**The Code of Ethics: Our Promise of Professionalism Facilitator’s Guide**

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🕮 Facilitator’s Guide General Instructions

**How This Course Works**

This course is designed to reach adult learners, based on the principle that different people learn differently. Its format and structure depend on a variety of learning techniques to reach different types of learners through variety and interest and involvement in participatory exercises. Concepts are introduced through discussion points, exercises, and case studies. The exercises may be applied in a variety of ways – all are conducive to group work, but most can be completed individually, followed by “town hall”-style feedback discussions with the participants.

**Note:** All Code of Ethics course training materials are available online at:

<https://www.nar.realtor/about-nar/governing-documents/code-of-ethics/training/code-of-ethics-training-materials-for-existing-members>

**Optional Examination**

An optional true-false examination comprised of 25 questions is provided with the course materials available online.

**How the Facilitator’s Guide Works**

It is recommended that the Facilitator’s Guide either be printed or photocopied as a double-sided (“back-to-back”) document. This guide contains exactly the same information as the Participant’s Guide on the right-facing pages and is supplemented with the facilitator’s notes and instructions for each exercise and discussion on the left-facing pages, indicated by the heading: 🕮 **Facilitator’s Notes.**

**Course Time Allotment**

Approximate instructional times for each segment and exercise are indicated throughout this facilitator’s guide by a clock: 🕐. Instructional times also are indicated following each heading in the Table of Contents preceding this page.

The course is comprised of three-and-one-half (3.5) hours of instruction to meet or exceed continuing education credit requirements in many states. In addition to the instruction time, it is recommended to give two short breaks (not more than 15 minutes each).

If a shorter course is required, or if it is necessary only to meet the 2.5-hour NAR minimum requirement, then some of the exercises may be completed by participants outside of class. However, be sure to let participants know where to obtain the exercise answers so that they benefit from completing them on their own.

*(Continued)*

**Participant’s Guide Page Numbers**

Corresponding Participant’s Guide page numbers are indicated as **PG, page \_\_** on both the PowerPoint slides and in the facilitator’s instructions at the start of each segment and exercise.

**PowerPoint Presentation**

The PowerPoint presentation slides are numbered to correspond to the order of the material being presented and are indicated in the Facilitator’s Notes as ▓ **Slide** \_\_. The slides themselves feature corresponding page numbers for the Participant’s Guide, indicated as **PG**, page \_\_.

**Course Copyright**

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**Objectives**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Share the learning objectives with the class; go over the course agenda and make any other introductory statements. | | | | |
| 🕐 **Suggested time:** 5 minutes | | | | |
| **Start time:** |  |  | **PG:** | **2** |
| **End time:** |  |  | **▓ Slides:** | **2** |
|  |  |  |  |  |

**Objectives**

Upon completion of “The Code of Ethics: Our Promise of Professionalism” course, participants will be able to:

* Identify key aspirational concepts found in the Preamble to the NATIONAL ASSOCIATION OF REALTORS® Code of Ethics
* Describe “general business” ethics, and compare and contrast the REALTORS®’ Code of Ethics with business ethics, broadly
* Describe the concepts established in Articles 1, 2, 12, and 17 of the Code of Ethics
* Identify possible violations of the Code of Ethics specifically related to the Articles cited above, after participating in interactive learning methods (case studies, quizzes, role plays, demonstrations, and group discussions about fact scenarios)
* Describe the professional standards process for enforcing the Code of Ethics, including the duty to arbitrate
* Identify critical elements of due process as they relate to Code enforcement
* Identify factors considered by hearing panels in procuring cause disputes

**Exercise: Icebreaker**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** An “icebreaker” exercise is an excellent tool for involving participants and setting the tone for the class. It also quickly introduces participants to the concepts discussed in the material. Emphasize that this is not a “graded” exercise; rather, it is meant to familiarize participants with concepts to be discussed during the class.  Assign each group all or several questions to answer, time permitting. (Example: Ask Table #1 to answer the first five questions). After the class finishes the exercise at their tables, ask each group to report their answers. | | | | |
| 🕐 **Suggested time:** 5 minutes for group work; 5 minutes for feedback from the group. | | | | |
| **Start time:** |  |  | **PG:** | **3** |
| **End time:** |  |  | **▓ Slides:** | **3-4** |
|  |  |  |  |  |

|  |  |
| --- | --- |
| **Icebreaker Exercise Answer Code** | |
| 1. Make only truthful and objective statements. | **Article 15** |
| 1. Avoid the unauthorized practice of law. | **Article 13** |
| 1. Participate in professional standards enforcement. | **Article 14** |
| 1. Keep client funds in separate escrow accounts. | **Article 8** |
| 1. Receive compensation from one party only with informed consent. | **Article 7** |
| 1. Respect exclusive relationships. | **Article 16** |
| 1. Cooperate with other brokers. | **Article 3** |
| 1. Disclose present or contemplated interests in property. | **Article 5** |
| 1. Treat all parties honestly. | **Article 1** |
| 1. Arbitrate contractual disputes. | **Article 17** |
| 1. Equal professional services for all. | **Article 10** |
| 1. Make your “true position” known when presenting offers. | **Article 4** |
| 1. Be competent in your field of practice. | **Article 11** |
| 1. Get transactional details in writing. | **Article 9** |
| 1. Disclose pertinent facts. | **Article 2** |
| 1. Disclose financial benefits from recommending products/services | **Article 6** |
| 1. Paint a true picture in advertising. | **Article 12** |

**Exercise: Icebreaker**

**Instructions:** Read each statement and select the Article of the Code of Ethics from the list below that the statement most closely describes. Write the correct Article number in the space next to each statement. No Articles are to be selected twice.

**NOTE:** The statements in this exercise do not fully represent the comprehensive ethical principles of each Article of the Code of Ethics. To gain a full understanding of the principles of the REALTORS® Code of Ethics, each Article must be read and understood in its entirety.

|  |  |
| --- | --- |
| **Choose from Articles: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17** | |
| 1. Make only truthful and objective statements. |  |
| 1. Avoid the unauthorized practice of law. |  |
| 1. Participate in professional standards enforcement. |  |
| 1. Keep client funds in separate escrow accounts. |  |
| 1. Receive compensation from one party only with informed consent. |  |
| 1. Respect exclusive relationships. |  |
| 1. Cooperate with other brokers. |  |
| 1. Disclose present or contemplated interests in property. |  |
| 1. Treat all parties honestly. |  |
| 1. Arbitrate contractual disputes. |  |
| 1. Equal professional services for all. |  |
| 1. Make your “true position” known when presenting offers. |  |
| 1. Be competent in your field of practice. |  |
| 1. Get transactional details in writing. |  |
| 1. Disclose pertinent facts. |  |
| 1. Disclose financial benefits from recommending products/services |  |
| 1. Paint a true picture in advertising. |  |

**Part 1: History of the Code of Ethics**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 🕮 Facilitator’s Notes | | | | |
| Suggested Method of Delivery: Deliver a short lecture using the information below and the corresponding slides. | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** | **4** |
| **End time:** |  |  | **▓ Slides:** | **5-10** |
|  |  |  |  |  |

#### Lecture: Prior to 1900, the real estate business had a history of speculation, exploitation, and disorder. This was before state regulatory licensing agencies and consumer advocacy were established. It was a time when real estate practitioners, if licensed at all, were licensed as peddlers. It was an era of caveat emptor, when the motto of robber barons was, “Let the public be damned.

The NATIONAL ASSOCIATION OF REALTORS® was formed in 1908 and the Code of Ethics was adopted in 1913. The purpose of the Code was to establish a professional standard of conduct for real estate practitioners.

#### The REALTOR® Code of Ethics is based on the concepts of “service to the public,” and a “commitment to professionalism.” These central concepts of public protection are the foundations upon which the Articles of the Code stand.

#### The NATIONAL ASSOCIATION OF REALTORS® was one of the first business groups to adopt a code of ethics. The first Code included “duties to clients” and “duties to other brokers.” Later, when real estate license laws were established, many of these laws were based on the standards set in the REALTOR® Code of Ethics.

#### To this day, many judicial decisions cite the REALTOR® Code of Ethics as the recognized standard of conduct in the real estate industry. Courts have applied the standards of conduct embodied in the Code of Ethics even to real estate licensees who are not REALTORS®.

#### Similarly, the use of arbitration in monetary disputes between REALTORS® was a pioneering effort. While “alternative dispute resolution” systems such as arbitration and mediation are used in the civil law system more frequently today, the requirement that REALTORS® arbitrate monetary disputes between fellow REALTORS® has been in effect since the inception of the Code of Ethics nearly 90 years ago. Furthermore, the first Code also provided for respect for other brokers’ exclusive relationships with clients and cooperation among members.

**Part 1: History of the Code of Ethics**

**1. Pre-1900**

* There was no licensing of real estate practitioners.
* Speculation, exploitation, and disorder was the rule.
* *Caveat emptor* (buyer beware) governed transactions.

**2. NATIONAL ASSOCIATION OF REALTORS® Formed in 1908**

* The Code of Ethics was adopted in 1913 to establish professional standards of conduct.
* The Code of Ethics was the first business ethical code, after those of medicine, engineering, and law.
* Service to the public
* Commitment to professionalism
* The original Code included “Duties to Clients” and “Duties to Other Brokers.”

**3. Code of Ethics as Basis for Later-adopted License Laws**

**4. Code Requirements**

Since its inception, the Code has required:

* Arbitration of contractual disputes between/among REALTORS®
* Respect for other brokers’ exclusive relationships with clients
* Cooperation between members

**Part 2: Business Ethics, NAR Code of Ethics, and Pathways to Professionalism**

**1. Business Ethics**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Present the concept of “business ethics” to give participants a sense of how the REALTOR® Code of Ethics fits into the overall picture of ethics in industry. Use accompanying slides. | | | | |
| 🕐 **Suggested time:** 5 minutes | | | | |
| **Start time:** |  |  | **PG:** | **5-6** |
| **End time:** |  |  | **▓ Slides:** | **11-13** |

**Lecture:** Business ethics can be made up of industry codes, such as the REALTOR® Code of Ethics, or can include company policies and individual moral values. Legal standards generally set minimum standards of conduct. Ethical standards usually encompass principles higher than legal standards.

Regardless of their real estate business specialties (appraisal, residential, commercial, property management, etc.), **all** REALTORS® are bound by the Code of Ethics.

**Part 2: Business Ethics, NAR Code of Ethics, and Pathways to Professionalism**

**1. Business Ethics**

* What are "business ethics?"
* Industry codes and standards
* Company policies and practices
* Individual values
* Business ethics and legal standards
* Business ethics and the REALTORS® Code of Ethics

**Note:** REALTORS® engage in many specialty areas and may be subject to the various codes and canons of those fields (such as legal ethics, the Uniform Standards of Professional Appraisal Practice [USPAP], the National Auctioneers Association [NAA] Code of Ethics, and the codes of the NATIONAL ASSOCIATION OF REALTORS®’ Institutes, Societies, and Councils, etc.). Regardless of their real estate specialties or fields of practice, all REALTORS® are bound by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®.

