

# BOARD of CHOICE

## Questions & Answers

**O**ne of the more significant changes in the real estate industry is Board of Choice, which became effective in Wisconsin on January 1, 1995. Previously under the NATIONAL ASSOCIATION OF REALTORS® jurisdictional policies, REALTORS® were required to join the board where their principal place of business was located before they could join any other board. Board of Choice allows REALTORS® to choose the board to which they want to belong on the basis of factors they decide are most important, rather than being limited by office location or jurisdictional boundaries. The following are questions and answers frequently encountered this past year concerning Board of Choice.

### QUESTION

Our company has one office with the broker being the Designated REALTOR® in Board A. All of our agents are REALTOR®-members of Board A also. We would also like to have access to the MLS of Board B. Do we have to become members of Board B first?

### ANSWER

No, the Designated REALTOR® of your company can apply for participation in the MLS of Board B without the necessity of first obtaining membership in Board B.

### QUESTION

One of our sales agents is a secondary member of Board B. Can he obtain access to the MLS of Board B?

### ANSWER

Access to Board B's MLS can be provided to the sales agent only if his/her Designated REALTOR® first becomes a Participant in the MLS.

### QUESTION

My office is in Illinois but I would like to elect a Board in Wisconsin as my primary Board. Is this possible?

### ANSWER

Board of Choice Across State Lines was approved by the Directors of the NATIONAL ASSOCIATION OF REALTORS® at their Mid-Year meeting in May, 1995. However, approval of the necessary amendments to the NAR Constitution by the Delegate body

and the NAR Bylaws by the Directors will not take place until the Annual Convention in November. It is expected that Members will be able to select as their primary Board any Board in a contiguous state to that of their office location. State association membership would be in the state where the primary Board membership is held. This change would become effective July 1, 1996, with local Boards having the option to implement this policy sooner.

### QUESTION

My company has one main office and two branch offices. Do the Designated REALTORS® all have to belong to the same primary Board?

### ANSWER

No, assuming consent of the broker-owner, each Designated REALTOR® may select a different local Board for his/her primary membership.



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## BOARD OF CHOICE QUESTIONS & ANSWERS

### QUESTION

My company has one office. Do all of the sales agents have to be members of the same Board?

### ANSWER

No, the sales agents may choose as their primary Board any Board in the state where the company has a Designated REALTOR® as a member.

For example, a firm with 50 agents may have some sales agents that prefer to be members of the Board where the firm's office is located, while other sales agents might prefer to be members of an adjoining Board located in the area where those sales agents do most of their business. As long as the firm has a Designated REALTOR® member in both Boards, the sales agents may choose either as their primary Board. A Designated REALTOR® is defined as a sole proprietor, partner, corporate officer or branch office manager who meets all other qualifications for REALTOR® membership established by the Board's Bylaws.

### QUESTION

Our firm has only one Designated REALTOR®. Can that individual be the Designated REALTOR® in more than one Board?

### ANSWER

Yes, assuming the individual meets all other qualifications for REALTOR® membership established by Boards' Bylaws. This individual would select one Board as his/her primary Board (through which state and national dues would be remitted). He/she would then be able to apply for Designated REALTOR® status in as many other Boards as he/she desires, paying only local dues and fees.

### QUESTION

My Designated REALTOR® is a member of Board A, but not Board B. I would like to be a member of Board B. Can I do so without my Designated REALTOR?

### ANSWER

Primary membership in Board B would not be available to the sales agent if the firm does not have a Designated REALTOR® in Board B. However, if the sales agent is a member of Board A (where the firm does maintain a Designated REALTOR®), then he/

she can seek secondary membership in Board B without the requirement that his/her Designated REALTOR® first obtain membership.

### QUESTION

What is the difference between primary and secondary membership?

### ANSWER

The former classification of "non-resident membership" has been replaced by the new classification of "secondary membership." An individual is a primary member of a Board if that Board remits state and national dues based on that member. Since state and national dues are only paid once, there is only one primary Board. However, there can be as many secondary Board members as the REALTOR® wishes to join by paying local Board dues.

### QUESTION

What are my rights as a secondary member? Where do I pay my dues?

### ANSWER

Membership is available in a secondary Board on terms and conditions no more stringent than the requirements established in the Board's Bylaws for primary membership. Secondary members have the same rights and privileges as primary members, including the right vote and hold elected office. State and National dues are paid once through the member's primary Board. Only local dues are collected by the secondary Board.

### QUESTION

How will the Designated REALTOR® Dues Formula be applied under Board of Choice?

### ANSWER

If a firm maintains Designated REALTORS® in more than one Board, each Designated REALTOR® is responsible, per the certification provision in the Board's Bylaws, for providing each Board where they hold membership with a list of names of any non-member licensees affiliated with their offices and indicate which Board those licensees will be included for purposes of computing the Designated REALTOR® dues. In addition, this certification will also list all real estate salespersons and licensed/certified

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appraisers who hold REALTOR® membership and identify their primary Board.

### QUESTION

If I am the Designated REALTOR® in Board A and wish to apply for participation in Board B's MLS, what requirements can Board B establish?

### ANSWER

Board B may require that an applicant for participation be licensed as a real estate broker in Wisconsin. In addition, access to the Board's MLS may be conditioned on the Participant's agreement to submit to ethics hearings and arbitration requests filed with Board B.

### QUESTION

How will Board B assess MLS fees for REALTORS® who obtain MLS access from Board B but are not members of Board B?

### ANSWER

MLS fees for these participants can be assessed in the same manner that Board B assesses MLS fees for its members who participate in the MLS. For example, if MLS fees are assessed based on all licensees in the participant's office, this same policy can be applied to REALTOR®-principals who are participants in the MLS but do not hold membership in that Board.

### QUESTION

If I am a participant in Board B's MLS but have my REALTOR® membership in Board A, what discipline can be imposed by Board B against me in an ethics hearing?

### ANSWER

The discipline imposed by Board B for violation of the Code of Ethics can be the same as that imposed on REALTOR® members of Board B, except that Board B cannot suspend or terminate the Participant's REALTOR® membership in Board A. However, Board B may impose suspension or termination of MLS rights and privileges in Board B's MLS. Further, if the Participant is found in violation of the Code, he/she may be assessed an administrative processing fee not to exceed \$250, which may

be in addition to any other discipline (including fines) that may be imposed.

### QUESTION

Can I purchase services from Board B without becoming a member of Board B (I presently hold membership in Board A)?

### ANSWER

Yes, REALTORS® are entitled to purchase services from Boards other than their primary Boards without the necessity of holding membership in those Boards. Fees will be determined by the individual Boards, and may be different for Board members and members of other Boards except that fees for MLS services (i.e., those that are not dependent upon geographic location, such as participation fees or monthly fees) may not exceed those for members of the Board. The MLS may charge additional fees for direct costs related to providing access to the "participant-only" firm.

### CONCLUSION

The issue of Board of Choice is covered in detail in the WRA's Legal Update 94.09. For more information or further detail, please refer to this publication.