members and want to use a well-qualified local facilitator who has done outstanding work for other associations of REALTORS®. We're worried, though, that something unforeseen could happen between the time we contract with the facilitator and the time the finished strategic plan is submitted to NAR that would cause our membership to drop below 500 members.

The point at which eligibility for a grant requires using an NAR-approved facilitator is the date you contract with the facilitator. It's not intended that associations of your size would be kept on tenterhooks while they develop their strategic plans. The amount of the grant will be determined by your membership count at the point you submit the plan to NAR. So while the amount you anticipate receiving will be reduced if your membership drops, it may increase if your membership grows.

An association with more than 500 members when they began the strategic planning process not using an NAR-approved facilitator will not lose eligibility for a grant if their membership drops to 500 or fewer members while the plan is being developed. *(Added 8.7.1)*

### 4.4. Is there a directory of NAR-approved strategic planning facilitators?

The [directory of NAR-approved strategic planning facilitators](#) is available at REALTOR.org. *(Revised 8.7.14)*

**4.5. How do facilitators qualify for the NAR strategic planning facilitator training?**

Information about eligibility to participate in this training as shared with local and state associations via the Internal News Service (INS) report for AEs. Applicants were required to provide a resume documenting their strategic planning experience over the past five (5) years (including client names and references), and a copy of the most recent strategic plan completed (with the client's identity redacted if requested by the client). *(Revised 9.26.14)*

**4.6. *(Deleted 9.26.14)***

**4.7. How do we obtain financial assistance for strategic planning from NAR?**

The [strategic planning grant program](#) is administered by the NAR Finance Committee through the Finance Division. Strategic plans should be emailed to [csgrantrequest@realtors.org](mailto:csgrantrequest@realtors.org). Once approved, the association's strategic plan should also be attached to the online compliance database ("Compliance Tool"). [Grant applications](#) are available on Realtor.org. *(Revised 9.26.14)*

**4.8. How is the amount of financial assistance from NAR determined?**

Please see the answer to question 4.1.

**4.9. What must the strategic plan include to meet the Core Standards?**

Strategic plans must satisfactorily address the Advocacy and Consumer Outreach components of the Core Standards to qualify. *(Revised 7.3.14)*

**4.10. Can we contract now with someone to facilitate our strategic plan?**

If you contract with a facilitator now – or later – remember the strategic planning grant will be disbursed by NAR only on successful completion of the strategic plan that's approved by NAR, so you will want to make that clear in your agreement with the facilitator.

**4.11. Does NAR set strategic planning facilitators' fees?**

No. That is a matter of agreement between the association and the facilitator.

**4.12. Our association has strong, collegial relationship with the state association. However, we are also competitors when it comes to offering certain products, services and benefits to members. Our plans for new offerings are incorporated in our strategic plan or, in some cases in our business plan. We do not want to share that information with the state association or with other competitors. Do the Core Standards require us to make these plans available to the state association?**

The short answer is no. Strategic and/or business plans will be reviewed at the national level only and will not be made available to the state association or to any other association in your state. *(Revised 9.26.14)*

**4.13. We don't intend to apply for a strategic planning grant. How do we send our strategic plan to NAR for approval?**

Even if a strategic planning grant isn't being requested, the plans should be sent to [csgrantrequest@realtors.org](mailto:csgrantrequest@realtors.org). Once approved, the association's strategic plan should also be attached to the online compliance database ("Compliance Tool").

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## 5. Advocacy

**5.1 Our local association has its own RPAC promotional material it annually distributes to the membership. Can we continue to use those materials, or do the Core Standards require use of materials provided by the state association or by NAR?**

Local associations can comply by using any RPAC promotional materials they choose to educate the membership on the value of investing in RPAC. It is recommended that local material be reviewed by legal counsel to ensure it meets the state and federal PAC regulations. Most state associations and NAR make excellent promotional material for use by local associations.

