

Code Why

Why Ethics Violations Happen and How We Avoid Them

Provided by:

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Welcome to Proper Growth Education's class

Code Why

In this class we will look at the Realtor Code of Ethics from a little different perspective. Starting with the Preamble, we will work through the aspirational concepts of the Code of Ethics—the 'why' behind what we do. With that better grasp, we will then go to trial with some case studies to look at how Realtors may actually justify questionable behavior towards knowing how to avoid those pitfalls ourselves.

Topics for the class:

Aspirational concepts in the Preamble

Article connections to the aspirational concepts

Case studies of the Code of Ethics

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Ethical violations happen regularly, whether they are reported or not. In your opinion, why do agents continue to commit ethical violations?

_____

_____

_____

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Plan for Today

Aspirational Concepts	Code Articles	What's the Connection

Bookends of the Preamble

"Under all is the land."

Preamble, paragraph 1

"Whatsoever ye would…"

Preamble, paragraph 6

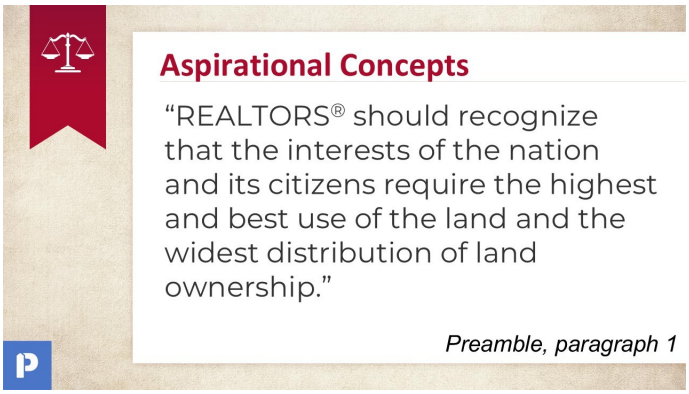
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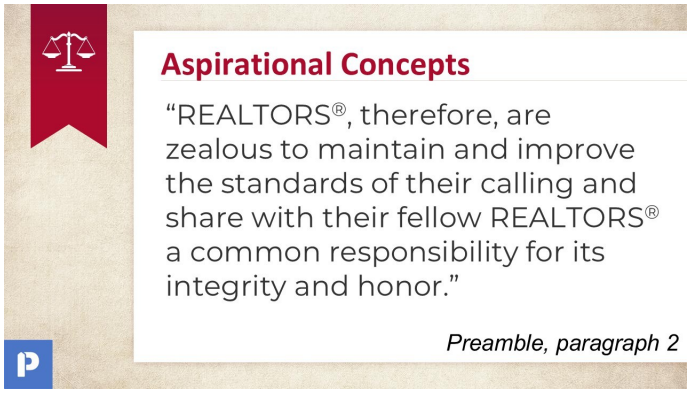
What does this mean to you?

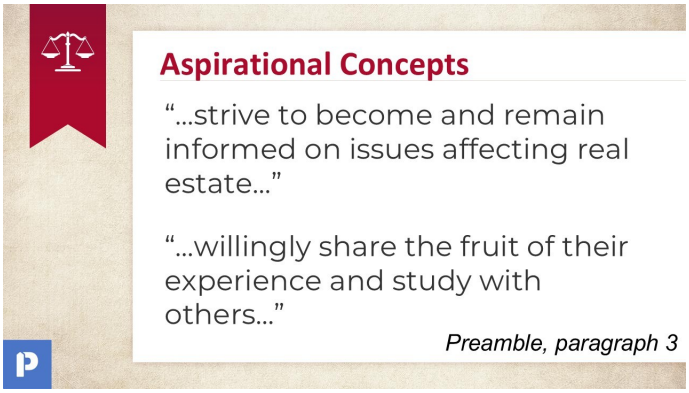
“Under all is the land.”

“What soever ye would that other do to you, do ye even so to them.”









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Aspirational Concepts

"...to eliminate practices which may damage the public..."

