



### ScratchThat Podcast Episode 34: Code Switch

Emily: Hey, I'm Emily Chenevert, advocacy nerd, Peloton enthusiast, wife, and mama to two and CEO of the Austin Board of REALTORS®. Every day, real estate is changing. So we're taking it to the experts to unpack major topics that you need to know about to be successful in this business. Scratch what you think you know about this business, and listen up for a fresh take on an old industry. Last November, the NAR Board of Directors made the decision to combat racist, discriminatory behavior by approving changes to the code of ethics. NAR's new personal conduct policy makes it a violation for REALTORS® to use harassing or hate speech toward any of the protected classes under article 10 of the code of ethics, which was long overdue. Shortly after that decision, I interviewed Matt Difanis to explain the process that led to developing these changes. Matt sits on NAR's professional standards committee and was highly active in creating the recommendations that were presented to the NAR Board. We also talked about Matt's personal awakening to racial discrimination in our industry, through his experiences getting to know the stories of REALTORS® of color, take a listen, join me in the conversation. Thanks so much for hanging out with me. I'm excited to have you talk with our listeners about the big changes that have happened this fall. I want to start just briefly kind of talking about what the process looked like to create the recommendations that the professional standards committee moved forward at NAR.

Matt: Sure so let me start by saying if you're a rank and file member and you've got a news flash, you know, the REALTORS® myself included are usually self-employed they're entrepreneurs. They're very Libertarian with a small "l", but they're very Libertarian high autonomy. And, so, waking up to newsflash, it looked like a huge out-of-the-blue thing. So, the question is really good. We had the issue of really appalling stomach turning discriminatory hate speech that was bubbling over this year. The issue is not new. Anyone who's ever volunteered at the association has sat around a table, wringing their hands lamenting. What do we have to do to raise the level of professionalism around here? So, this is not a new issue, but 2020 sort of put a lens on it. And we've always known it was a tip of the iceberg issue, but there was a lot more of the iceberg visible this year. So, we had multiple States and locals that wrote NAR wrote then President Vince Malta asking NAR to do something about it because private discriminatory hate speech by REALTORS®, the locals didn't have any tools really to deal with that very well.

They had some very limited, very imperfect tools. So it starts with a letter from multiple state and local associations to the president of NAR, president of NAR kicked it to, I was then a full NAR committee, a professional standards committee chair with over a hundred members. Vince did not say fix it. He didn't say do something. He said, look at it, see if this is something that your lane can address. And so we had a full committee meeting with the a hundred members or so in June. Uh, so this goes back to the first half of the year. All of the meetings are off cycle. In other words, not during may, not during November. Um, we had a meeting, I assembled a panel on race by Black colleagues to just give an, an unfiltered no-holds-barred conversation about what being Black and selling real estate while Black being a REALTOR® while Black is like at the end of that, I mean, I was watching my committee members who were about 95% white physically recoiling and their Zoom windows. They were galvanized. They realized this is horrible. We have to do something and we believed we could do something. So they kicked it over to the more specialized professional standards, interpretations and procedures, advisory board, a subset of about a dozen and a half way deep in the weeds pro standards, people including multiple attorneys in that group, five more meetings. So, we had one full committee meeting in June five meetings of interrupts over the course of three months, crafted the recommendations, debated them, had one, two or three layers of legal review every step of the way, then back to the full committee for another 90 minute meeting of debate and heated discussion. And at that point, those recommendations passed 10 to one. And then we're put on the board of directors agenda for approval. And there was a month, five weeks that elapsed during which it was very hotly debated on the NAR's hub, um, online communication, asynchronous communication platform. So I'd say tens of thousands of words of responses to questions on the hub, um, that I was writing in those five weeks, then the NAR Board of Directors on November 13th, the Pro Standards Committee report agenda item was 1 hour 48 minutes. Again, another, a really lively debate at which point all of the recommendations passed overwhelmingly. So, I give that background because it's important that members who think holy cow, this landed with a thud out of nowhere on me. Where did this come from? I hope that helps give the sense first and foremost, before we get into other questions that this is not half-baked, this was not some knee jerk. This didn't happen overnight.