**Part 2: Business Ethics, NAR Code of Ethics, and Pathways to Professionalism**

**2. Aspirational Concepts of the Preamble to the Code**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Concepts embodied in the Preamble are presented as bullet points in the Participant’s Guide. Select three or four important concepts to impart in a lecture, using the information below and the accompanying slide. | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** | **6** |

**Lecture:** The Preamble is the Code’s aspirational foundation. While its concepts may not serve as the basis for disciplinary action against REALTORS®, they are timeless principles upon which the professionalism of the industry is based. In fact, every REALTOR® makes a personal commitment to uphold the Code of Ethics, which defines high standards of ethical conduct for our industry. The Code defines professionalism and is based on the overall concept of service to the public, embodying the values of honesty, integrity, fair dealing, and competency. It also protects practitioners who, if they follow the Code, will minimize their legal liabilities.

**Preamble**

Under all is the land. Upon its wise utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization. REALTORS® should recognize that the interests of the nation and its citizens require the highest and best use of the land and the widest distribution of land ownership. They require the creation of adequate housing, the building of functioning cities, the development of productive industries and farms, and the preservation of a healthful environment.

Such interests impose obligations beyond those of ordinary commerce. They impose grave social responsibility and a patriotic duty to which REALTORS® should dedicate themselves, and for which they should be diligent in preparing themselves. REALTORS®, therefore, are zealous to maintain and improve the standards of their calling and share with their fellow Realtors® a common responsibility for its integrity and honor.

*(Continued)*

In recognition and appreciation of their obligations to clients, customers, the public, and each other, REALTORS® continuously strive to become and remain informed on issues affecting real estate and, as knowledgeable professionals, they willingly share the fruit of their experience and study with others. They identify and take steps, through enforcement of this Code of Ethics and by assisting appropriate regulatory bodies, to eliminate practices which may damage the public or which might discredit or bring dishonor to the real estate profession. REALTORS® having direct personal knowledge of conduct that may violate the Code of Ethics involving misappropriation of client or customer funds or property, willful discrimination, or fraud resulting in substantial economic harm, bring such matters to the attention of the appropriate Board or Association of REALTORS®. (Amended 1/00)

Realizing that cooperation with other real estate professionals promotes the best interests of those who utilize their services, REALTORS® urge exclusive representation of clients; do not attempt to gain any unfair advantage over their competitors; and they refrain from making unsolicited comments about other practitioners. In instances where their opinion is sought, or where REALTORS® believe that comment is necessary, their opinion is offered in an objective, professional manner, uninfluenced by any personal motivation or potential advantage or gain.

The term REALTOR® has come to connote competency, fairness, and high integrity resulting from adherence to a lofty ideal of moral conduct in business relations. No inducement of profit and no instruction from clients ever can justify departure from this ideal.

In the interpretation of this obligation, REALTORS® can take no safer guide than that which has been handed down through the centuries, embodied in the Golden Rule, “Whatsoever ye would that others should do to you, do ye even so to them.”

Accepting this standard as their own, REALTORS® pledge to observe its spirit in all of their activities whether conducted personally, through associates or others, or via technological means, and to conduct their business in accordance with the tenets set forth below. (Amended 1/07)

**Part 2: Business Ethics, NAR Code of Ethics, and Pathways to Professionalism**

**2. Aspirational Concepts of the Preamble to the Code**

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| --- | --- | --- | --- | --- |
| 🕮 Facilitator’s Notes - Continued | | | | |
| **PG:** | **6** |  | **▓ Slides:** | **14-17** |

**Lecture**

**“Under all is the land”:** This phrase is a powerfully descriptive beginning to the Preamble that sets the stage for all that follows. It clearly conveys the immense and all-encompassing nature of real estate and the real estate calling. Land is the foundation of many aspects of society, whether it be the basics of food and shelter or the more sophisticated aspects of economy and prosperity. Truly, REALTORS® deal in one of society’s most important commodities.

**“Golden Rule”:** There is no safer guide than that which has been handed down through the centuries, embodied in the Golden Rule: “Whatsoever ye would that others should do to you, do ye ever so to them.”

**“Widely allocated ownership” and “widest distribution of land ownership”:** These phrases are presented in terms of the “survival and growth of free institutions and of our civilization” and with the notion that “the interests of the nation and its citizens require . . . the widest distribution of land ownership.” Such concepts speak to a fundamental premise upon which our nation was founded. Given that much of our law and governance derived from England, where the king used to hold much of the available land, it is understandable why our nation’s founders desired to have more than just a few individuals own vast quantities of it. The accumulation of land can lead to inordinate power in the hands of a few. REALTORS® support the fundamental concept that many persons owning small parcels of land is vital to our democracy’s efficient function.

**Several concepts relate to protecting the profession’s integrity.** Aspirations to “maintain and improve the standards of their calling,” “strive to become and remain informed on issues affecting real estate,” “identify and take steps to eliminate practices which may damage the public or which might discredit or bring dishonor to the real estate profession,” and sharing “with fellow REALTORS® a common responsibility for the integrity and honor of the real estate business,” all speak to REALTORS®’ common obligations in looking for the wider implications of their individual conduct during their daily practice.

**“Competency, fairness, high integrity”:** Highlight these “watchwords” of professional conduct.

*(Continued)*

**“No inducement of profit and no instruction from clients”:** This powerful principle directly follows “competence, fairness and high integrity.” In a nutshell, the entire paragraph summarizes the critical concepts of the Code.

**Important Note:** Remind participants that the Preamble may **not** be the basis for disciplining a REALTOR®.

**Part 2: Business Ethics, NAR Code of Ethics, and Pathways to Professionalism**

**2. Aspirational Concepts of the Preamble to the Code**

* Under all is the land . . .
* The Golden Rule
* “Widely allocated ownership” and “widest distribution of land ownership”
* Maintain and improve the standards of our calling.
* Share our common responsibility for the integrity and honor of the real estate profession.
* Become and remain informed about issues affecting real estate.
* Share your experience and expertise with others.
* Identify and eliminate practices that damage the public or might discredit or bring dishonor to the real estate profession.
* Urge exclusive representation of clients.
* Refrain from taking unfair advantage of your competitors.
* Don’t make unsolicited comments about other practitioners.
* If your opinion is sought about a competitor (or if you believe a comment is necessary), offer it in an objective, professional manner.
* Remember, the term “REALTOR®” stands for competency, fairness, high integrity, moral conduct in business relations.
* Keep in mind that no inducement of profit or instruction from clients can justify departure from the Code’s duties.

**Important Note:** The Preamble may **not** be the basis for disciplining a REALTOR®.

**Part 2: Business Ethics, NAR Code of Ethics, and Pathways to Professionalism**

**3. The Structure of the Code and How It Is Amended**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Deliver a short lecture using the information below and accompanying slides; use the Code as a “prop”. | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** | **7** |
| **End time:** |  |  | **▓ Slides:** | **18-22** |

**Lecture:** It is important for members to be able to “navigate” the Code of Ethics and to understand its format. This section moves from the Code’s broadest concepts to the most specific. The first part deals with the “three major categories.”

The Code is categorized into three sections: Duties to Clients and Customers, Duties to the Public, and Duties to REALTORS®. There are 17 Articles of the Code -- broad statements of ethical principles. Only violations of the Articles (and not the Standards of Practice themselves) may lead to disciplinary actions.

The Standards of Practice that follow each Article of the Code support, interpret, and amplify the Articles. A REALTOR® may not be found in violation of a Standard of Practice. A Standard of Practice only may be cited in a disciplinary proceeding to support actions related to an Article.

One of the most important resources to help one understand the Code is “The Official Interpretations” of the Code, which are specific fact situations that explain the Articles and/or Standards of Practice. These case interpretations do not cover all fact situations but provide appropriate guidance relative to some of the more common ones.

The Code of Ethics, Standards of Practice, and Case Interpretations consistently are reviewed, analyzed, and revised, when necessary. Amendments are made during the NAR Midyear Meetings and the REALTORS® Conference and Expo. But, before amendments become effective, the NAR Professional Standards Committee and the NAR Board of Directors must approve them. Many of these changes result from recommendations by the Interpretations and Procedures Subcommittee of the Professional Standards Committee. Any change to an Article of the Code must also be approved by the NAR Delegate Body.

**Part 2: Business Ethics, NAR Code of Ethics, and Pathways to Professionalism**

**3. The Structure of the Code and How It Is Amended**

* Three major sections
* Duties to Clients and Customers
* Duties to the Public
* Duties to REALTORS®
* The Code’s 17 Articles are broad statements of ethical principles

**Important Note:** Only violations of the Articles can result in disciplinary action.

* The Standards of Practice support, interpret, and amplify the Articles under which they are stated
* REALTORS® may not be found in violation of a Standard of Practice, only its foundational Article.
* Standards of Practice may be cited in support of an alleged violation of an Article (such as a violation of Article 1, as interpreted by Standard of Practice 1-3).
* The “Official Case Interpretations” are specific fact situations that explain Articles and/or Standards of Practice
* How the Code evolves
* When needed, amendments to the Code, the Standards of Practice, and the Official Interpretations are made at the NAR Midyear Meetings and the REALTORS® Conference and Expo.
* The NAR Interpretations and Procedures Subcommittee frequently makes recommendations to the Professional Standards Committee about enhancements to professional standards procedures and to the Code of Ethics.
* All proposed changes to the Code and to the policies and procedures by which the Code is enforced must be approved by the Board of Directors. Amendments to the 17 Articles must also be approved by the Delegate Body.

**Part 2: Business Ethics, NAR Code of Ethics, and Pathways to Professionalism**

**4. The Code and the Law**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Deliver a short lecture using the information below, the Code as a “prop”, and accompanying slides. | | | | |
| 🕐 **Suggested time:** 5 minutes | | | | |
| **Start time:** |  |  | **PG:** | **8** |
| **End time:** |  |  | **▓ Slides:** | **23** |

**Lecture:** The Code of Ethics must be reasonably and consistently construed with the law. Where the Code conflicts with the duties of law, the law takes precedence. At the same time, the Code does, in most instances, impose a higher standard than that of law. The Code often restates certain fundamental legal principles, such as those found in contract, agency, and fair housing laws.**Part 2: Business Ethics, NAR Code of Ethics, and Pathways to Professionalism**

**4. The Code and the Law**

* The Code must be reasonably and consistently construed with the law
* The Code imposes duties above and in addition to the duties imposed by law or regulation
* The Code restates certain fundamental legal principles (contract, agency, fair housing)

**Part 2: Business Ethics, NAR Code of Ethics, and Pathways to Professionalism**

**5. Pathways to Professionalism**

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| --- | --- | --- | --- | --- |
| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Deliver a short lecture using the information below and accompanying slides. | | | | |
| 🕐 **Suggested time:** 5 minutes | | | | |
| **Start time:** |  |  | **PG:** | **9-11** |
| **End time:** |  |  | **▓ Slides:** | **25** |

**Lecture:** The Code includes objective and enforceable ethical standards, but does not address the voluntary, professional courtesies and etiquette guidelines discussed in the Pathways to Professionalism. Courtesies such as responding promptly to questions and requests for information, returning phone calls, showing courtesy and respect to everyone – these and similar guidelines for good business are included in the Pathways to Professionalism document.