"...or which might discredit or bring dishonor to the real estate profession."

Preamble, paragraph 3

Aspirational Concepts

"Realizing that cooperation with other real estate professionals promotes the best interests of those who utilize their services..."

Preamble, paragraph 4

Aspirational Concepts

"...their opinion is offered in an objective, professional manner, uninfluenced by any personal motivation or potential advantage or gain."

Preamble, paragraph 4

Aspirational Concepts

"REALTOR® has come to connote competency, fairness, and high integrity resulting from adherence to a lofty ideal of moral conduct in business relations."

Preamble, paragraph 5

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Put the Articles In Your Own Words

Article 1	**Article 2**
Article 3	**Article 4**
Article 5	**Article 6**
Article 7	**Article 8**
Article 9	**Article 10**
Article 11	**Article 12**
Article 13	**Article 14**
Article 15	**Article 16**
Article 17	

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Duties to Clients and Customers

Article One

- Client's priorities above all else
  - (Legally)
  - (Professionally)
- Treat all with honesty
  - (Within fiduciary duties)
- Limited agency – with informed consent
- Access and use – only w/ permission

Article Two

- Truth in pertinent facts
  - Patent facts only
  - Within bounds of confidentiality
  - "Adverse Material Facts"

Article Three

- Cooperation with other agents
  - To client's best interest
  - For transaction, NOT compensation
- Agreed shared compensation
- Agent disclosure of
  - Property availability
  - Agent's personal interest

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Article Four

- Disclosure of personal interest
  - In writing
  - PRIOR to signing any contract

Article Five

- Valuation of properties
  - With personal interest
  - Without disclosure
  - Present or contemplated

Article Six

- No compensation without client's consent
  - Commission
  - Fee
  - Bonus
- Referral to business w/ personal interest

Article Seven

- Compensation from one party ONLY
  - Unless disclosed to all parties
  - And informed consent of client

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Article Eight

- Client's earnest, escrow, deposits, etc.
  - Separate account

Article Nine

- All agreements in writing
  - Copies provided to relevant parties
  - Electronic signing – REASONABLE EFFORT

Duties to the Public

Article Ten

- Discrimination in providing services
  - Seven federal classes plus two
- Discrimination in employment
- Discrimination of the neighborhood
- Discrimination in advertising
- Discrimination in our speech - anywhere

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Article Eleven

- Areas of competence only
  - In representation
  - In valuation services
  - In consultation

Article Twelve

- Truthful in marketing
  - Including your status, affiliation, and role
- Truthful about your compensation
- Disclosures on web/social media
  - Your status and affiliation
  - Misleading url's or titles

Article Thirteen

- You aren't a lawyer
  - Unless you are

Article Fourteen

- Participate in investigations and hearings
  - Respect the authority
  - Respect the process
  - Respect the people

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Duties to Realtors

Article Fifteen

- False or misleading statements
- Any method of communication
- Correction of prior misrepresentation

Article Sixteen

- Solicitation of others' clients
- Broad marketing
  - Vs. specific recipient targeting
- Different services
- Initiation by client
- Past agency relationships
- Working through the other agent
- Compensation to responsible broker

Article 17

- Money disputes between Realtors
- Specifically real estate related
- Unless all parties agree not to

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Which Articles Serve Each Aspirational Concept?

Highest and best use of the land

Widest distribution of land ownership

Maintain and improve the standards of their calling

Share a common responsibility for its integrity and honor

Become and remain informed….. Share the fruits of their experience and study

Eliminate practices which may damage the public

Or which might discredit or bring dishonor to the real estate profession

Cooperation promotes the best interests of those who utilize their services

Opinion is offered in an objective, professional manner, free of any personal motivation

Being a Realtor means:

Competency	Fairness	Highest Integrity

Where Is Your Business?

Which aspirational concepts best reflect your business model or identity?

How do your practices reflect those aspirational concepts?

Which aspirational concepts are you feeling called to improve upon?

What can you add to your business practices to make those improvements?

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