

# MIREALSOURCE

## POSITION STATEMENT ON THE DOCTRINE OF PROCURING CAUSE

In most arbitration cases involving contractual disputes, the central issue to be decided is most frequently which party was the procuring cause of a sale. While most realtor associations use the definition of "Procuring Cause" as set forth in Black's Law Dictionary, because that definition must be interpreted and then applied by an arbitration panel, and because the interpretation and application in previous similar cases is not available to hearing panels in subsequent hearings, procuring cause disputes very often have inconsistent results even though such disputes have the same or similar facts.

Therefore, to achieve more consistent results, which by their consistency should introduce an element of fairness and accountability in the business practices of MiRealSource Shareholders, MiRealSource has adopted the following Position Statement to be used in all disputes over the procuring cause of a sale:

1. In order to file a procuring cause complaint with MiRealSource, a Broker must have proof that they have provided the Buyer with appropriate Agency Disclosure. This can be in the form of either (i) an Agency Disclosure form duly signed and dated by the Buyer, or (ii) an Agency Disclosure form where the Broker's agent has noted that the Buyer was presented with the form but refused to sign it. In the absence of such an Agency Disclosure the Broker is ineligible to file with MiRealSource for arbitration on procuring cause of a sale.
2. The Broker first showing the property to the Buyer shall be deemed to be the procuring cause of the sale except as provided below:

In cases where a significant period of time has elapsed between (i) the first showing by one Broker, and (ii) the subsequent showing of the property and/or presentation of a written offer to the Seller by a second Broker, which written offer is accepted by the Seller, the Broker producing the signed and accepted written offer shall be deemed to be the procuring cause of the sale.

**NOTE:** A "significant period of time" shall be defined as any period in excess of two weeks between the initial showing of the property and the subsequent showing and/or presentation of a written offer which is accepted by the Seller.

3. The Arbitration Hearing Panel shall have the discretion to take into account such other factors deemed relevant to a fair result such as, by way of example, a period in excess of two weeks being caused by the prospective Buyer's absence or refusal to respond to the first Broker's follow up effort, or a failure of the second Broker to inquire of the Buyers as to the existence of a previous Buyer's Agency Agreement.