Although not a complete list, the Pathways to Professionalism may be supplemented to include local customs and practices. The Pathways to Professionalism reflects how we all would like everyone to act in the real estate profession.

**Part 2: Business Ethics, NAR Code of Ethics, and Pathways to Professionalism**

**5. Pathways to Professionalism**

* Is a comprehensive list of service criteria for the industry and professional courtesies for REALTORS® to enhance their professional conduct.
* Three major sections
* Respect for the public
* Respect for property
* Respect for peers

**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. Communicate promptly if you are delayed or must cancel an appointment or showing. If a prospective buyer decides not to view an occupied home, promptly communicate the situation to the listing broker or the occupant.
5. When entering a property ensure that unexpected situations, such as pets, are handled appropriately.
6. Never criticize property in the presence of the occupant.
7. 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 rooms.
8. Present a professional appearance.
9. If occupants are home during showings, ask their permission before using the bathroom.
10. Encourage the clients of other brokers to direct questions to their agent or representative.
11. Communicate clearly; Ensure specialized language and real estate terminology is understood.
12. Be aware of and respect cultural differences.
13. Be aware of—and meet—all deadlines.
14. Promise only what you can deliver—and keep your promises.
15. Do not tell people what you think—tell them what you know.

**Respect for Property**

1. When showing a property, be responsible for your clients/customers and keep the group together.
2. Make reasonable and timely accommodations to provide access to listed properties.
3. Make reasonable and timely requests to access listed properties.
4. 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.
5. 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. When instructed or appropriate, remove footwear when entering a property.
6. Obtain permission before photographing, videographing, or streaming the interiors or exteriors of properties, or allowing others to do so.

**Respect for Peers**

1. Respond to other real estate professionals’ communications promptly and courteously.
2. Contact the listing broker if there appears to be a discrepancy in the listing information.
3. Inform anyone accessing the property about important information (e.g., pets, security systems, video and audio recording equipment).
4. Inform if sellers or listing agent will be present during the showing.
5. Show courtesy, trust, and respect to other real estate professionals.
6. Avoid the inappropriate use of endearments or other denigrating language.
7. Do not prospect at other REALTORS®' open houses or similar events.
8. Secure property and lockbox and/or return keys promptly.
9. Real estate is a reputation business. What you do today may affect your reputation—and business—for years to come.

*(Revised 05/23)*

**Part 2: Business Ethics, NAR Code of Ethics, and Pathways to Professionalism**

**Exercise: Pathways to Professionalism**

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Break participants into groups. Refer the class to the “Pathways to Professionalism,” reprinted on the facing page from the NAR *Code of Ethics and Arbitration Manual*. From the “Pathways to Professionalism” list of courtesies, ask each group to identify three items that relate to their markets and to name any additional local customs or practices they would add. | | | | |
| 🕐 **Suggested time:** 5 minutes | | | | |
| **Start time:** |  |  | **PG:** | **9 - 11** |
| **End time:** |  |  | **▓ Slides:** | **26** |

**Part 2: Business Ethics, NAR Code of Ethics, and Pathways to Professionalism**

**Exercise: Pathways to Professionalism**

**Instructions:** Break into groups and identify three areas in the “Pathways to Professionalism” document that relate to your market. Select a group spokesperson to summarize the group’s discussion.

**Pathways to Professionalism**

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

**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. Communicate promptly if you are delayed or must cancel an appointment or showing. If a prospective buyer decides not to view an occupied home, promptly communicate the situation to the listing broker or the occupant.
5. When entering a property ensure that unexpected situations, such as pets, are handled appropriately.
6. Never criticize property in the presence of the occupant.
7. 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 rooms.
8. Present a professional appearance.
9. If occupants are home during showings, ask their permission before using the bathroom.
10. Encourage the clients of other brokers to direct questions to their agent or representative.
11. Communicate clearly; Ensure specialized language and real estate terminology is understood.
12. Be aware of and respect cultural differences.
13. Be aware of—and meet—all deadlines.
14. Promise only what you can deliver—and keep your promises.
15. Do not tell people what you think—tell them what you know.

**Respect for Property**

1. When showing a property, be responsible for your clients/customers and keep the group together.
2. Make reasonable and timely accommodations to provide access to listed properties.
3. Make reasonable and timely requests to access listed properties.
4. 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.
5. 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. When instructed or appropriate, remove footwear when entering a property.
6. Obtain permission before photographing, videographing, or streaming the interiors or exteriors of properties, or allowing others to do so.

**Respect for Peers**

1. Respond to other real estate professionals’ communications promptly and courteously.
2. Contact the listing broker if there appears to be a discrepancy in the listing information.
3. Inform anyone accessing the property about important information (e.g., pets, security systems, video and audio recording equipment).
4. Inform if sellers or listing agent will be present during the showing.
5. Show courtesy, trust, and respect to other real estate professionals.
6. Avoid the inappropriate use of endearments or other denigrating language.
7. Do not prospect at other REALTORS®' open houses or similar events.
8. Secure property and lockbox and/or return keys promptly.
9. Real estate is a reputation business. What you do today may affect your reputation—and business—for years to come.

*(Revised 05/23)*

**Part 3: Enforcement of the Code of Ethics**

1. **Background**

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Deliver a short lecture using the key concepts below and the accompanying slides. It is important to note that while the primary focus of this course is on the Code of Ethics itself and not on enforcement procedures, the Code does have an enforcement process. Because local associations have a duty to enforce the Code and members might someday be involved in an ethics complaint – whether as a complainant, a respondent, a witness, or a panel member – it is important for members to be familiar with how the Code is enforced. | | | | |
| 🕐 **Suggested time:** 5 minutes | | | | |
| **Start time:** |  |  | **PG:** | **13** |
| **End time:** |  |  | **▓ Slides:** | **27 through 29** |

**Lecture:** Each state and local association is responsible for enforcing the Code of Ethics, which includes providing mediation and conducting arbitration hearings. However, only REALTORS® and REALTOR-ASSOCIATES® are obligated to abide by the Code, although all association members are encouraged to do so. Associations where membership is held or where MLS access is provided have jurisdiction to receive and resolve ethics complaints and arbitration requests filed against their members and MLS participants. Remember, associations do not determine whether the law or real estate regulations have been violated. Such decisions reside with the regulatory bodies and courts.

Often difficulties between real estate professionals result from misunderstanding, miscommunication, or lack of adequate, ongoing communication. Open, constructive communication and dialogue often resolves questions or differences, diminishing the need for action by the association.**Part 3: Enforcement of the Code of Ethics**

**1. Background**

* Associations of REALTORS® are responsible for enforcing the Code of Ethics. That obligation includes providing mediation services and conducting arbitration hearings.
* Only REALTOR® and REALTOR-ASSOCIATE® members are subject to the Code of Ethics. Associations in which REALTORS® hold membership and/or participate or access MLS have jurisdiction over those individuals to receive and resolve ethics complaints and arbitration requests.
* Associations do not determine whether law or real estate regulations have been violated. Those decisions can only be made by the regulatory authorities or courts.
* Often, difficulties between real estate professionals (whether REALTORS® or not) result from misunderstanding, miscommunication, or lack of adequate, ongoing communication.
* Open, constructive discussion often resolves questions or differences, diminishing the need for further action.

**Part 3: Enforcement of the Code of Ethics**

1. **REALTOR® Dispute Resolution**

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Deliver a short lecture using the key concepts below and the accompanying slides. | | | | |
| 🕐 **Suggested time:** 5 minutes | | | | |
| **Start time:** |  |  | **PG:** | **13** |
| **End time:** |  |  | **▓ Slides:** | **31** |

**Lecture:** When REALTORS® are unable to settle disagreements themselves, the local association can help. There are two options available:

1. informal dispute resolution through mediation or an ombudsman program

2. formal dispute resolution by filing an ethics complaint or an arbitration request

Ombudsman or mediation can resolve many disagreements and misunderstandings without the need for a more formal process. Both ombudsman and mediation programs use a neutral third party to help disputants work through differences. However, when a formal process is needed, the local association can also help, by hearing ethics and arbitration cases. Ethics complaints might be described as “conduct” cases that deal with possible violations of the Code of Ethics. Arbitration cases might be described as “money” cases, in which disputed compensation between REALTORS® (generally from different firms) are resolved. Cases dealing with compensation disputes between REALTORS® in different firms are required to be arbitrated, rather than litigated, if any party requests arbitration.

**Part 3: Enforcement of the Code of Ethics**

**2. REALTOR® Dispute Resolution**

If REALTORS® cannot settle disagreements between/among themselves, two options are available to them – (1) informal dispute resolution and (2) filing an ethics complaint and/or an arbitration request.

* **Option #1: Informal Dispute Resolution**
* **Ombudsman:** A voluntary process in ethics where the parties communicate with an ombudsman whose primary role is communication and conciliation, not adjudication. Ombudsmen do not determine whether ethics violations have occurred; rather they anticipate, identify, and help resolve misunderstandings and disagreements before they ripen into disputes and possible charges of unethical conduct.
* **Mediation:** A voluntary process through which the parties meet with a mediator who helps facilitate a mutually acceptable resolution.
* **Option #2: Ethics Complaints and Arbitration Requests**
* **Ethics:** Ask, “Is there a possible violation of the Code of Ethics?”
* **Arbitration:** Ask, “Is there an arbitrable issue – a monetary dispute?” (Typically, a dispute over entitlement to compensation in a transaction.)

**Part 3: Enforcement of the Code of Ethics**

1. **Informal Dispute Resolution – Ombudsman Program**

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Deliver a short lecture using the key concepts below and the accompanying slides. | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** | **14** |
| **End time:** |  |  | **▓ Slides:** | **31 through 33** |

**Lecture: A**ll associations offer ombudsman services, but it is a voluntary process in which a neutral third party helps disputing individuals communicate or better understand their situation. An ombudsman can field and respond to inquiries and complaints about real estate transactions, ethical practices, and Code enforcement. When appropriate, an ombudsman can contact the other party to solicit a response or schedule a meeting with everyone involved. This individual can be integral in helping repair breakdowns in communication and in developing resolutions. However, parties’ failure to reach or comply with a resolution does not prevent them from filing a formal ethics complaint.**Part 3: Enforcement of the Code of Ethics**

**3. Informal Dispute Resolution – Ombudsman Program**

* Voluntary on the part of REALTORS® and consumers.
* Associations have considerable latitude in developing criteria for serving as an ombudsman. Ombudsmen should be familiar with the Code of Ethics, state real estate regulations, and current real estate practices.
* REALTORS®, staff, and others may act as ombudsmen.
* Ombudsmen can:
* field and respond to inquiries and complaints about real estate transactions, ethical practices, and Code enforcement issues.
* receive and respond to questions and complaints about members, solicit responses, and meet with the disputing parties.
* Parties may decline to use ombudsmen services.
* Ethics complaints resolved through an ombudsman are considered dismissed.
* Failure or refusal of a member to comply with the terms of a mutually agreed upon resolution permits the complaining party to file or re-file an ethics complaint. The filing deadline is the date when the matter was originally brought to the attention of the association.