Emily: And true what a beautiful blend of being nimble, being responsive to the moment and to the climate that we were all in the summer. And, but when long before, to your point, but then also following a governance process that allows for everybody to feel heard for there to be conversation and dialogue. That's a hard balance to strike for an organization as large as the National Association of REALTORS®, but this is too monumental and issue to, to not, support both of those efforts of needing to be responded and then doing it right. So, um, good, good on you guys. I'm really proud of the way really that NAR has managed this and we'd seen a lot of different issues come through NAR and they're not all like this. This was a good thing.

Matt: The pandemic, oddly, helped with our logistics because, remember, May was the first time NAR had had to do large-scale meetings virtually. And so we already had, you know, everyone had to get into this as their native habitat and it really teed us up to be able to do seven off cycle meetings virtually. I mean, I've been involved faster and better because of that.

Emily: Yeah. Yeah. I mean, you've been involved in NAR long enough to know the seven meetings and the committee means you've got some real business to do, and that's a big deal. Talk to me a little bit about the panel that you put together. How did you identify the folks that you felt, whose voices you wanted to raise up? What was that conversation like? Give the high level takeaway of, of what their experience was that they were sharing.

Matt: Part of the issue with, with this discriminatory hate speech is if you look like me, you know, and I'm a, I'm a white guy and I'm in the corn fields of central Illinois. And so I'm to this day, still never seen a fair housing violation play out in my field of view. You know, that's very dangerous because it means if you look like me, your first, your senses are telling you it's not happening. And it doesn't mean it's not happening. Not only is it happening, it remains very insidious and pervasive and it's happening more than, than people that look like me, whatever, have a reason to, to think because they're not seeing it. And so this issue when our meeting was called, we had a literal stack of hate speech, uncensored examples of which I provided in a video I put out in, in October, uh, on YouTube as part of this debate. But I really, at that moment in time, I wanted not just a generic, REALTORS® of color panel. I really wanted to have a conversation that highlighted the differences between Black America and white America and through a really unlikely set of circumstances. Um, I happened to have had a whole bunch of truly transformative relationships with Black colleagues that I've forged over the last few years, I was, I served as Illinois NAR REALTORS® President in 2018. And I set about to do a lot of outreach to people that don't look like me that were being underrepresented, which meant in the state of Illinois, that meant, um, intentionally getting involved in the Black trade organization and starting out uncomfortably being the only white person in a room on the South Side of Chicago. And then getting used to being the only white guy in the room on the South Side of Chicago, and then getting pretty accustomed to being the last white person I saw for the last two miles of the drive to the room where I was going to be the only white guy in the South Side of Chicago. But, um, I won't ever know what it's like to sell real estate while Black, but these, these transformative relationships have afforded me the equivalent of a front row seat with friends who have pulled back the curtain. And I, you know, honestly I can't unsee that, which I have seen. And so one of the, one of the really overarching principles that drives a lot of this is on lots of issues, politics, social issues, racial issues. It's too easy for any of us and social media makes it worse. It's too easy for any of us to dehumanize anyone that is just a generic other, you're not in my camp. You're a generic, not quite human other. When you start to see these really soul crushing examples of hate speech that hurt real people and hurt is an, almost an understatement because it is this cumulative sort of pickaxe chipping away at people's souls. It turned my stomach and my committee members stomachs. I was watching them physically recoil this overwhelmingly white committee when they were hearing the firsthand stories of discrimination, it becomes a moral imperative. And so part of it is when you see the hate speech and you realize that hurts people that are people and people that mean something to me that that's not a generic other, those are people I care about. Those are people I love that's we can't have that.

Emily: Yeah. And I think too, you're just speaking to the, you know, being humane and it w which is an interesting thing that you had to like push for that, given the nature of this business that you manage, what you do each and every day is all relationally driven, all

driven people to people. But if your people are not the ones that are feeling impacted, then it's out of sight out of mind. And I think you made that very clear for many of us. And I think that that was something that needed to be fed and understood by the industry at a larger level. Give me your headline on the rundown of what these changes mean today, for any given agent.