**5.2 Our local association has done advocacy activities in the past. When does this advocacy activity need to occur to satisfy the Core Standards for the initial 2014-15 cycle?**

Advocacy activities that take place between adoption of the Core Standards (May 17, 2014) and June 30, 2015 will meet the requirement.

**5.3 Each year, our association uses one of the REALTOR® Party programs. Will the use of REALTOR® Party Advocacy programs satisfy the Core Standards requirement?**

Yes, REALTOR® Party programs and services qualify.

**5.4 Our association develops and conducts our own advocacy programs. Do they satisfy the Core Standards requirements, or must we use REALTOR® Party programs?**

The Core Standards require associations to demonstrate advocacy engagement. If the program or activity is advocacy-based, it will meet the requirement subject to the state association review and confirmation.

**5.5. Am I required to include RPAC in my dues billing statement?**

There are two options. You can:

- Include RPAC in your association dues billing statement.
- Write a check in the full amount of the NAR established RPAC goal from your local association's account to the NAR PAF (Political Advocacy Fund). That check should be sent to your state association and not to NAR directly. Check with your state association to ensure legal compliance.

**5.5.1 What are the consequences of including only our local PAC on our members' dues billing statements?**

Failure to include RPAC contributions on members' dues billings will result in the association having to write a check for the full amount of the NAR-established RPAC goal payable to the NAR PAF (Political Advocacy Fund). *(Added 7.3.14)*

**5.5.2. What if my local association regularly meets its fundraising goal annually without doing dues billing? Must I still dues bill for RPAC or the PAF to comply with the Core Standards requirement?**

Surpassing your fundraising goal, even if by a significant amount, does not relieve your association of its obligation to comply with the Core Standard requirement to include RPAC or the PAF in your dues billing statement or to send a check in the amount of the NAR-established RPAC fundraising goal. *(Added 9.26.14)*

**5.5.3. Do we have to bill all members the same RPAC or PAF amount on their dues billing statements, or can we bill different types of members for different amounts (for example, \$35 for agents and \$75 for brokers)?**

You may bill any amount for RPAC or the PAF on the dues billing statement as long as it is at least "in an amount adequate to meet any NAR established fundraising goals." *(Added 9.26.14)*

**5.5.4. Do State Associations with at-large REALTOR® members need to request a voluntary RPAC or PAF contribution in the dues billing statements sent to such members?**

Yes, a State Association that bills at-large members directly should include RPAC or PAF in their dues billing and the state will transmit the NAR portion accordingly. *(Added 9.26.14)*

**5.5.5. If my Local Association elects to write a corporate check as opposed to implementing dues billing, is there a limit on the amount for which the corporate check can be written?**

There is no legal limit on how much can be sent to NAR's Political Advocacy Fund (PAF). There may be a limit if the association elects to also make a contribution using association treasury funds to the State PAC where corporate contributions are permitted but limited in amount, and in some states associations may be prohibited from making contributions to the state PAC. Please check with your state association for more information about the available options. *(Added 9.26.14)*

**5.5.6 If we choose to write a corporate check in lieu of dues billing, what date and therefore what membership count do we use to determine the amount? And if our membership increases during the year, do we "owe" more money later since the membership went up?**

October 31 of the previous year which is the same date RPAC uses to set the states' fundraising goals. If your membership changes throughout the year, the amount required via a corporate check will not change. *(Added 9.26.14)*

**5.5.7 If we write a corporate check that represents a contribution from each member, does that put our Association at 100% participation?**

A corporate check from an association does not equate to 100% participation by its members. In order for a contribution to be counted towards RPAC participation, the national RPAC Trustees voted it must be a voluntary contribution made by the member. *(Added 9.26.14)*

**5.6. What if I don't reach my NAR-established RPAC goal through the member dues billing?**

Your Association will be in compliance if you included the NAR-established RPAC goal in your dues billing, regardless of the amount collected.