**Part 3: Enforcement of the Code of Ethics**

1. **Informal Dispute Resolution – Mediation Program**

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Using the accompanying slides, describe mediation and review the outline in the Participant’s Guide.  Note that all associations of REALTORS® have been required to provide mediation services to their members since January 1, 2002. Explain that mediation is **the preferred dispute resolution tool** of the REALTOR® family. Point out the differences between mediation and arbitration and identify additional reading materials about mediation.  As of January 2012, associations have the discretion to require mediation of otherwise arbitrable disputes. See Article 17 of the Code of Ethics. Suggested enabling bylaw provisions can be found in Article VII of the NAR Model Bylaws for Local Member Boards.  **Suggested Handouts:** “No Losers in Mediation” and “Mediation – The Alternative for Win-Win” articles, available online at Realtor.org as part of the Code of Ethics Training Materials (https://www.nar.realtor/articles/no-losers-in-mediation). | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** | **16-17** |
| **End time:** |  |  | **▓ Slides:** | **34 through 38** |

**Part 3: Enforcement of the Code of Ethics**

**4. Informal Dispute Resolution – Mediation Program**

* Mediation is the preferred dispute resolution tool of the REALTOR® organization
* Voluntary, unless the association (at its discretion) requires its REALTOR® members to mediate per Article 17 of the Code of Ethics.
* Vehicle for creating a mutually acceptable resolution of disputes (instead of having a decision imposed by a hearing panel)
* Must be available to all REALTORS®
* Local association option**:** Mediation may be offered to disputants before or after a grievance committee’s review of arbitration requests. If offered before, then mediation must be offered again after the grievance committee determines an arbitrable matter exists.
* Process
* Disputing parties meet with a mediator appointed by the association.
* Parties explain their issues and positions and have an opportunity to ask each other questions.
* Mediators use a wide variety of techniques to move the parties toward a mutually acceptable resolution.
* If an agreement is reached, then the parties put the agreement into a signed document expressing the terms, and no arbitration hearing is held.
* Mediation compared with arbitration

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| **Mediation** | **Arbitration** |
| Low cost | Moderate cost |
| Little delay | Moderate delay |
| Maximum range of solutions | Win/lose/split |
| Parties control the outcome | Arbitrators control the outcome |
| Uncertain closure | Definite closure |
| Maintains/improves relationships | May harm relationships |

* Additional mediation resources: “Mediation – The Alternative for Win-Win” article by Bruce H. Aydt, ABR, ABRM, CRB, © Copyright 2001 and the "No Losers in Mediation" article, first published in the September/October 2001 issue of *Real Estate Business*.

**Part 3: Enforcement of the Code of Ethics**

1. **Formal Dispute Resolution – Filing an Ethics Complaint**

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** This section is devoted to the functions of grievance committees and professional standards hearing panels. Using the accompanying slides, briefly walk participants through the two-step process of Code enforcement described in the Participant’s Guide:   1. A grievance committee’s review of an ethics complaint 2. A Professional Standards hearing of an ethics case   Stress that authorized disciplinary actions spelled out in the NAR *Code of Ethics and Arbitration Manual* are the **only** sanctions that may be imposed for Code violations. Panels may not impose any sanction not included on this list. Present the list of authorized disciplinary actions on the facing page and be sure to make it clear that administrative processing fees are **not** discipline and only may be applied when an association has adopted a policy whereby administrative processing fees are imposed in **all cases** where a member has been found in violation of the Code. | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** | **18** |
| **End time:** |  |  | **▓ Slides:** | **40 through 43** |

**Part 3: Enforcement of the Code of Ethics**

**5. Formal Dispute Resolution – Filing an Ethics Complaint**

* Who can file a complaint?
* Grievance committee in ethics
* A screening body comprised of members of the association.
* Answers key question: “If the allegations in the complaint are taken as true on their face, is it possible a violation of the Code of Ethics occurred?”

**Important Note:** A grievance committee’s review of an ethics complaint is not a hearing on the merits, but rather a preliminary review to determine if the complaint requires a hearing.

* Ethics hearing panel
* Conducts full “due process” hearings, including sworn testimony, counsel, witnesses, and evidence.
* Is comprised of members of an association’s professional standards committee.
* After a hearing, decides in executive session whether there has been a violation of the Code of Ethics. Violations of the Code must be supported by clear, strong, and convincing proof.
* Must also determine the discipline (if any) to be imposed on the violator when a violation of the Code of Ethics has been found.
* Authorized discipline and administrative processing fees
* Letter of Warning
* Letter of Reprimand
* Education
* Fine not to exceed $15,000
* Probation for one year or less
* Suspension for not less than 30 days or more than one year
* Expulsion from membership for one to three years
* Suspension or termination of MLS privileges.
* Administrative processing fee (if found in violation) not to exceed $500
* The primary emphasis of discipline for an ethics violation is educational, to create a heightened awareness of and appreciation for the Code. More serious or repeated violations might lead to more severe forms of discipline.

**Note:** Administrative processing fees are not discipline. Fees should not be assessed on a case-by-case basis, but consistently, subject to association policy.

**Part 3: Enforcement of the Code of Ethics**

**6. Formal Dispute Resolution – Filing an Arbitration Request**

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Deliver a short lecture using the key concepts below and the accompanying slides. Explain that a grievance committee determines “arbitrability” when it reviews arbitration requests. | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** | **19** |
| **End time:** |  |  | **▓ Slides:** | **44 through 50** |

**Lecture:** Arbitration is defined by -- and the arbitration of disputes is limited to -- circumstances that fall within the parameters of Article 17. For example, the desire to collect damages for an automobile accident is not an arbitrable matter under the Code just because two REALTORS® were involved in an accident. Such a claim is not one “arising out of their relationship as REALTORS®.”

In the event an arbitration award is not voluntarily paid, the award may be enforced through judicial action. Alternatively, associations may adopt procedures requiring that awards be deposited with and held by the association, pending procedural review or legal challenges.

**Part 3: Enforcement of the Code of Ethics**

**6. Formal Dispute Resolution – Filing an Arbitration Request**

* Authority to conduct arbitration is established in Article 17 of the Code of Ethics and in the state arbitration statute
* Article 17 establishes arbitration can occur when there are:
* Contractual disputes or specific non-contractual disputes (see Standard of Practice 17-4)
* Between REALTORS® (principals) associated with different firms
* Arising out of their relationship as REALTORS®

**Note:** Although less common, clients also may invoke mandatory arbitration against their REALTOR® (principal).

* Grievance committee in arbitration
* Performs an initial screening function similar to its role in reviewing ethics complaints.
* Asks key question: “If the claims in the request for arbitration are taken as true on their face, is the matter at issue related to a real estate transaction and properly arbitrable?” (Is there some basis on which an arbitration award could be based?)

**Note:** A grievance committee’s review of an arbitration request is not a hearing on the merits, but rather a preliminary review to determine if a hearing is warranted.

* Arbitration hearing panel
* Conducts full “due process” hearing, including sworn testimony, counsel, witnesses, and evidence.
* Comprised of members of an association’s professional standards committee.
* After a hearing, decides in executive session who is entitled to an award, as demonstrated by a preponderance of the evidence.
* Payment of awards
* Awards may be judicially enforced when not paid by the nonprevailing party.
* All associations require that when awards are not paid, an equivalent amount must be deposited with the association, pending review of the hearing process or during the pendency of any legal challenge.

**Part 4: Concepts of Procuring Cause in Arbitration**

**NAR’s Arbitration Guidelines and Key Factors in Procuring Cause Disputes**

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Deliver a short lecture using the material below and the accompanying slides. Part 4 deals with the substantive matters of an arbitration hearing and involves a short introduction to procuring cause concepts. Create awareness among participants of the NAR arbitration guidelines used to resolve compensation disputes. Point out fundamental procuring cause concepts included in those guidelines, found in the *Code of Ethics and Arbitration Manual*. Photocopy and distribute Appendix II to Part Ten – Arbitration Guidelines of the current NAR *Code of Ethics and Arbitration Manual* to use as a reference throughout this section. | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** | **20-21** |
| **End time:** |  |  | **▓ Slides:** | **51-53** |

**Lecture:** Procuring cause may be the determiner of entitlement in cooperative transactions. Guidelines for determining procuring cause are provided in the NAR *Code of Ethics and Arbitration Manual* in Appendix II to Part Ten.

Some key factors that are guiding principles in a procuring cause dispute include:

1. No predetermined rules of entitlement.
2. Hearing panels must consider the entire course of events.
3. Events such as the first property showing, writing the successful offer, or existing agency relationships with buyers are not, in and of themselves, exclusive determiners of procuring cause/entitlement.

As defined by *Black’s Law Dictionary*, “procuring cause” is: “The proximate cause; the cause originating a series of events which, without break in their continuity, result in the accomplishment of the prime object.” Or, as the Arkansas Supreme Court said: “It’s not the squirrel that gathers the nuts, but the one who shakes the tree [who is entitled to be paid].”

NAR’s guidelines governing procuring cause disputes are similar to, and are based on the legal definition, but are more extensive and tailored to typical situations found in broker-to-broker disputes (as opposed to broker-versus-owner disputes that typically are litigated).

**Part 4: Concepts of Procuring Cause in Arbitration**

**1. NAR’s Arbitration Guidelines**

* Published in the *Code of Ethics and Arbitration Manual.*
* Guide hearing panels in resolving arbitrable issues.
* Focus primarily on “procuring cause,” because that is the determiner of most disputes between brokers.

**2. Key Factors in Procuring Cause Disputes**

* There are no predetermined rules of entitlement.
* Hearing panels must consider the entire course of events.
* Events such as the first property showing, writing a successful offer, or an existing agency relationship with the buyer are not, in and of themselves, exclusive determiners of procuring cause/entitlement.
* *Black’s Law Dictionary*, Fifth Edition, defines “procuring cause” as, “The proximate cause; the cause originating a series of events which, without break in their continuity, result in the accomplishment of the prime object.”
* Or, as the Arkansas Supreme Court said: “It’s not the squirrel that gathers the nuts, but the one who shakes the tree [who is entitled to be paid].”

#### Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Broadly introduce Part 5, which features summaries and case studies of four particular Articles of the Code of Ethics. The material is divided into Article summaries and case studies, so present the accompanying slides and discussion points for each Article. When studying each Article, introduce the related case study and each case study thereafter in the same manner. Direct participants to work through each case study in their groups (three to six individuals recommended). Time permitting, ask for feedback from each group’s spokesperson or debrief the exercise in “town hall” format if time is limited. **Answers to the case study questions are indicated by boldfaced type in the Facilitator’s Notes for Part 5.**  **Alternative Method of Delivery:** A short video segment for each Article of the Code of Ethics is available online at [www.Realtor.org/codevideos](http://www.Realtor.org/codevideos) and may be used in place of or to supplement the lecture for this section. Each video may be directly streamed from Realtor.org or downloaded and saved to a DVD to play during class. Also included with each video segment are discussion questions and support materials. Note that Article 1 features two video segments – one devoted to Article 1 and the other devoted to Article 13. The video for Article 2 also includes a segment focused on Article 3. **All case studies are based on actual Case Interpretations in the NAR *Code of Ethics and Arbitration Manual*.** | | | | |
| **PG:** | **22** |  | **▓ Slides:** | **54** |

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**1. Article 1**

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Using accompanying slides, summarize the central concepts of Article 1 presented in the Participant’s Guide. Standard of Practice 1-2 is mentioned because it defines various terms used in the Code. This Standard of Practice also establishes the concept that the Code applies to all types of agency and non-agency relationships recognized by law. Work through the group case study for Article 1.  **Alternative Method of Delivery:** Use the Article 1 video segments (there are two, because Article 13 also is covered), available online at [www.Realtor.org/codevideos](http://www.Realtor.org/codevideos). | | | | |
| 🕐 **Suggested time:** 5 minutes | | | | |
| **Start time:** |  |  | **PG:** | **23** |
| **End time:** |  |  | **▓ Slides:** | **56** |

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**1. Article 1**

* Protect and promote your clients’ interests.
* This obligation to your clients is primary.
* With that duty in mind, REALTORS® must also treat all parties honestly.
* Standard of Practice 1-2 defines key terms, including “client,” “customer,” “agent,” and “broker”.

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**Exercise: Article 1 Case Study** (Based on Case Interpretation #1-26)

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Direct participants to work through the case study in their groups (three to six individuals recommended). Time permitting, ask for feedback from each group’s spokesperson or debrief the exercise in “town hall” format if time is limited. | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** |  |
| **End time:** |  |  | **▓ Slides:** |  |

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**Exercise: Article 1 Case Study** (Based on Case Interpretation #1-26)

REALTOR® Leo is a sales associate with Done Right, REALTORS®. To promote Done Right’s in-house listings, the firm’s principals offer $1,000 bonuses to the company’s sales associates for each listing sold.

Dr. Newcomer, a recent transferee to the town, enters into a buyer’s representation agreement with Done Right, REALTORS® through REALTOR® Leo.

Dr. Newcomer explains he has specific needs, foremost of which is that any home he purchases must be convenient for and readily accessible to Dr. Newcomer’s spouse, who is physically challenged. “Part of my wife’s physical conditioning program is swimming,” says Dr. Newcomer. “So,” he explains, “in addition to everything else, I am looking for a home with a pool or room to build a pool.”

During the next few days, REALTOR® Leo shows Dr. Newcomer several properties in the Blackacre Subdivision, all of which are listed with Done Right, including one with an outdoor swimming pool. Not included among the properties shown to Dr. Newcomer are several similar homes in Blackacre that are listed with other firms, including one with an indoor pool.

After considering the properties he sees with REALTOR® Leo, Dr. Newcomer makes an offer on the home with the outdoor pool. His offer is accepted, and the transaction closes.

Several months later, REALTOR® Leo receives notice that an ethics complaint has been filed against him by Dr. Newcomer. From a colleague at the hospital who lives on the same block, Dr. Newcomer learned about the home with the indoor pool that REALTOR® Leo failed to show him when Dr. Newcomer was looking for just the right property. The complaint alleges that REALTOR® Leo put his own interests and those of Done Right ahead of Dr. Newcomer’s interests by exclusively promoting Done Right’s listings and by not telling Dr. Newcomer about the similarly priced property with the indoor pool. Dr. Newcomer also says in the complaint that he believes the unshown property suited his family’s needs much better than the property he did purchase because his wife would have been able to use the pool all year long. The complaint spells out that REALTOR® Leo received a bonus for selling one of Done Right’s listings to Dr. Newcomer, and that Dr. Newcomer believes that REALTOR® Leo’s failure to tell him about the house with the indoor pool was motivated by REALTOR® Leo’s desire for the bonus.

During the hearing, REALTOR® Leo defends his actions, explaining that properties rarely meet all of a potential purchaser’s desires and that he made Dr. Newcomer aware of several properties that met most of his requirements, including one property with an outdoor pool. REALTOR® Leo goes on to say that Dr. Newcomer must have been satisfied because he ultimately purchased that home.

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**Exercise: Article 1 Case Study** (Based on Case Interpretation #1-26)

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| 🕮 Facilitator’s Notes (Continued) | | | | |
| **PG:** |  |  |  |  |

**Questions** *(Answers indicated in* ***boldfaced*** *type.)*

1. REALTOR® Leo’s obligations under Article 1 call for him to (check all that apply):

1. Find Dr. Newcomer a house that he is willing to buy
2. **Show Dr. Newcomer all properties that meet his specific needs and requirements, regardless of whether those properties are listed with Done Right, REALTORS® or another firm**
3. **Subordinate his own interests to those of Dr. Newcomer**
4. Explain that he honestly believes other physical conditioning programs might be better than swimming for Dr. Newcomer’s wife

2. Article 1 requires REALTOR® Leo to disclose the $1,000 bonus that was offered by his firm when he entered into the exclusive buyer’s representation agreement with Dr. Newcomer.

1. True
2. **False**

**Facilitator’s Note:** There is no obligation established in the Code to disclose the $1,000 bonus. However, nothing prohibits REALTOR® Leo from doing so to fully inform his client and to eliminate the potential for future problems. Regardless, REALTOR® Leo must put Dr. Newcomer’s interests before his own desire to obtain the $1000 bonus. Further, Standard of Practice 1-13 does not apply because the $1000 bonus is part of an in-house incentive and not from “other brokers” (i.e., in a different firm).

*(Continued)*

3. If a second offer was submitted for the property by another real estate office at the same time as Dr. Newcomer’s offer was submitted, what disclosures to that cooperating broker, if any, would Done Right REALTORS® be required to make?

1. The existence of Dr. Newcomer’s offer
2. That Dr. Newcomer’s offer was obtained by another licensee within Done Right REALTORS®
3. **The existence of Dr. Newcomer’s offer and that it was obtained by another licensee within Done Right REALTORS®, but only if asked by the other cooperating broker and given approval to do so by the seller**
4. There are no disclosure requirements for multiple offer situations

When questioned by the hearing panel, REALTOR® Leo acknowledges he knew about but did not show the house with the indoor pool to Dr. Newcomer. He concedes that a year-round, indoor pool was better suited to the family’s needs than a seasonal, outdoor pool. He also admits that failing to tell Dr. Newcomer about the house with the indoor pool was, at least in part, motivated by the prospect of the bonus offered by his firm. “But,” he also argues, “aside from the indoor pool, that house is no different than the one that Dr. Newcomer bought.”

**Questions**

1. REALTOR® Leo’s obligations under Article 1 call for him to (check all that apply):

1. Find Dr. Newcomer a house that he is willing to buy
2. Show Dr. Newcomer all properties that meet his specific needs and requirements, regardless of whether those properties are listed with Done Right, REALTORS® or another firm
3. Subordinate his own interests to those of Dr. Newcomer
4. Explain that he honestly believes other physical conditioning programs might be better than swimming for Dr. Newcomer’s wife

2. Article 1 requires REALTOR® Leo to disclose the $1,000 bonus at the time of entering into the exclusive buyer’s representation agreement with Dr. Newcomer.

1. True
2. False

3. If a second offer was submitted for the property by another real estate office at the same time as Dr. Newcomer’s offer was submitted, what disclosures to that cooperating broker, if any, would Done Right REALTORS® be required to make?

A. The existence of Dr. Newcomer’s offer

1. That Dr. Newcomer’s offer was obtained by another licensee within Done Right REALTORS®

C. The existence of Dr. Newcomer’s offer and that it was obtained by another licensee within Done Right REALTORS®, but only if asked by the other cooperating broker and given approval to do so by the seller

D. There are no disclosure requirements for multiple offer situations

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**2. Article 2**

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Deliver a brief lecture using accompanying slides and information below.  **Alternative Method of Delivery:** Use the Article 2 video segment, available on line at [www.Realtor.org/codevideos](http://www.Realtor.org/codevideos). Note that the Article 2 video segment also includes information about Article 3. | | | | |
| 🕐 **Suggested time:** 5 minutes | | | | |
| **Start time:** |  |  | **PG:** | **25** |
| **End time:** |  |  | **▓ Slides:** | **58** |

**Lecture:** Article 2 might also be referred to as the “disclosure” article. The first bullet point talks about avoiding exaggeration, misrepresentation, and concealment of pertinent facts about the property **or** the transaction. In other words, Article 2 requires more than simply disclosing property defects.

REALTORS® are not required to be “experts” in every possible aspect of real estate transactions. For example, Article 2 makes it clear that REALTORS® may not be home inspectors, professional engineers, architects, accountants, attorneys, or the like. These areas would generally be considered to be outside the scope of a typical real estate licensee’s expertise and not required by the licensing statute. However, REALTORS® have an obligation to be aware of conditions and matters which a reasonably knowledgeable real estate licensee in the state or locality would know. In other words, a REALTOR® cannot ignore a condition about which he or she is aware just because he or she believes that a home inspector also might note the condition. REALTORS® should make the appropriate disclosures to the appropriate parties of the information which the REALTOR® is aware at the time. Article 2 also does **not** require the discovery of “latent” defects. A synonym for “latent” is “hidden”.

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**2. Article 2**

* Avoid exaggeration, misrepresentation, and concealment of pertinent facts about the property or the transaction.
* But there is no obligation to discover latent defects, matters outside the scope of license, or matters confidential under agency or non-agency relationships.

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**Exercise: Article 2 Case Study** (Based on Case Interpretation #2-7)

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Direct participants to work through the case study in their groups (three to six individuals recommended). Time permitting, ask for feedback from each group’s spokesperson or debrief the exercise in “town hall” format if time is limited. | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** |  |
| **End time:** |  |  | **▓ Slides:** |  |

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**Exercise: Article 2 Case Study** (Based on Case Interpretation #2-7)

Homebuilder REALTOR® Dean shows one of his newly constructed houses to Buyer Bert. Bert sees some kind of construction beginning nearby and asks REALTOR® Dean about it. “I really don’t know,” says REALTOR® Dean, “but I believe it’s the attractive new shopping center planned for this area.”