Matt: So the concern if you read the news flash, if you read a digest, the concern is Holy cow, that the code now reaches into every facet of my life. And this seems like cancel culture, run a-muck, and who's going to define hate speech. Oh my gosh. Oh my gosh. Oh my gosh. Yeah. And the reality is the headline is if you are a REALTOR®, literally the only thing you have to lose with this new policy is vile, discriminatory, weaponized, hate speech. This isn't going after your politics. It isn't going after your religion. It isn't going after your policy beliefs. Literally the only thing REALTORS® have to lose is vile, discriminatory hate speech, and it is narrowly targeted, narrowly focused. That's usually one of the single most important points that I have to make. Because as I said earlier, I identify with it. It describes me the independent streak, entrepreneur self-employed business person. I thought I woke up in a free country. What kind of communist? Uh, I I've literally been accused of being a communist, uh, by people I don't know, in other parts of the country. And when you start to get into it and realize, no, no, this is, uh, a really terrible problem. That's hurting real people. And then secondarily hurts all of us reputationally. You know, we, we, we've been spending dues dollars for years to trumpet a couple of different messages. That's who we are and that's who we are campaign to the campaigns. Great credit is mostly dwelling on non-real estate things that REALTORS® do in their communities. And the other one is differentiating REALTORS®. What makes REALTORS® different REALTORS® hold themselves to a higher standard REALTORS® voluntarily pledged to live by the code. And when you have these instances of hate speech and, in Scottsdale, Arizona, actually right before the board of directors meeting the REALTORS® that approached the two young Black males and told them on, on video that you're in a no "n-word" zone that was reported nationally and internationally. And the fact that the guy was a REALTOR® was all over that that hurts all of us. Most importantly, it hurts the humans that the hate speech is directed at, but also importantly, it hurts the reputation of all of us.

Emily: Yeah. And I think to the question that we wrestled with of what am I on the clock? When am I off the clock as a REALTOR® is an interesting one, because I think of the way that I know my members do business. And if you're telling me they haven't captured a lead at a soccer game on a Saturday, you're wrong. And REALTORS® are notorious for not having clear boundaries around their business, which is a benefit to their clients and beautiful. But now we, you know, we want it because it suits us. Right. And, and I think we heard a lot of that. And I understand the concern about wanting the ability to maintain some level of privacy, some level of normalcy. That's not my business, but I think the deal is you, you signed up for the club, right? And this club has rules.

Matt: All of that is true. And one of the things that I got widely quoted for having said is you can't credibly claim that I can go home. I'm clocked out. I'm out of the office. I'm being a raging keyboard bigot on my personal profile on social media. That's night, that's, that's personal. "Matt Raging Bigot Matt" is totally separate from my work. And, therefore, that in no way, interferes with my ability to live up to both the letter and the spirit of my

article, 10 fair housing obligations, no one would hear that think, *oh yeah*, that you could totally compartmentalize that with no harm done. And for people who worry that this is outside of our lane, I would remind people, the mission statement of NAR is to empower REALTORS® as they preserve, protect, and advance the right to real property for all. Discriminatory hate speech by REALTORS® was creating a serious impediment to our obligation to provide access to real property, to all people and in a vacuum, just looking at 2020, it's still warranted action. But then you put it against the backdrop of all the horrible historic baggage that we as an industry. And we as a trade organization have to own up to. And the moral imperative is that much greater.

Emily: How much of the fear that you heard in reaction to what was being presented? Do you think stems from a not knowing from a true an ignorance, but also just a fear of, I don't know when I'm saying something that is wrong and something that is right. Given my, my awareness now, you know, I, I do think that there's people are waking up to their bias. They're waking up to who they are and who they've been maybe, and they're trying to do different, but they don't know yet.