**5.7. I already sent my dues billing out for 2015. Do I have to re-bill every member?**

If you already sent out your *full year* dues billing and will not be sending another dues billing statement, you can comply by including it in future years' dues billings. Minimally it must be included in all dues billings sent after June 30, 2015. However, if you have not sent your 2015 dues billings, and will be sending them after September 1, 2014, you are required to include the NAR-established RPAC goal in your 2015 dues billing statement.

**5.8. We place Calls for Action on our MLS sign-in page. Does that demonstrate adequate proof of participation?**

Yes. You need to demonstrate CFA promotion to your membership. To see your state and local association Call for Action response rate, go to <http://www.realtoractioncenter.com/for-associations/cfa-report/>.

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## 6. Professional Standards/ Code of Ethics

**6.1. What do the Core Standards require with respect to new and continuing member training?**

The Core Standards require associations to provide new and continuing member Code of Ethics training as required by Professional Standards Policy Statements #47 and #48.

Professional Standards Policy Statement #47, *New Member Orientation*, provides:

Effective January 1, 2001, applicants for REALTOR® membership shall complete an orientation program on the Code of Ethics of not less than two (2) hours and thirty (30) minutes of instructional time. This requirement can be satisfied through instruction provided by the local Board or by another Board and can include classroom instruction, home study, correspondence study, or Internet-based instruction. Any orientation program must meet the learning objectives and minimum criteria established by the National Association of REALTORS® from time to time. REALTORS® who having completed such orientation shall not be required to complete further Code of Ethics orientation

upon application for membership in another Board provided that REALTOR® membership has been continuous or that any break in membership is for one (1) year or less.

Professional Standards Policy Statement #48, *REALTORS®' Code of Ethics Training*, provides: Effective January 1, 2001 through December 31, 2004, and for successive four (4) year periods thereafter, REALTORS® are required to complete quadrennial ethics training of not less than two (2) hours and thirty (30) minutes of instructional time. REALTORS® completing such training during any four (4) year cycle shall not be required to complete additional ethics training in respect of this requirement as a requirement of membership in any other Board or Association.

A REALTOR® completing the new member Code of Ethics orientation during any four (4) year cycle shall not be required to complete additional ethics training in respect of this requirement until a new four (4) year cycle commences.

Failure to complete the required periodic ethics training shall be considered a violation of a membership duty.

Failure to meet the requirement will result in suspension of membership for the first two months (January and February) of the year following the end of any four (4) year cycle or until the requirement is met, whichever occurs sooner. On March 1 of that year, the membership of a member who is still suspended as of that date will be automatically terminated.

Every Board and Association is required to provide access to necessary ethics training programs either locally, in conjunction with other Boards and Associations, or through other methods (including, but not limited to, home study, correspondence courses, or Internet-based instruction). Any training offered pursuant to this requirement must meet the learning objectives and minimum criteria established by the National Association of REALTORS® from time to time.

## **6.2. What options are available for local associations in enforcing the Code of Ethics and conducting dispute resolution?**

Local associations have wide latitude in how they meet their enforcement obligations. Enforcement can be conducted by the association itself, associations can develop multi-association or regional enforcement mechanisms, and state associations can take on some or all enforcement duties.

## **6.3. Will NAR develop additional expedited enforcement procedures?**

“Expedited” procedures for enforcement of the Code of Ethics are available at Section 20 (f-q) in the *NAR Code of Ethics Arbitration Manual*. Additional enhanced policies and procedures will be developed by the NAR Professional Standards Committee.

## **6.4. Is “ombudsmen” an acceptable enforcement supplement?**

Yes.

## **6.5. What “ombudsmen” resources are available from NAR?**

Boards and associations of REALTORS® are charged with the responsibility of receiving and resolving ethics complaints. This obligation is carried out by local, regional and state grievance committees and professional standards committees. Some complaints received by associations do not expressly allege violations of specific Articles of the Code of Ethics; others do not detail conduct related to the Code. Some complaints are actually transactional, technical, or procedural questions that can be readily responded to. Many complaints can be averted or easily dealt with through enhanced communications and initial problem-solving capacity. NAR has developed ombudsman procedures which may be adopted by associations, and which are available at REALTOR.org by searching on “Developing an Ombudsman Program.”

