

# ***Real Estate and Ethics The Only Way to Conduct Business***

***By Diane K. Disbrow, GRI, CRS, CRB, ABR, SFR, RSPS, SRES, SRS, e-Pro®***

**Ethics Jeopardy!** Let's see how much you know about the Code and the enforcement process!

## **History of the Code**

- A. 1913 to now
- B. How the Code of Ethics has changed

## **"Business ethics"**

- A. What are "business ethics?"
- B. Business ethics and legal standards
- C. Business ethics and the REALTOR® Code of Ethics

## **The Structure of the Code of Ethics**

- A. Three major sections
- B. Articles
- C. Standards of Practice
- D. Case Interpretations

## **Enforcement of the Code of Ethics**

- A. Local – State – National Roles
- B. Due Process – The Foundation of Code Enforcement
- C. Types of Cases: Ethics Cases and Arbitration Cases
- D. The Ethics Enforcement Process
- D. Grievance Committee
- F. Professional Standards Hearing Panel
- G. Authorized Discipline (and administrative processing fees)
- H. Board of Directors Role

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**Monetary Disputes**

- A. The Arbitration Process
- B. Grievance Committee
- C. Mandatory vs. Voluntary
- D. Professional Standards Hearing Panel
- E. A word about Mediation.....

**Concepts of Procuring Cause in Arbitration**

- A. NAR's Arbitration Guidelines
- B. Found in the Code of Ethics and Arbitration Manual.
- C. Guidance to Hearing Panels as to how to determine procuring cause in arbitration hearings.
- D. Also referred to as "Suggested Factors for Consideration by a Hearing Panel in Arbitration."
- E. Guidelines focus on "procuring cause" as the basis for resolving most commission disputes between brokers.
- F. Key Factors in a Procuring Cause Dispute
  1. No predetermined rule of entitlement may be established by an association.
  2. Hearing Panels should consider the entire course of events.
  3. Matters such as the first showing of the property, the writing of the successful offer or the existence of an agency relationship with the buyer are not, in themselves, exclusive determiners of procuring cause/entitlement.
  4. Communication and contact – abandonment and estrangement
  5. The key concepts of procuring cause are referenced in this definition from *Black's Law Dictionary*, Fifth Edition:

*The proximate cause; the cause originating a series of events which, without break in their continuity, result in the accomplishment of the prime object.*

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**These Professional courtesies are intended to be used by REALTORS® on a voluntary basis, and cannot form the basis for a professional standards complaint**

**A. Respect for the Public**

1. Follow the "Golden Rule": Do unto other as you would have them do unto you.
2. Respond promptly to inquiries and requests for information.
3. Schedule appointments and showings as far in advance as possible.
4. Call if you are delayed or must cancel an appointment or showing.
5. If a prospective buyer decides not to view an occupied home, promptly explain the situation to the listing broker or the occupant.
6. Communicate with all parties in a timely fashion.
7. When entering a property ensure that unexpected situations, such as pets, are handled appropriately.
8. Leave your business card if not prohibited by local rules.
9. Never criticize property in the presence of the occupant.
10. Inform occupants that you are leaving after showings.
11. When showing an occupied home, always ring the doorbell or knock—and announce yourself loudly before entering. Knock and announce yourself loudly before entering any closed room.
12. Present a professional appearance at all times; dress appropriately and drive a clean car.
13. If occupants are home during showings, ask their permission before using the telephone or bathroom.
14. Encourage the clients of other brokers to direct questions to their agent or representative.
15. Communicate clearly; don't use jargon or slang that may not be readily understood.
16. Be aware of and respect cultural differences.
17. Show courtesy and respect to everyone.
18. Be aware of—and meet—all deadlines.
19. Promise only what you can deliver—and keep your promises.
20. Identify your REALTOR® and your professional status in contacts with the public.
21. Do not tell people what you think—tell them what you know.

**B. Respect for Property**

1. Be responsible for everyone you allow to enter listed property.

2. Never allow buyers to enter listed property unaccompanied.
3. When showing property, keep all members of the group together.
4. Never allow unaccompanied access to property without permission.
5. Enter property only with permission even if you have a lockbox key or combination.
6. When the occupant is absent, leave the property as you found it (lights, heating, cooling, drapes, etc.) If you think something is amiss (e.g. vandalism), contact the listing broker immediately.
7. Be considerate of the seller's property. Do not allow anyone to eat, drink, smoke, dispose of trash, use bathing or sleeping facilities, or bring pets. Leave the house as you found it unless instructed otherwise.
8. Use sidewalks; if weather is bad, take off shoes and boots inside property.
9. Respect sellers' instructions about photographing or videographing their properties' interiors or exteriors.

### **C. Respect for Peers**

1. Identify your REALTOR® and professional status in all contacts with other REALTORS®.
2. Respond to other agents' calls, faxes, and e-mails promptly and courteously.
3. Be aware that large electronic files with attachments or lengthy faxes may be a burden on recipients.
4. Notify the listing broker if there appears to be inaccurate information on the listing.
5. Share important information about a property, including the presence of pets, security systems, and whether sellers will be present during the showing.
6. Show courtesy, trust, and respect to other real estate professionals.
7. Avoid the inappropriate use of endearments or other denigrating language.
8. Do not prospect at other REALTORS®' open houses or similar events.
9. Return keys promptly.
10. Carefully replace keys in the lockbox after showings.
11. To be successful in the business, mutual respect is essential.
12. Real estate is a reputation business. What you do today may affect your reputation—and business—for years to come.

(Revised 11/13)

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