Following Buyer Bert’s purchase of one of the houses, Buyer Bert learns that the “construction” actually is a bottling plant, and the area adjacent to it is zoned as “industrial”. Buyer Bert files a complaint with the board of REALTORS®, charging REALTOR® Dean with unethical conduct for failing to disclose a pertinent fact. He says in his complaint that, had he known about the proximity of the new bottling plant when he first saw the house, he would not have purchased it.

During the ethics hearing, REALTOR® Dean’s defense is that he honestly answered Bert’s question, because at the time, he had no knowledge about what was being built. All he knew was that other developers were planning an extensive shopping center somewhere in the general area, so he simply ventured a guess. REALTOR® Dean goes on to say that, as indicated in Buyer Bert’s testimony, he prefaced his response to Bert by saying he didn’t know the answer to Bert’s question.

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**Exercise: Article 2 Case Study** (Based on Case Interpretation #2-7)

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| 🕮 Facilitator’s Notes Continued | | | | |
| **PG:** |  |  |  |  |

**Questions** *(Answers indicated in* ***boldfaced*** *type.)*

1. Is REALTOR® Dean in violation of Article 2?

1. No, because he prefaced his response by clearly saying that he didn’t know.
2. No, because Buyer Bert could have researched the new construction and zoning himself.
3. **Yes, because REALTOR® Dean is obligated to discover and disclose adverse factors that are reasonably apparent to a licensed real estate professional.**
4. Maybe, if the new construction was identified as a “non-material” fact in law or regulation.

2. How should REALTOR® Dean have responded when asked about the new construction?

1. Refer Bert to the developer.
2. **Explain that although he didn’t know the answer, he would research it and get back to Bert.**
3. Say he didn’t know the answer and leave it at that.
4. Advise Bert to wait and see if the construction is a shopping center or something else before submitting an offer.

**Questions**

1. Is REALTOR® Dean in violation of Article 2?

1. No, because he prefaced his response by clearly saying that he didn’t know.
2. No, because Buyer Bert could have researched the new construction and zoning himself.
3. Yes, because REALTOR® Dean is obligated to discover and disclose adverse factors that are reasonably apparent to a licensed real estate professional.
4. Maybe, if the new construction was identified as a “non-material” fact in law or regulation.

2. How should REALTOR® Dean have responded when asked about the new construction?

1. Refer Bert to the developer.
2. Explain that although he didn’t know the answer, he would research it and get back to Bert.
3. Say he didn’t know the answer and leave it at that.
4. Advise Bert to wait and see if the construction is a shopping center or something else before submitting an offer.

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**3. Article 12**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** **Suggested Method of Delivery:** Deliver a brief lecture using accompanying slides and information below; group case study devoted to the Article.  **Alternative Method of Delivery:** Use the Article 12 video segment (there is only one), available online at [www.Realtor.org/codevideos](http://www.Realtor.org/codevideos). | | | | |
| 🕐 **Suggested time:** 5 minutes | | | | |
| **Start time:** |  |  | **PG:** | **28** |
| **End time:** |  |  | **▓ Slides:** | **60 and 64** |

**Lecture:** Also known as the “true picture” Article, Article 12 requires REALTORS® to present a true picture in all of their real estate communications, including advertising, marketing, and other representations. In short, a “true picture” is truthful and accurate advertising, marketing, and other representations by a REALTOR®.

Another important component of the “true picture test” for REALTORS® is disclosing one’s status as a real estate professional in all advertising by using the term, REALTOR®, REALTORS®, or REALTOR-ASSOCIATE®, or by disclosing one’s status as a licensed broker, appraiser, property manager, salesperson, etc.

The true picture test also applies to websites of REALTORS®, REALTOR® firms, and all affiliated licensees, and to their domain names and URLs. For instance, Article 12 requires REALTORS® to remove outdated information (such as expired listings) from their websites. The Article also bars the use of misleading Internet domain names, including the use of competitors’ names or firm names.

Additionally, Article 12 governs the use of “For Sale” signs on property.

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**3. Article 12**

* Be honest and truthful in real estate communications.
* Present a “true picture” in your advertising, marketing, and other representations.
* Ensure that your status as a real estate professional is readily apparent in your advertising, marketing, and other representations.

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**Exercise: Article 12 Case Studies**

**Case #1** (Based on Case Interpretation #12-17)

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Direct participants to work through the case study in their groups (three to six individuals recommended). Time permitting, ask for feedback from each group’s spokesperson or debrief the exercise in “town hall” format if time is limited. | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** |  |
| **End time:** |  |  | **▓ Slides:** |  |

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**Exercise: Article 12 Case Studies**

**Case #1** (Based on Case Interpretation #12-17)

REALTOR® X, a principal broker in the firm XYZ, was constantly looking for ways to use the Internet to promote his ﬁrm and drive additional trafﬁc to his website.

REALTOR® X had registered, but not used, domain names that incorporated or played on the names of many of his competitors and their ﬁrms, including ABC, REALTORS®.

REALTOR® X and his information technology staff concluded that one way to drive trafﬁc to the ﬁrm’s website would be to take advantage of the search engines commonly used by potential buyers and sellers. When potential buyers or sellers searched on keywords like “real estate” or “REALTORS® ” or on similar words, lists of search hits would appear, and when consumers searched for ABC, REALTORS®, one of the domain names that might appear would be REALTOR® X’s domain name, abcREALTORS.com.

REALTOR® X decided to take advantage of the domain names that he had previously registered, and pointed several that used, in various ways, the names of his competitors, including “abcREALTORS.com,” to his site.

In a matter of days, REALTOR® X learned that he had been charged with a violation of Article 12 of the Code of Ethics by REALTOR® A, the owner of ABC, REALTORS® , alleging that his (REALTOR® X’s) use of the domain name “abcREALTORS.com” presented a false picture to potential buyers and sellers and others on the Internet.

At the hearing, REALTOR® X defended himself indicating that, in his opinion, use of a domain name was not advertising or a “representation” to the public but simply a convenient way for Internet users to ﬁnd relevant websites. Moreover, “When consumers reach my home page, there is no question that it is my site since I clearly show XYZ’s name and our status as REALTORS® ,” he continued. “These complaints are just a lot of sour grapes from dinosaurs who aren’t keeping up and who don’t realize that on the Internet it’s ‘every man for himself.’ ”

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**Exercise: Article 12 Case Studies**

**Case #1** (Based on Case Interpretation #12-17)

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| 🕮 Facilitator’s Notes Continued | | | | |
| **PG:** |  |  |  |  |

**Questions** *(Answers indicated in* ***boldfaced*** *type.)*

1. Which Standard of Practice applies to this situation?
2. Standard of Practice 12-9
3. Standard of Practice 12-10
4. Standard of Practice 12-11
5. **Standard of Practice 12-12**
6. Has REALTOR® X violated Article 12?
7. **Yes.**
8. No.
9. Only if using a domain name based on another firm’s name is precluded by law or regulation.
10. It depends on the disclosures and any other information displayed on REALTOR® Bob’s Web site.

**Case #1 Questions**

1. Which Standard of Practice applies to this situation?

1. Standard of Practice 12-9
2. Standard of Practice 12-10
3. Standard of Practice 12-11
4. Standard of Practice 12-12

2. Has REALTOR® X violated Article 12?

1. Yes.
2. No.
3. Only if using a domain name based on another firm’s name is precluded by law or regulation.
4. It depends on the disclosures and any other information displayed on REALTOR® Bob’s Web site.

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**Exercise: Article 12 Case Studies**

**Case #2** (Based on Case Interpretation #12-17)

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Direct participants to work through the case study in their groups (three to six individuals recommended). Time permitting, ask for feedback from each group’s spokesperson or debrief the exercise in “town hall” format if time is limited. | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** |  |
| **End time:** |  |  | **▓ Slides:** |  |

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**Exercise: Article 12 Case Studies**

**Case #2** (Based on Case Interpretation #12-19)

REALTOR® A, a residential specialist in a major metropolitan area, spent several weeks each year in a cabin in the north woods he had inherited from a distant relative. Always on the lookout for investment opportunities, he paid careful attention to “for sale” signs, online ads, and local brokerage websites in the area.

Returning from the golf course one afternoon, REALTOR® A spotted a dilapidated “for sale” sign on an otherwise attractive wooded lot. Getting out of his car, he was able to discern REALTOR® Z’s name. Returning to his cabin, he looked online to locate REALTOR® Z and REALTOR® Z’s company website. Visiting REALTOR® Z’s website, he found detailed information about the lot he’d seen that afternoon.

He e-mailed REALTOR® Z and asked for information about the lot, including its dimensions and asking price. Several days later REALTOR® Z responded, advising simply, “That listing expired.”

The following day REALTOR® A, hoping to learn whether the lot was still available, contacted REALTOR® X, another area real estate broker. “As it turns out, we have an exclusive listing on the property you’re interested in,” said REALTOR® X. In response to REALTOR® A’s questions, REALTOR® X advised that he had had an exclusive listing on the property for almost six months. “That’s funny,” responded REALTOR® A, “REALTOR® Z has a ‘for sale’ sign on the property and information about it on her website. Looking at her website, I got the clear impression that she still had that property listed.”

While the wooded lot proved to be out of REALTOR® A’s price range, REALTOR® Z’s “for sale” sign and website were still on his mind when he returned home. Ultimately, he contacted the local association of REALTORS® and filed an ethics complaint alleging that REALTOR® Z’s “for sale” sign, coupled with her offering information on her website made it appear as if the wooded parcel was still listed with her firm, when that had not been the case for over six months. REALTOR® A noted that this conduct, in his opinion, violated Article 12 since REALTOR® Z was not presenting a “true picture” in her public representations and was, in fact, advertising without authority, a practice prohibited by Article 12, as interpreted by Standard of Practice 12-4.

*(Continued)*

At the hearing, REALTOR® Z claimed that failure to remove the “for sale” sign was simply an oversight, and if anyone was to blame, it was her personal assistant who was responsible for removing signs and lockboxes from expired and sold listings. “If you want to blame anyone, blame my assistant since he’s supposed to bring back our ‘for sale’ and ‘sold’ signs.” Turning to the stale listing information on her website, REALTOR® Z acknowledged that information about her former listing had continued to appear for more than six months after the listing had expired. REALTOR® Z analogized the continued presence of that information to an old newspaper advertisement. “It’s possible someone might come across a six-month-old newspaper with my listings in it. Those ads were true when I ran them but how could I ever control when and where someone will come across them, possibly months or even years later?” she asked. “Besides,” she added, “REALTORS® have better things to do than constantly inspect their websites to make sure everything is absolutely, positively up-to-the-minute.” “If we did that, none of us would have time to list or sell,” she concluded.