Matt: Well, the overwhelming majority of the critics have not been people. No one, when they look at the, at the hate speech, examples that that motivated us, no one would say I'm going to stand for that. The people generally were not aware of the full magnitude of the problem. And I wasn't aware of the full magnitude of the problem until, you know, recent months. And it's not because the problem is new. So, that's part of why I'm so genuinely happy to have conversations like this. Because again, you wake up to the NAR news flash and it sounds like Holy cow, this has gone in some radical, um, overreach kind of an agenda. And the bottom line is no, we had a terrible, really terrible problem. And we have spent months crafting a very narrowly targeted solution that, that is aimed squarely at that problem, not turning into the thought police, not sniffing around your private life, but agreeing that when it comes to discriminatory hate speech, you don't get to draw a line and say, this was work-related. This was not. And therefore you can't touch it.

Emily: So one of the things too, that we heard a lot about, and you sort of spoke to it when you talked about your hundred-plus member committee that lacks true diversity in and of itself as a body, you know, how do we ensure that the panels that the volunteers engaged in the process of overseeing these grievances are more balanced, so that there's that full scope of that process as well.

Matt: So before we got into this particular issue this year, which, which has, you know, major racially charged overtones, my concern when I first started, um, on the leadership path on that committee, my concern when pro standards and inclusion was analogous to, to juries. So, if you're Black and you walk in accused of something to, uh, to a trial and the entire jury is the embodiment of white establishment, right?

Emily: And it has not had the experiences that you have, you know.

Matt: Does that increase or decrease the credibility of the process or, or the faith that there's, that there's going to actually be justice automatically. It creates a presumption, wait a

minute, the deck is stacked against me. So in the pro standards lane, generally, I think it's, it's very important that we proactively seek greater inclusion because with every passing year, the population we serve as REALTORS® is less white and a lagging indicator, but still happening is our REALTOR® membership with every passing year is less white. And one of the problems that we wrestle with is we bring people in that don't look like me. And then we disproportionately stack them on the fair housing and diversity committees, which then has the unintended consequences of making a committee like pro standards, excessively white, because the already underrepresented, not white volunteers that we have are all concentrated in these couple of, of committees that we have traditionally been putting those folks in. And it makes us, we're all worse off for that.

Emily: And so how do we change that though? What are the opportunities to be, to be more deliberate and in a selection to be more deliberate in the diversity that we seek on everybody, not just the ones where we have traditionally worked.

Matt: So, one of the challenges is this doesn't happen organically. I have learned from a lot of firsthand experience. It is not enough to say, listen, we know we have baggage in the past. We leveled the playing field years ago. So stop complaining. The door is open. If you're not white and you want to come in the doors open, it's up, it's all on you. It's on the onus is on you to walk through that door. But that is a gross, gross oversimplification. For one thing, there, there remains a glass ceiling. I wouldn't have believed it until I watched several friends bounce off of it repeatedly. And you know, normal human nature, if the white establishment, and I'm not, I'm not implying any, any ill will or any nefarious plot. It's just sort of the natural order of things. If I go sit around a conference room table full of white people, you don't intrinsically recognize who's missing because it looks suspiciously like a family reunion, you know? So you don't, you don't natively recognize who all are we missing. It takes a while to get to that point. But proactivity is the key because what has happened is we end up with people that don't look like me, who try to get involved. They'll take that first step. And in the case of my Black colleagues, an almost universal experience is yes, I went to that event. I sought to get involved, to show up. I was the only one I knew I was going to be the only one, every set of eyes was looking at me, but then the kicker and no one said a word to me. Well, normal human nature isn't "oh, I just need to try harder." I need to lean into that group. No, no normal human nature is I'm going to go seek out an organization that at least by appearance appears to value people who look like me cause that one doesn't. But I was very consciously aware as I was initially apprehensive, going to an event where I, where I was going to be the only white person in the room. But I found myself consciously thinking about the fact that this is what all of my Black colleagues have experienced. If they go to do anything outside of the Black community and get involved in organized real estate, almost all of them have that type of experience. Except, I have always been given way more hospitality and grace than, than I personally deserved. And certainly at the time, as a representation, of a trade organization that has all the baggage that it, that it has.