## **6.6. Is a “citation system” an acceptable enforcement supplement?**

Yes.

**6.7. Will NAR develop a model “citation system?”**

Yes, it’s anticipated the NAR Professional Standards Committee will develop a model citation program based on similar programs already in use in several states.

**6.8. Is “ethics mediation” an acceptable enforcement supplement?**

Yes.

**6.9. What “ethics mediation” resources are available from NAR?**

Detailed procedures are available on REALTOR.org. Visit [Ethics Mediation](#) or search REALTOR.org for “ethics mediation.”

**6.10 Our Grievance Committee doesn't meet on a scheduled basis. Rather, when an ethics complaint or an arbitration request is filed, we select members from the Grievance Committee roster to review the complaint/request. Is this permissible under the Core Standards and applicable policy?**

Yes. *(added 8.7.14)*

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## 7. Consumer Outreach

**7.1. Are there examples of association consumer outreach initiatives?**

[Consumer Outreach Best Practices](#) in three categories – Advocacy, Education, and Market Data – are available on REALTOR.org. These initiatives represent a wide variety of association staff and budget resources. Contact information for more details on any of these best practices is also included in this collection. <http://www.realtor.org/ae/manage-your-association/consumer-outreach-best...>

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## 8. Unification Efforts and Supports of the REALTOR® Organization

**8.1. What does “have access to” legal counsel require?**

At a minimum, every association will have access to a specific attorney or law firm that can provide legal guidance with respect to laws and regulations governing the operation of real estate associations and other matters that might create liability to the association. This could be met by having an attorney on the association’s staff, or through an arrangement with local legal counsel. If the state association offers legal services to its associations, that would meet the requirement as well.

**8.2. How do local associations demonstrate that they have timely filed all legally required reports and documents?**

The compliance certification tracking and reporting system will allow associations to attach copies of all required documents.

**8.3. What training for local and state association chief staff satisfies the Core Standards requirements?**

Training meeting the requirement includes offerings at the NAR Association Executives Institute, similar programs conducted regionally by one or more state associations, and other programming focused on real estate association management/administration issues. Also see Question 2.8. *(Revised 8.7.14)*

**8.4. How do local associations demonstrate that they have promoted “to their members the importance of participating in NAR-conducted efforts to assess member understanding of the overall value provided by associations at all three levels of the Association?”**

NAR will conduct annual surveys of local associations' REALTOR® members to determine whether associations have heightened their members' awareness of the REALTOR® organization's value proposition.

#### **8.5. (Deleted 9.26.14)**

#### **8.6 Can "shared services" be used to satisfy certain Core Standards (e.g. press releases) if the partner organization isn't another association of REALTORS® (for instance our local Chamber of Commerce)?**

Yes, as long as the content itself meets the Core Standards requirement, the "partner" organization doesn't matter. (Added 8.7.14)

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## **9. Technology**

### **9.1. What is required for a website to be considered "interactive?"**

"Interactive website" is defined as one that permits users to move between websites and that can include active links.

### **9.2. Is there specific content/information that must be available on local and state association's interactive websites?**

Associations' interactive websites must make access to professional standards and arbitration filing processes available, and must link to the websites of the other levels of the REALTOR® organization for promotion of member programs, products and services.

### **9.3. Will NAR provide funding to develop local and state association interactive websites?**

The Organizational Alignment/Core Standards implementation effort does not include funding for development of local or state association websites.

### **9.4. Are there technology information resources available from NAR?**

The [REALTOR® Association Core Services Technology Guide](#) is available on REALTOR.org.

