

## NWMLS RULES INTERPRETATIONS AND NOTICE

### Cancellation and Relist Price Changes

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September 1, 2006

NWMLS will initiate disciplinary proceedings against agents and brokers who improperly cancel and relist properties or input meaningless price changes. Canceling and relisting is only permitted when there has been a **substantial** change in the quality or condition of the property. A price change should be input only when there has been a **material** change in the price of the property. Otherwise, canceling and relisting and inputting changes are deceptive and misleading marketing ploys, designed only to gain undeserved market exposure at the expense of other properties. Both of these practices are prohibited by NWMLS's Rules and both have been and will continue to be subject to disciplinary action and monetary sanctions.

Abusive canceling and relisting and immaterial changes to listings and list price infuriate members who feel tricked and abused by their colleagues. Some agents cancel and relist without even attempting to justify the deceptive practice with a price or other change. In many cases, there is no actual cancellation of the original listing by the agent and owner, and, of course, no new listing agreement is ever executed. For price changes, agents are increasingly changing the price of a listing by \$100, \$10 or even \$1. Another common practice is to constantly move the price up and down. A classic maneuver and particularly abusive technique is to increase the price and then reduce it by a bit more, artificially creating the impression of a significant price reduction which is nothing more than a mirage. For example, an agent will increase the price by \$9,000, then decrease it by \$10,000 creating the impression of a larger price reduction.

While there are certainly appropriate occasions for canceling and relisting a property (as well as price changes), these privileges are far too often abused by members who wish to create the appearance of a "new" listing or a "price reduction" to gain Hotsheet exposure even though there has been no substantial change in the property or pricing that might warrant that exposure. Worse, some members cancel and relist property even though the seller has neither cancelled the original listing nor executed a new listing, or input a price change without the seller's signature on the proper form, both of which are obviously necessary and currently required by NWMLS's Rules.

There are several reasons not to engage in inappropriate canceling and relisting of properties or meaningless price changes. First, and simplest, it is a violation of NWMLS Rules. Second, the process disrupts the integrity, accuracy, and reliability of NWMLS's database by misleading other members and their clients with regard to the status or price of a listing. The Hotsheet becomes cumbersome and clogged with misrepresented properties, forcing competent selling agents to investigate and uncover listing agents' tricks by resorting to searching "Property History" and "CDOM" to discover deceptive practices. Third, successful legal claims have been brought by buyers who have discovered that a "newly listed" property they agreed to purchase was in fact a deception created when the listing agent cancelled and relisted a "stale" listing. This type of conduct is likely a violation of the Washington State Consumer Protection Act, subjecting the agent responsible for the deception to treble damages as well as attorneys fees and costs. Fourth, a licensing law violation is likely involved as well, because the license law prohibits licensees from obscuring material facts about the property. Finally, these practices distort NWMLS's statistical data including time on market, creating unrealistic expectations of clients about average market time.

Some members believe that NWMLS's Rules do not prohibit such behavior. However, NWMLS, its Discipline Panels, and its Board of Directors interpret NWMLS's existing Rules to prohibit unjustified cancel and relist or other changes to listings. NWMLS Rule 1 requires a **valid basis** for all changes to

listings (including cancellations and price changes). In addition, Rule 1 quite clearly requires all cancellations, new listings, price changes, changes to status, or other changes to be taken on the proper forms and fully executed by all necessary parties. As for price changes, NWMLS's existing Rule 19(g) prohibits submitting a Status Report Form reporting a price or other change when no change is made. Obviously, this rule is designed go beyond merely prohibiting members from submitting either a blank price change to NWMLS or a change of \$0.00. Instead, it is designed to prevent members from submitting immaterial price changes, particularly those where the only objective of the listing agent is to force the property to appear on the Hotsheet.

NWMLS's Rules are designed to be broad in application in order to foster cooperation between members and to preserve the accuracy, integrity, and reliability of real estate listing and sale information. However, the Board of Directors and Bylaws and Rules Committee are again discussing the creation of a black and white rule to eliminate abusive cancellation and relisting and price changes. In the meantime, NWMLS will continue to take disciplinary action in appropriate cases based on its interpretation of existing rules. To avoid disciplinary action, NWMLS urges you to consider the following before canceling and relisting: (1) does reasonable justification exist for the cancellation and relisting (in other words, is there a valid basis for the change, like a substantial change in the property or the terms of sale that warrant creating the impression that the property is new on the market); and (2) is the original listing indeed canceled and a new listing signed by the owner? As for price changes, you are urged to consider whether the change you make to the price 1) truly creates a new market for the property or 2) is designed merely to place the property back on the Hotsheet. Finally, agents and brokers are hereby notified that appearance on the Hotsheet is not a valid basis for cancellation or price changes to listings.

In conclusion, NWMLS urges all members to exercise good judgment when canceling and relisting a property or inputting changes. It is readily apparent when the real motive for doing so is to manipulate NWMLS's services and misrepresent a listing to gain unfair marketing exposure. Such conduct is not permitted by NWMLS's Rules or the law and will result in disciplinary action.