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**Exercise: Article 12 Case Studies**

**Case #2** (Based on Case Interpretation #12-19)

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| 🕮 Facilitator’s Notes Continued | | | | |
| **PG:** |  |  |  |  |

**Questions** *(Answers indicated in* ***boldfaced*** *type.)*

Is REALTOR® Z obligated to keep his company’s listing information up to date on his firm’s website?

1. **Yes.**
2. No.
3. Only if the same listing information does not also appear in a newspaper.

2. If he is obligated to keep his website current, then how long does REALTOR® Z have to remove outdated or expired property information from the website

1. REALTORS®’ websites must be immediately and continuously updated to avoid the inclusion of outdated and misleading information.
2. REALTORS® should use reasonable efforts to ensure information on their websites is current and accurate.
3. It depends on the multiple listing service’s IDX and VOW Rules.
4. **Both B and C.**
5. REALTORS® are not obligated to update the information shown on their websites.

3. When he took the listing, REALTOR® Z received permission from the seller to post a sign on the property and to advertise it on his website. Such authority remains in effect even after the listing expires.

1. True
2. **False**

**Case #2 Questions**

1. Is REALTOR® Z obligated to keep his company’s listing information up to date on his firm’s website?
2. Yes.
3. No.
4. Only if the same listing information does not also appear in a newspaper.

2. If he is obligated to keep his website current, then how long does REALTOR® Z have to remove outdated or expired property information from the website?

1. REALTORS®’ websites must be immediately and continuously updated to avoid the inclusion of outdated and misleading information.
2. REALTORS® should use reasonable efforts to ensure information on their websites is current and accurate.
3. It depends on the multiple listing service’s IDX and VOW Rules.
4. Both B and C.
5. REALTORS® are not obligated to update the information shown on their websites.

3. When he took the listing, REALTOR® Z received permission from the seller to post a sign on the property and to advertise it on his website. Such authority remains in effect even after the listing expires.

1. True
2. False

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**4. Article 17**

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| --- | --- | --- | --- | --- |
| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** A brief lecture using accompanying slides and information below; group case study devoted to the Article.  **Alternative Method of Delivery:** Article 17 video segment (there is only one), available online at [www.Realtor.org/codevideos](http://www.Realtor.org/codevideos). | | | | |
| 🕐 **Suggested time:** 5 minutes | | | | |
| **Start time:** |  |  | **PG:** | **30** |
| **End time:** |  |  | **▓ Slides:** | **63, 64** |

**Lecture:** Arbitration is a privilege and an obligation. Article 17 requires a REALTOR® to arbitrate disputes with other REALTORS® and with clients (those clients who have requested arbitration and agreed to be bound by the decision). An arbitrable issue can include contractual disputes and certain non-contractual disputes, as defined by Standard of Practice 17-4. Under Article 17, “arbitrability” stems from there having been a successful transaction, which is defined as a property transaction that has closed or a lease that has been executed.

Arbitration typically is used to settle disputes between REALTOR® principals of two different real estate firms, concerning entitlement to a compensation. Entitlement is determined by an arbitration hearing panel of an association’s professional standards committee, based on determining which party is the “procuring cause” of sale or lease. During an arbitration hearing, the determining standard of proof is the “preponderance of evidence” presented by parties, defined by Statement #26 of the Statements of Professional Standards Policy Applicable to Ethics Proceedings in the NAR *Code of Ethics and Arbitration Manual*, as “evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it; evidence which as a whole shows that the facts sought to be proved are more probable than not.”

Once a matter has been arbitrated by an association of REALTORS®, neither party may initiate a later arbitration before a different association based on the same issue.

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**4. Article 17**

* REALTORS® (principals) are required to arbitrate contractual and specific non-contractual disputes identified in Standard of Practice 17-4 that they have with REALTORS® (principals) in other firms.
* REALTORS®’ clients may invoke mandatory arbitration with their REALTOR® (principal).
* REALTORS® are obligated to cause their firms to arbitrate.

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**Exercise: Article 17 Case Study** (Based on Case Interpretation #17-1)

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Direct participants to work through the case study in their groups (three to six individuals recommended). Time permitting, ask for feedback from each group’s spokesperson or debrief the exercise in “town hall” format if time is limited. | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** |  |
| **End time:** |  |  | **▓ Slides:** |  |

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**Exercise: Article 17 Case Study** (Based on Case Interpretation #17-1)

REALTORS® Linda and Amy participate in a cooperative transaction that results in a dispute over entitlement to compensation. Rather than request arbitration at the local association of REALTORS®, REALTOR® Linda instead files a lawsuit against REALTOR® Amy for the compensation she feels is owed to her. When REALTOR® Amy receives notification that a lawsuit has been filed, she turns around and requests arbitration at the local association.

Because Linda and Amy are REALTOR® principals in different firms, the association’s Grievance Committee classifies the arbitration as “mandatory” and schedules it for a hearing. REALTOR® Linda receives notice of the grievance committee’s decision but refuses to withdraw her lawsuit, so REALTOR® Amy then files an ethics complaint alleging that REALTOR® Linda has violated Article 17, as interpreted by Standard of Practice 17-1.

After receiving the complaint, the association schedules a hearing before the Board of Directors. During that hearing, REALTOR® Amy presented evidence that she sought REALTOR® Linda’s agreement to submit the dispute to arbitration. REALTOR® Linda defends her actions by asserting that under state law, REALTOR® associations have no authority to bar her access to the courts or to require her to arbitrate disputes with other REALTORS®.

The Board of Directors acknowledges that REALTOR® Linda is correct about her legal rights and about the association’s inability to prevent her from filing a lawsuit. That said, the Board of Directors points out the association is a voluntary organization whose members agree to assume certain obligations with respect to their relations with other REALTORS®. The board advises Linda that if she wishes to continue as a REALTOR® member, she is obligated to adhere to the Code’s duty to arbitrate, as established in Article 17.

**Part 5: Summaries and Case Studies of Selected Articles of the Code of Ethics**

**Exercise: Article 17 Case Study** (Based on Case Interpretation #17-1)

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| 🕮 Facilitator’s Notes Continued | | | | |
| **PG:** |  |  |  |  |

**Questions** *(Answers indicated in* ***boldfaced*** *type.)*

1. Does filing litigation against another REALTOR® over a contractual dispute always lead to a violation of Article 17?
2. Yes.
3. No, because everyone is entitled to file litigation.
4. **It depends on whether: (1) a request for arbitration has been filed, (2) the grievance committee determines the matter to be arbitrable and of a mandatory nature, and (3) a separate ethics complaint alleging a charge of Article 17 has been filed.**
5. Arbitration always is voluntary.
6. REALTORS® may be relieved of their obligation to arbitrate through the local association of REALTORS® when:
7. A grievance committee or a hearing panel finds the matter to be too legally complex or the amount involved to be too large or too small
8. Both parties voluntarily choose to litigate, rather than arbitrate
9. The arbitration is classified as “voluntary” by a grievance committee
10. The request for arbitration is filed after the filing deadline
11. **All of the above.**
12. Is failing to pay an arbitration award always a violation of Article 17?
13. Yes.
14. **Only if a pattern of arbitrarily refusing to pay arbitration awards is established.**
15. Yes, depending on whether the arbitration is mandatory or voluntary.
16. No, arbitration awards must be enforced through the courts.

**Questions**

1. Does filing litigation against another REALTOR® over a contractual dispute always lead to a violation of Article 17?

1. Yes.
2. No, because everyone is entitled to file litigation.
3. It depends on whether: (1) a request for arbitration has been filed, (2) the grievance committee determines the matter to be arbitrable and of a mandatory nature, and (3) a separate ethics complaint alleging a charge of Article 17 has been filed.
4. Arbitration always is voluntary.

2. REALTORS® may be relieved of their obligation to arbitrate through the local association of REALTORS® when:

1. A grievance committee or a hearing panel finds the matter to be too legally complex or the amount involved to be too large or too small
2. Both parties voluntarily choose to litigate, rather than arbitrate
3. The arbitration is classified as “voluntary” by a grievance committee
4. The request for arbitration is filed after the filing deadline
5. All of the above.

3. Is failing to pay an arbitration award always a violation of Article 17?

1. Yes.
2. Only if a pattern of arbitrarily refusing to pay arbitration awards is established.
3. Yes, depending on whether the arbitration is mandatory or voluntary.
4. No, arbitration awards must be enforced through the courts.

# Part 6: Pathways to Professionalism & Marketing The Code of Ethics

## How do you use the Code of Ethics in your business?

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Deliver a short lecture using the material below and the corresponding slide. | | | | |
| 🕐 **Suggested time:** 5 minutes | | | | |
| **Start time:** |  |  | **PG:** | **37-** |
| **End time:** |  |  | **▓ Slides:** | **65 -** |
|  |  |  |  |  |

**Lecture:** You’ve just learned the history of the Code of Ethics and reviewed the structure and major categories of the Code. Now it’s time to learn how REALTORS® can incorporate the Code into their business practices.

The Code of Ethics gives you a competitive advantage. It’s your guarantee to the customer that they are protected. REALTORS® should point out this benefit when working with buyers and sellers and remind them that as a professional REALTOR® you have agreed to abide by the tenets of the Code and in return, they will not only receive accurate, timely information but as a professional you will always demonstrate respect for them as individuals and put the clients’ interests first. The Code of Ethics is not only a tool REALTORS® use when working with clients, it’s also a tool that is key when training new agents and is a constant reminder throughout your career of the professional services you provide.

Here’s how a few REALTORS® embrace the Code of Ethics.

Diane Disbrow, Tuckerton, New Jersey: “*I use the Code of Ethics in my listing presentation because the public doesn’t always understand that there is a difference between a licensee who has to abide by the licensing laws of their state and a REALTOR*® *who not only has to do that but is also held to a higher standard of all the tenets within the Code of Ethics*.”

Linda C. Lee, San Diego, California: “*The Code of Ethics is the foundation of our business and our profession. I use it to educate my clients and colleagues*.”

*(continued)*

Bill Lublin, Philadelphia, Pennsylvania: “*We constantly refer to the Code of Ethics in the training of our agents. I find it is easier to avoid problems by letting agents know what’s right before they begin. We always let the consumer know about our REALTOR*® *membership and explain to them how the Code of Ethics assists them in marketing or purchasing a property and assures them that they can rely on us to provide them with accurate information, put their interests before ours, and avoid conflict of interest. What sets us apart is that we tell the consumer the obligations that we voluntarily accept through the Code of Ethics when we become a REALTOR*®.”

Dale Mattison, Bethesda, Maryland: “*The Code of Ethics is a document that guides us through the landscape of real estate as it changes on a day-to-day basis*.”