Emily: Yeah, no, you're absolutely right. And the way that I try to think about it is we didn't accidentally fall into the patterns that have led us to today. Those were delivered decisions. It was a deliberate decision that black licensees were not allowed to join

every association across the country for a very long time. So it's, if it was deliberate decisions that led us to today, then it's deliberate decisions that will change tomorrow. That's the way that we're trying to think about it at the Austin Board of REALTORS®. I think we all have to kind of think about it that way to some degree.

Matt: One of the doors, one of the ways that has opened doors, I get annoyed. I understand where they're coming from. But when people say, well, I was raised not to see color well, that's not true.

Emily: You know unfortunately not everybody gets to live that life because their colors weren't on their sleeve every single day. That's the reality. Like that that's a luxury.

Matt: And it gets to the issues of implicit bias. And what I will say is I have struck up a lot of conversations because I saw the color. Yes, I see your color. I recognize it's different than mine. And I'm very interested in engaging because I know that you're very likely coming from a different place, different background that I have. And, you know, just, just getting past that initial awkwardness that a lot of people have. Well, how do I through that sort of initial conversation? Well, I'm, I'm uncomfortable proof at this point, but there've been so many incredibly transformative experiences and relationships that, that are the dividends from just eventually getting pretty fearless. And it doesn't mean I haven't made mistakes and haven't had to apologize, but I'm so much better off being fearlessly, willing to go into those conversations

Emily: Yeah. The reality is we've seen, and observed every other demographic. So, you know, I'm fairly sure that, you know, my gender, I'm fairly sure that you recognize my age gap. You know, the reality is we see those things and we observed them and they've become a part of the fabric of the relationship that we share the same. It's absolutely true for race and saying that you don't see it as dismissive of who that person is. Let me ask you this question. So, so, NAR is doing their part, an important headline. Also, it's an important bullet. We're going to continue to work towards making these changes and I expect more changes to come. But what do we do with brokers who are managing agents who are also engaging in behavior that is unbecoming of our industry? How do we set that expectation that they'd be directly involved in the reputation that they're perpetuating?

Matt: I would like to think that the pro standards changes to the code actually make this easier because you know, one of the, one of the types of pushback we got is, Hey, wait a minute, let the, let the private marketplace deal with this issue because indeed the viral headlines and viral videos, the articles almost always said, and the person was dropped like a hot rock from their brokerage.

Emily: But who picked him up next?

Matt: Exactly. So, when it's not a, when it's not addressable by the Code of Ethics, and if it's purely private hate speech, NAR is not limited by the first amendment. It's the licensing authority, the government agencies that are first amendment limited. So your state licensing agency, can't say I'm going to discipline or revoke your license because you're a

flaming bigot. Now, if it was purely private hate speech outside of the real estate activities, it generally can't be touched by the licensing authority. So people were getting fired by their brokerages. Then immediately getting reaffiliated. There was no disciplinary track record that was showing up in a background check and it was just off the radar. And I'm not saying anyone who crosses that line automatically has to be out of the business. We don't have a minimum sanctioning requirements. So it's not like we grabbed the guillotine handle as, as the first option. But what it does mean is we now have a framework that says, if you're a REALTOR®, if you're a, uh, a REALTOR® principal and your firm has REALTORS® on the roster, you're all held to this standard. I'd like to think that makes it easier for the company leaders and company owners, because we have certainly seen examples where some have, have intentionally pushed back your agent. You may not be aware your agent has done this, that, that I perceive to be racially insensitive or racist. And the broker owners pushed back and said, it's free country. It can't do anything about it.

Emily: But they care about that brand. You know, at the end of the day, you care about that brand. You care about the consumer's perception around it. You care, it's a part and parcel of who you are in real estate.

Matt: One is we needed to make sure that we stopped injuring the people that the discriminatory hate speech was injuring, but secondarily, but still very important. I would like to think that once, once the, the broad based membership recognizes how narrowly targeted these changes are, I would like to think that the entire industry can hold its head a little higher. We complain all the time, what do we have to do to raise the standard? We just raised it.

Emily: As we look into 2021, you've done big work this year with big change and obviously lots of environmental impact just in the year that we've all experienced. What are you excited about next year? What do you think is to come next on this front specifically?

