

MEMORANDUM OF UNDERSTANDING

(BUILDER/REALTORS[®] Cooperation Agreement)

Guiding Principles

The Lethbridge and District Association of REALTORS[®] and the Canadian Home Builders Association-Lethbridge Region agree that:

1. Cooperation between REALTORS[®] and Builders on sales of new product is advantageous for both industries and the common clients they serve.
2. All transactions must be conducted in an ethical and business manner, and both parties must disclose all information relevant to the sale.
3. All parties should disclose the nature of any agency relationship that exists with respect to a transaction.
4. Any dispute between a LDAR[®] member and a CHBA-LR member will be referred to the Mediation/Arbitration Panel as outlined in the Code of Conduct document.
5. Participating CHBA-Lethbridge Region and all LDAR[®] members shall respond to correspondence from the Lethbridge Real Estate Board in writing within ten days. Failure to do so can result in the discontinuance of Board services to the LDAR[®] member and possible termination of membership for the CHBA-LR member.
6. Any CHBA-LR participating member who fails to comply with the decision of the Mediation/Arbitration Panel within 30 days may have their membership in the program terminated by the Joint Partnership Committee.
7. Any LDAR[®] member who fails to comply with the decision of the Mediation/Arbitration Panel within 30 days may have their membership in the program of the partnership agreement terminated by the Board of Directors.

Guidelines

The Lethbridge and Association of REALTORS[®] and the Canadian Home Builders Association-Lethbridge Region recognize the following guidelines as being appropriate for new product sales:

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Entitlement to Commission

In order to be entitled to a selling commission from a Builder, a REALTOR[®] must:

- a) Accompany the potential purchaser on their first visit to the show home or builder's office and register in writing with the Builder or a representative and confirm the terms of cooperation;
- b) If requested, assist in any aspects of completing the sale.

NOTE: Properties that are listed exclusively, or on the MLS[®], requires interpretation of CREB[®]'s rules relating to commission disputes.

The Builder or a representative should specify in writing the terms of commission, if any, paid by way of fee-for-service, percentage of sale price, referral fees (if applicable), or other methods.

Communication, Education and Promotion

In order to minimize disputes between the two industries and to avoid confusion on the part of the purchaser, CHBA-LR members should have a method of communicating their willingness to work with REALTORS[®] and their potential purchasers, through items such as signage and other advertising.

As part of the process of educating both industries, LDAR[®] and CHBA-LR agree that both associations will periodically publish in their newsletters these principles and guidelines. Further, they will inform the industries of generic case studies involving BUILDER/REALTOR[®] disputes that would be of interest to both industries.

Both associations agree that they will move to integrate these Principles and Guidelines into their respective education and training programs and will continue to work on developing processes that will facilitate cooperation between both industries.

BUILDER/REALTOR[®] REGISTRATION FORM

(This form is to be used ONLY by Members of the
CHBA-LR/LDAR[®] BUILDER/REALTOR[®] Partnership Program)

Guidelines REALTOR[®]/Purchaser Declaration

The Purchaser hereby agrees that they have not at any time carried out any negotiations, inspection, or had other dealings with the Builder for the Land and Home described in this Agreement and that further, no licensed REALTOR[®] has introduced the Purchaser to the Land or been the effective cause of the purchase contemplated in this Agreement. That the REALTOR[®] and the Purchaser have registered with the Builder's representative on their first visit to the show home or Builder's office.

Part A

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DATE _____ Community/Project Name _____

Purchaser Name _____ REALTOR[®] Name _____

Purchaser Address _____ Brokerage Name _____

Business Phone _____ Brokerage Phone _____

Residence Phone _____ REALTOR[®] Cell Phone _____

New Home Interests _____

It is acknowledged that a **Builder/Developer Purchase Agreement** will be required to identify the terms of the sale between the Purchaser and the Builder/Developer.

Purchaser(s) Signature

REALTORS[®] Signature

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Part B

TO BE COMPLETED BY THE BUILDER'S REPRESENTATIVE OR OFFICE AFTER REGISTRATION

Terms of Registration _____

Commission _____

Special Terms or Conditions _____

Expiry Date of Registration _____

Commission Payout _____

Builder's Warranty Coverage Provided

By: _____

Builder's Representative Signature _____

CODE OF CONDUCT

(between Builders and REALTORS[®])

Of the Builders and REALTORS[®] that subscribe to this program, so it must be that they adhere to the Code of Conduct.