### **9.2. Is there specific content/information that must be available on local and state association's interactive websites?**

Associations' interactive websites (defined as including the ability to move between websites and to create active links) must give members and consumers access to professional standards and arbitration filing processes available, and must link to the websites of the other levels of the REALTOR® organization for promotion of member programs, products and services.

To assist associations in meeting this requirement, NAR's Member Policy staff has created a [comprehensive compendium of information](#) that includes the Code of Ethics, explanatory whitepapers (e.g. *Before You File an Ethics Complaint*, the *Sanctioning Guidelines*, and others), standard forms for filing and processing ethics complaints and arbitration requests, the Statements of Professional Standards Policy adopted by the NAR Board of Directors, as well as resources for professional standards administrators. [These materials can be linked to from Realtor.org.](#) (Revised 8.7.14)

### **9.5 How can our association prove it uses email to communicate with our members?**

The assertion of the association President, President-elect and Association Executive that the association uses email to communicate with members should be satisfactory "proof." (added 8.7.14)

### **9.6 How do we prove to the state association that we have an interactive association website?**

The website's URL should be sufficient to enable the state association to confirm your association has a qualifying interactive website. (Added 8.7.14)

**9.7. Our MLS has a website accessible by our members and by consumers. It includes some information about our association as well. Does that satisfy the Core Standards requirement?**

There is no prohibition on an association and its MLS sharing a website. But to satisfy the Core Standards it should be clear to consumers - and to members as well - that when they land on the website they have arrived at a destination that's the source of information about the association, its programs and the resources available to members and to consumers. *(Added 9.26.14)*

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## 10. Financial Solvency

**10.1. What must local and state associations do to demonstrate fiscal integrity and financial solvency?**

Each association must adopt financial policies to ensure the fiscal integrity of their financial operations. These financial policies might cover topics and subjects such as:

- fraud awareness and prevention
- budgeting
- dues collection
- financial information disclosure
- officer, member and staff travel
- investing
- reserve levels
- payment policies
- compliance reporting
- compensation
- revenue recognition
- asset capitalization
- financial reporting
- conflicts of interest
- whistleblower
- document retention

**10.1.1 Are we required to share our state and/or federal tax returns with the state association or with the NAR?**

No. Documentation confirming that the required returns have been filed such as a letter from the association's CPA, accountant, tax preparer or the treasurer will satisfy the requirement. *(Added 7.3.14)*

**10.1.2 Our association commonly files for one or more extensions for filing our state and/or federal tax returns. What do we do if we haven't filed the current years returns when it's time to demonstrate compliance with the Core Standards?**

Documentation confirming filing of the most recent returns (see FAQ 10.1.1) will satisfy the requirement. *(Added 7.3.14)*

**10.2. What financial reports are necessary to satisfy the Core Standards?**

Each association must submit an auditor's report on an audit, review or compilation. Definitions of these terms by the American Institute of Certified Public Accountants are provided in questions 10.3-10.5.

**10.2.1 How do we know if we are eligible to meet the Core Standards by obtaining a "CPA's Compilation Report?"**

Only associations with gross revenues of less than \$50,000 can satisfy the Core Standards using a "CPA's Compilation Report" (defined in Question 10.5 below). Please note, though, that state and

national dues and assessments are not considered to be revenue for purposes of this measurement. *(Added 8.7.14)*

**10.2.2 Are the revenues generated by our MLS included in the \$50,000 cut-off for using a "CPA's Compilation Report" to satisfy the Core Standards?**

If the MLS is operated as a committee of the association of REALTORS® (and not a separate corporation), then the MLS's revenues and expenses are part and parcel of the association's overall finances, and would be included in the association's financial review duties under the Core Standards.