Matt: Yeah. So, on this front, part of the answer to the question is, I don't know, but that's not a problem. So, in the world of NAR professional standards last year, I was vice chair of the full committee. Then 2020, I was chair of the full committee. Then the chair moves to be chair of the interpretations and procedures advisory board that more specialized in the weeds group. And so, uh, as I said, at the outset of all of this, none of this was half-baked. This was the result of a months, long process with many, many, many meetings, lots of layers of review and bedding. However, by definition, we can't foresee that, which is unforeseeable. I don't know what the unintended consequences are going to be. So, if I tell you, and I tell your audience that this has been narrowly tailored at a very specific problem, but we learn in the coming months that the enforcement has gone off the rails in some way, the professional standards, interpretations and procedures advisory board is, is poised for rapid response. Again, we're on this pandemic footing where no more do we wait for meetings that are exactly six months apart. If we find out that more clarification, more guidance, more resources are needed to ensure that the boots on the ground where the rubber meets the road enforcements of these new changes to the code are needed. We are ready to do that. And to turn it around very, very quickly. So, I don't know what I'm going to do next year, but that's what it is.



Emily: We'll see how it plays out. Yeah. So we'll see how it plays out. I think we continue to monitor and perhaps continue to find opportunity beyond this acute solution to these issues, but larger change a broad the industry. Does that feel fair?

Matt: Yeah, I think so.

Emily: Good. Okay. I love this conversation. I can talk to you about this all day, but I want to do a rapid fire on some fun stuff. If you're up for it. What is your favorite quarantine activity?

Matt: I would say the favorite quarantine activity has been, um, doing binge watching of mostly nerdy YouTube stuff. Yeah. Then the funny thing is, so I got this really elaborate multimedia setup and I found myself watching Twitch gamer, streaming channel people. I mean, people with wild video game or hair because it's the Twitch people doing video game channels that have these setups before people that didn't leave their houses before there was a pandemic. And suddenly I need to lean on their tech knowledge.

Emily: I mean, there's probably a lot to learn from them about all kinds of things, but what's your favorite book?

Matt: The most transformative book that I have read of late, uh, was The Color of Law by Richard Rothstein. And that's about that came out three or four years ago. And, uh, it's, it's a combination of a really well-researched, um, volume on the history of housing discrimination, but with a lot of very personal vignettes, I mean, I shed tears over some of the personal stories shared in the book, and then I'm currently reading the book, uh, Caste by Isabel Wilkerson.

Emily: Oh, Caste is great. I think you'll like it. Um, let me ask, what is your favorite accomplishment to date?

Matt: My proudest professional moment was I'm from the cornfields of central Illinois. I'm not from Chicago. I'm 130 miles away and much to my surprise right after my term Illinois REALTORS® president had ended this white guy from the cornfields who defies a lot of, a lot of, um, demographic stereotypes. I was awarded the first and only award by the Chicago Association of REALTORS®, industry partners. They made a new award called the Titan award and, and, and this is not intended to be a brag. The big thing was the idea that a white guy from 130 miles away could ever so slightly move the needle on fair housing and inclusion issues in one of America's largest and most segregated, still scarred by redlining map cities. So I share that because it really, it really was my proudest professional moment. But the takeaway from that is: do not underestimate the ability of an unlikely person to be able to affect change.

Emily: I love that. That's the perfect place to end Matt. Thank you for joining me. I can't wait to see what you do next. It's going to be fun.

Matt: Thank you so much for having me. It was a pleasure hanging out with you.

Emily:

I applaud the work of the professional standards committee at NAR and their work on this, but also to remind our listeners that we, as an industry still have a lot of work to do. At ABoR we know that significant change comes from deliberate decisions, which will lead to meaningful actions. We look forward to receiving more guidance and resources from NAR on this issue so that we can support our brokers and being accountable for their agents and agents being accountable for their actions and remain champions for inclusion. Thanks for tuning in. Like what you hear, let's continue this conversation. Give us some love by leaving us a review on iTunes and let your friends know about this show by sharing this episode on social media. You can also follow along and tag me @EmChenevert. That's E M Chenevert. Until next time.