Registration Process

1. Upon initial contact in the Builder's office or show home, the REALTOR[®] must accompany the prospective purchaser and provide the Builder's representative with a signed and completed "BUILDER/REALTOR[®] Registration Form". (A copy must be provided to each party).
2. Both REALTORS[®] and Builders will have access to the blank BUILDER/REALTOR[®] Registration Forms that must be filled out in its entirety and signed by the REALTOR[®] and Builder representative to be valid.
3. All terms and commissions specific to the Builder must be detailed on the Registration Form.
4. The signed Registration Form will protect the REALTORS[®] fee.
5. Registration will be valid from the date on the Registration Form, to the date specified in the "Expiry Date of Registration" area, which is mutually agreed upon by the Builder and the REALTOR[®].
6. If the Builder or any of the Builder's representatives had any previous meetings with the prospective client/purchaser within the previous 30 days, they reserve the right not to sign the register.
**Ideally, any discrepancy regarding the definition of "working with" will be clarified by the buyer.*

Sales Process

1. The Builder agrees, by adhering to the Code of Conduct, that there can only be one price for the home, whether sold in-house or by a participating REALTOR[®].
2. Once the BUILDER/REALTOR[®] Registration form has been completed, it is understood that the Builder's representative can contact the client directly.
3. Depending on the Builder's policy, the REALTOR[®] may continue to be involved in the sales process or step back and let the Builder's representative complete the necessary documents through to the conclusion of the sale or condition removal.
**If the Builder's policy is in conflict with the client/REALTOR[®] relationship, then the client will indicate their preferred working relationship.*

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Sales Process - Cont'd

4. The Builder's representative and the REALTOR[®] are jointly responsible to ensure copies of the offer to purchase, deposit Cheques payable to the Builder, and other relevant documents are provided to the REALTOR[®] and their Brokerage office within two (2) business days after acceptance.
5. The REALTOR[®] would be expected to assist in the timely removal of conditions to ensure there are no unnecessary delays.
6. The REALTORS[®] Brokerage will send this registration form along with their commission agreement to the Builder.
7. Prices and specifications are subject to change at any time without notice.
8. Properties that are listed exclusively or on the MLS[®] require interpretation of LDAR[®]'s rules relating to commission disputes.

Dispute Resolution Process

1. Should there be a dispute; a Mediation/Arbitration Hearing will be held to settle the matter. The Mediation/Arbitration Panel will be comprised of 5 representatives, 1 LDAR[®] Chairperson, 2 LDAR[®] representatives and 2 CHBA-LR representatives.

Professional Conduct

Mutual respect between Members and the public is expected! The exchange of derogatory comments to or with any person based upon their ethnicity, gender, nationality, age or sexual orientation is not in the professional image of our Membership and is strictly forbidden. Aggressive and/or abusive behaviour, blackmail, ultimatums or verbal threats used for leverage relating to a property transaction will not be tolerated. Proper protocol in escalating issues to the appropriate parties is also expected.

CHBA-LR/LDAR® MED/ARB HEARING GUIDELINES

1. A CHBA-LR/LDAR® Med/Arb Hearing is held to resolve a commission dispute and/or a code of conduct dispute.
2. A CHBA-LR/LDAR® Med/Arb Hearing is held pursuant to the CHBA-LR/LDAR® **Code of Conduct** (between Builders and REALTORS®) and the **Memorandum of Understanding** (BUILDER/REALTORS® Cooperation Agreement).
3. A CHBA-LR/CREB® Med/Arb Hearing is held in an informal setting.
4. A CHBA-LR/LDAR® Med/Arb Hearing shall have a Panel comprised of two LDAR® representatives and two CHBA-LR representatives, as per the CHBA-LR/LDAR® Code of Conduct (between Builders and REALTORS®)
5. Both parties, including the Med/Arb Panel, will receive a copy of the information package prior to a CHBA-LR/LDAR® Med/Arb Hearing.
6. Both parties provide a deposit of \$200.00 made payable to the Lethbridge and District Association of REALTORS® to cover costs.
7. All parties agree there will be no witnesses or third parties involved in the proceedings.
8. All parties agree to be bound by the decision of the Med/Arb Panel.
9. All parties agree there is no right to appeal the decision of the Med/Arb Panel.
10. The parties can settle the issue between themselves with the Panel acting as Mediator. Should the Mediation process not produce a resolution, the Panel moves directly into the Arbitration process where a binding decision will be made based only on the facts.
11. The decision of the Panel will be in writing, and will be forwarded to the LDAR® Executive Office and CHBA-LR Executive Office within twenty (20) days after the conclusion of the Hearing at which time the Lethbridge and District Association of REALTORS®
12. The Hearing will proceed as follows:
 - the Applicant will present his case, including documents, if any.
 - the Respondent may ask questions.
 - the Panel may ask questions.
 - the Respondent will present his case, including documents, if any.
 - the Applicant may ask questions.
 - the Panel may ask questions.
 - the Applicant will summarize.
 - the Respondent will summarize.

All evidence must be introduced during the Applicant's and the Respondent's presentation. No new evidence will be allowed to be introduced during the summary.