If the MLS is separately incorporated, then its revenues would not be counted as part of the association's revenues for purposes of the Core Standards. *(added 8.7.14)*

**10.2.3 Our CPA wants to know if footnotes are required for a "CPA's Compilation Report" to satisfy the Core Standards.**

No, the Core Standards do not require footnotes. *(added 8.7.14)*

**10.2.4 For the first compliance cycle (ending June 30, 2015) in what tax year should the audit, review or compilation be for?**

The audit, review or compilation should be for the first fiscal year-end following May 17, 2014. *(Added 9.26.14)*

**10.2.5. Our association's gross revenues (excluding amounts received for state and national dues and assessments) are greater than \$50,000. What type of financial reporting are we required to have?**

Associations with revenues of more than \$50,000 (excluding amounts received for state and national dues and assessments) must have a CPA's audit opinion or an Accountant's Review Report. *(Added 9.26.14)*

**10.3. What is a "CPA's audit opinion?"**

Audited financial statements provide the user with the auditor's opinion that the financial statements are presented fairly, in all material respects, in conformity with the applicable financial reporting framework. In an audit, the auditor is required by auditing standards generally accepted in the United States of America (GAAS) to obtain an understanding of the entity's internal control and assess fraud risk. The auditor also is required to corroborate the amounts and disclosures included in the financial statements by obtaining audit evidence through inquiry, physical inspection, observation, third-party confirmations, examination, analytical procedures and other procedures.

The auditor issues a report that states the audit was conducted in accordance with GAAS, the financial statements are the responsibility of management, provides an opinion that the financial statements present fairly in all material respects the financial position of the company and the results of operations are in conformity with the applicable financial reporting framework (or issues a qualified opinion stating the financial statements are not in conformity with the applicable financial reporting framework; the auditor may also issue a disclaimer of opinion or an adverse opinion if appropriate).

**10.4. What is an "Accountant's review report?"**

Reviewed financial statements provide the user with comfort that, based on the accountant's review, the accountant is not aware of any material modifications that should be made to the financial statements for the statements to be in conformity with the applicable financial reporting framework.

A review engagement involves the CPA performing procedures (primarily analytical procedures and inquiries) that will provide a reasonable basis for obtaining limited assurance that there are no material modifications that should be made to the financial statements for them to be in conformity with the applicable financial reporting framework.

In a review, the CPA designs and performs analytical procedures, inquiries and other procedures, as appropriate, based on the accountant's understanding of the industry, knowledge of the client, and awareness of the risk that he or she may unknowingly fail to modify the accountant's review report on financial statements that are materially misstated. A review does not contemplate obtaining an understanding of the entity's internal control; assessing fraud risk; testing accounting records; or other procedures ordinarily performed in an audit.

The CPA issues a report stating the review was performed in accordance with Statements on Standards for Accounting and Review Services; that management is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements; that a review includes primarily applying analytical procedures to management's financial data and making inquiries of management; that a review is substantially less in scope than an audit and that the CPA is not aware of any material modifications that should be made to the financial statements for them to be in conformity with the applicable financial reporting framework.

#### **10.5. What is a “CPA’s compilation report?”**

In a compilation engagement, the accountant assists management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

In a compilation, the CPA must comply with the Statements on Standards for Accounting and Review Services (SSARs), which require the accountant to have an understanding of the industry in which the client operates, obtain knowledge about the client, and read the financial statements and consider whether such financial statements appear appropriate in form and free from obvious material errors.

A compilation does not contemplate performing inquiry, analytical procedures, or other procedures ordinarily performed in a review; or obtaining an understanding of the entity's internal control; assessing fraud risk; or testing of accounting records; or other procedures ordinarily performed in an audit.

The CPA issues a report stating the compilation was performed in accordance with Statements on Standards for Accounting and Review Services; and that the accountant has not audited or reviewed the financial statements and accordingly does not express an opinion or provide any assurance about whether the financial statements are in accordance with the applicable financial reporting framework.

#### **10.6. Will NAR provide financial assistance to associations that have not utilized such reporting in the past?**

No. Fiscal integrity and financial reporting are corporate responsibilities of every association, regardless of size.

#### **10.7. If our association is considering filing bankruptcy, who do we contact at NAR?**

The Office of the General Counsel.

#### **10.8. What is the consequence of filing for bankruptcy without informing NAR first?**

Loss of charter status.

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## **11. State Association Funding**

### **11.1. Are implementation grants available to state associations from NAR?**

Yes.

**11.2. How can these funds be used?**

Grants can be used by state associations to assist their local associations in complying with the Core Standards.

**11.3. What is the process for requesting funding?**

State associations will develop and submit plans detailing how they intend to assist their local associations in complying with the mandatory core standards, the proposed steps to be taken, and the costs for each step. Plans will be submitted to the NAR Treasurer, in care of the CFO.

Upon review of the plan, one half of the proposed funding will be paid, with the balance, up to the proposed maximum of \$5 per REALTOR® member (and with a cap of \$100,000 per state), on or about June 30, 2015. Providing half of the grant at the time of application will facilitate implementation and ease the financial burden on state associations.

The grant program will be administered by the NAR Finance Committee through the Finance Division. It's anticipated that application information will be available in July.

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# Legal Update

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# Broker Liability for Salesperson

**Auer v. Paliath**, Slip Opinion No. 2014-Ohio-3632 (OH Sup. Ct.)

- Broker liability for a salesperson requires a fact-based determination that the agent was acting within the scope of agency when the tort was committed.

# Patent Infringement

**Real Estate Alliance Limited v. Diane Sarkisian, et al., 2:05-cv-03573-CDJ (E.D. Penn.)**

**Move, Inc., et al., v. Real Estate Alliance Limited, CV 07-2185-GHK (AJWx) (C.D. Cal.) (order reinstating summary judgment, Jun. 23, 2014)**

**Patent at issue:** Process for locating properties on a map via a computer. (U.S. Patent No. 4,870,576 (1989))

# Patent Infringement

## Digital Distribution Technologies

**Patent at issue:** Online searchable real estate database where users can save favorite properties and search criteria and receive an email alert when new properties matching their criteria come on the market. (U.S. Patent No. 6,529,908 (2003))

## Property Disclosure Technologies

**Patents at issue:** Broadly described as the process of compiling and categorizing property information, and providing a searchable property information website.

(U.S. Patent Nos. 6,529,908 (2009); 7,945,530 (2011); 8,630,974 (2014))

# RESPA Reminder

- RESPA Section 8(a) generally prohibits referral fees.
- RESPA Section 8(c)(4) permits affiliated business arrangements (ABA) as long as relationship is disclosed and use of ABA is not required.
- RESPA's implementing regulation (12 C.F.R. § 1024) provides ABA Disclosure Statement in Appendix D.

# RESPA Reminder: DISCLOSE ABA

## ABA Disclosure Statement Format

(12 CFR Part 1024, Appendix D)

- Identify consumer, property, date, and entity making referral
- Notice and description of the business relationship including potential financial benefit
- Estimated charges or range of charges for the settlement service
- Acknowledgement by the consumer

# RESPA Reminder: FMV

Fair market value for goods or services is based only on the value of the goods or services in and of themselves and cannot include any consideration of the value of any referrals or business incident to or part of real estate settlement services.

# Drones

- General rule: only permitted use is for hobbyists; research; public safety. Commercial use requires FAA approval on case-by-case basis.
- By late 2015, FAA to issue regulations governing permitted commercial uses of unmanned aircraft systems.

# Misappropriation of Trade Secrets

**Move, Inc., NAR, RIN, et al. v. Zillow, Inc.,  
Errol Samuelson and Does 1-20,  
14-2-07669-0 SEA (Sup. Ct. Wash.).**

- Preliminary injunction granted June 30, 2014.

# Insurance

- Typical year: 30 lawsuits, 60 threats, \$1.5m in claims paid
- 2012: 19 lawsuits, 40 threats, \$1.5m (projected)
- 2013: 12 lawsuits, 36 threats, \$600K (projected)
- 2014 (as of Sept): 10 lawsuits, 17 threats

**THANK YOU**

# Notes