**Part 6: Pathways to Professionalism & Marketing The Code of Ethics**

**1. How do you use the Code of Ethics in your business?**

* Provides a competitive advantage
* You have agreed to abide by the tenets of the Code
* Point this advantage out to customers
* REALTORS® always demonstrate respect for clients as individuals
* REALTORS® always put the client first
* A tool for training new agents
* Constant reminder of your professional services

# Part 6: Pathways to Professionalism & Marketing The Code of Ethics

## **When do you look to the Code of Ethics for guidance? *Part 1***

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Deliver a short lecture using the material below and the corresponding slide. (*NOTE:* this topic continues on the next page.) | | | | |
| 🕐 **Suggested time:** 5 minutes | | | | |
| **Start time:** |  |  | **PG:** | **38** |
| **End time:** |  |  | **▓ Slides:** | **66-67** |
|  |  |  |  |  |

**Lecture:** You can use the Code of Ethics to model your behavior, and to help others enhance their behavior. There are situations that occur during the workday that might have you wondering how to handle them. It’s reassuring to know that the Code of Ethics helps you respond professionally.

Often, consumers don’t realize that it is in their best interest to work with one agent. They might question whether it’s a good idea to enlist several realtors so they “get the best deal.” They might even ask you what your opinion is of another realtor. How should you respond?

Linda C. Lee, San Diego, California: “*If a client asks you what you think about another realtor, let them know that REALTORS*® *show professional courtesy and respect and do not speak ill of other REALTORS*®*. You might want to provide that client with a list of questions they can use to determine who the best realtor is for them*.”

Sometimes clients think it’s best to buy through the listing agent, so they get the best price. Article 3 of the Code “cooperation between realtors” assures other REALTORS® of your professionalism and respect for each other’s work and helps the client understand that you will always work to get a fair transaction.

Linda C. Lee shared that she has recently been helping a lot of Chinese buyers and they don’t always understand the Code of Ethics. She directs them to nar.realtor where they can find the Code in Chinese (simplified and traditional). Did you know it is also available in Danish, French, German, Italian, Japanese, Korean, Portuguese, Romanian, Russian, Spanish, Tagalog, and Vietnamese?

*(continued)*

What about customers who know you personally and ask you about pocket listings? Once again, the Code can guide your response. REALTORS® have a duty to the property with 100% transparency. Putting the property on the MLS gives it the most exposure and it can be listed at the best price.

The new Standard of Practice 10-5 also provides guidance for modeling behavior both in the office and when working with clients.

# Part 6: Pathways to Professionalism & Marketing The Code of Ethics

## 

## **When do you look to the Code of Ethics for guidance? *Part 1***

* Situations arise that might make you question how to handle them—the Code provides you with a way to respond professionally.
* Customers who question whether they should work with more than one agent
* Customers who ask your opinion of another agent
* Customers who think it’s best to buy through the listing agent to get the best price
* Customers you know personally who inquire about pocket listings
* Personally, when assessing the use of discriminatory language

*(continued)*

Some foreign buyers may not understand the Code because of language difficulties. Translations of The Code of Ethics are available [here](https://www.nar.realtor/about-nar/governing-documents/code-of-ethics/code-of-ethics-translations) in the following languages:

* [Chinese - Simplified](https://www.nar.realtor/sites/default/files/documents/2019-NAR-Code-Chinese-Simplified.doc) (DOC: 137 KB) and Chinese – Traditional (DOC: 127 KB)
* [Danish](https://www.nar.realtor/sites/default/files/documents/2019-NAR-Code-Danish.docx) (DOC: 44 KB)
* [French](https://www.nar.realtor/sites/default/files/documents/2019-NAR-Code-French.docx) (DOC: 54 KB)
* [German](https://www.nar.realtor/sites/default/files/documents/2019-NAR-Code-German.docx) (DOC: 82 KB)
* [Italian](https://www.nar.realtor/sites/default/files/documents/2019-NAR-Code-Italian.docx) (DOC: 47 KB)
* [Japanese](https://www.nar.realtor/sites/default/files/documents/2019-NAR-Code-Japanese.docx) (DOC: 40 KB)
* [Korean](https://www.nar.realtor/sites/default/files/documents/2019-NAR-Code-Korean.doc) (DOC: 227 KB)
* [Portuguese](https://www.nar.realtor/sites/default/files/documents/2019-NAR-Code-Portuguese.docx) (DOC: 70 KB)
* [Romanian](https://www.nar.realtor/sites/default/files/documents/2019-NAR-Code-Romanian.docx) (DOC: 68 KB)
* [Russian](https://www.nar.realtor/sites/default/files/documents/2019-NAR-Code-Russian.docx) (DOC: 43 KB)
* [Spanish](https://www.nar.realtor/sites/default/files/documents/2019-NAR-Code-Spanish.docx) (DOC: 50 KB)
* [Tagalog](https://www.nar.realtor/sites/default/files/documents/2019-NAR-Code-Tagalog.docx) (DOC: 46 KB)
* [Vietnamese](https://www.nar.realtor/sites/default/files/documents/2019-NAR-Code-Vietnamese.doc) (DOC: 223 KB)

# Part 6: Pathways to Professionalism & Marketing The Code of Ethics

## **When do you look to the Code of Ethics for guidance? *Part 2***

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Deliver a short lecture using the material below and the corresponding slide. (*NOTE:* this topic is a continuation from the previous page.) | | | | |
| 🕐 **Suggested time:** 5 minutes | | | | |
| **Start time:** |  |  | **PG:** | **39** |
| **End time:** |  |  | **▓ Slides:** | **66** |
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**Lecture:** The advent of social media brings a whole new set of challenges to REALTORS®. A recent addition to Article 12 guides REALTORS® to be honest and truthful in their real estate communications—including in social media and other settings. Using social media has become a vital tool for REALTORS® but they must understand the public nature of their statements. Standard of Practice 10-5 reminds us that when one REALTOR® posts discriminatory speech or conduct online, that content becomes reflective of REALTORS® as a whole. You should even remind your clients not to talk about properties they are interested in online as this innocent action might cause them to lose out on the property to another consumer who follows them online and acts on the purchase before them.

The Code of Ethics can also be employed when you question the workings of another agent.

Bill Lublin, Philadelphia, Pennsylvania: “*When an agent becomes upset about an interaction with a cooperating agent, I refer them to the Code to determine if what has occurred is actually unethical, whether it’s considered unprofessional, or whether it was just an action that annoyed them*.”

Finally, the Code is a reassurance to you as a REALTOR®. When you know that an agent supports and accepts the Code, it gives you peace of mind that all parties will be acting professionally.

Diane Disbrow, Tuckerton, New Jersey: “*Abiding by the Code of Ethics means you are conducting your business with professionalism. One benefit of embracing the Code is that when I call another broker with an offer on their listing, they know that we are going to both work in the best interest of the client*.”

When we all act professionally in our interactions with clients, it not only helps us individually, it helps the overall REALTOR® organization.

Social media brings a new set of challenges to REALTORS®

* Article 12 of Code guides REALTORS® to be honest and truthful in all communication forms
* Standard of Practice 10-5 guides REALTORS® to refrain from using discriminatory language against protected classes
* You might question the workings of another agent
* Code provides reassurance among all REALTORS® that all parties will act professionally

# Part 6: Pathways to Professionalism & Marketing The Code of Ethics

## **How do you promote your ethical duties as a real estate professional to consumers?**

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Deliver a short lecture using the material below and the corresponding slide. | | | | |
| 🕐 **Suggested time:** 5 minutes | | | | |
| **Start time:** |  |  | **PG:** | **41** |
| **End time:** |  |  | **▓ Slides:** | **66-** |
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**Lecture:** How can REALTORS® make the public aware of their ethical responsibility? The Code of Ethics can be used as a marketing tool. It lets buyers and sellers know that you have agreed to abide by this standard of professionalism, and you will act in their best interest.

The Code of Ethics Pledge of Performance and Service is available in printable form at nar.realtor. It can be customized with your company name. You can use it for presentations and as a marketing handout.

Diane Disbrow, from Tuckerton, New Jersey: “*In every single email I send, my tagline includes a copy of the REALTOR*® *logo and says “My name is Diane Disbrow. I am a REALTOR*®*. I live by the Code.*”

Another way to promote your commitment to professionalism in ethics is by displaying your REALTOR® pin. This little pin can stimulate conversation about the importance of the Code of Ethics and foster business when clients grasp the sincerity of your commitment.

Bill Lublin, Philadelphia, Pennsylvania: “*Wearing the pin proudly lets buyers and sellers know the Code of Ethics is an integral part of our company, our principles, and our culture*.”

The Code of Ethics should be a key component in all your REALTOR® correspondence and marketing. This reminder of the REALTOR® commitment to professionalism since 1913 reinforces your own beliefs in professionalism and shares those beliefs with the public.

*(continued)*

Dale Mattison, Bethesda, Maryland: “*The Code of Ethics helps to set us apart from the average practitioner—use it in email signatures, online advertising, social media campaigns, all advertising mediums*.”

Finally, the REALTOR® brand is built on ethics and integrity. Discriminatory speech and conduct to the contrary deplete the strength of that brand. Demonstrating elevated standards in all speech and actions you engage in as a REALTOR® ensures the consumer of your dedication to excellence.

* Use it as a marketing tool
* Let buyers and sellers know you have agreed to this standard of professionalism
* As a REALTOR® you will act in the client’s best interest
* Pledge of Performance available in printable form at nar.realtor and can be customized
* Use the Pledge in buying and listing presentations
* Wear and display your REALTOR® pin
* Make the Code a key component of all professional correspondence
* Demonstrate elevated standards of conduct in all speech and actions engaged in as a REALTOR®

# Part 6: Pathways to Professionalism & Marketing The Code of Ethics

## **A Pathway to Professional Conduct: Respect Starts Here - *Part 1.***

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Deliver a short lecture using the material below and the corresponding slide. (*NOTE:* this topic continues on the next two pages.) | | | | |
| 🕐 **Suggested time:** 5 minutes | | | | |
| **Start time:** |  |  | **PG:** | **42** |
| **End time:** |  |  | **▓ Slides:** | **67** |
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**Lecture:** Real estate is a reputation business and the link between the Code of Ethics and professionalism is simple: COE = Professionalism = Success. Our business grows by referrals and it can take years to build a good reputation but just seconds to lose it. What you do today affects your business and your reputation for years to come.

The new Standard of Practice 10-5 is especially significant here. Imagine how quickly your reputation – and your business – would be diminished if you were to use discriminatory speech against protected classes. This includes speech said publicly on a social media business profile or privately on a personal one or in face-to-face conversations with others.

The NAR Professional Standards Committee created a tool called Pathways to Professionalism to ensure that members are versed on how to conduct themselves professionally in all situations. It should be noted that it is not all-inclusive and should be supplemented and guided by local custom and practice. In addition, it cannot form the basis for a professional standards complaint.

Six Timeless Tips:

1. Follow the “Golden Rule.”
2. Show courtesy and respect to everyone.
3. Communicate with all parties in a timely fashion.
4. Always present a professional appearance—includes yourself and your car.
5. Be aware of and meet all deadlines.
6. Be aware of and respectful of all cultural differences.

# Part 6: Pathways to Professionalism & Marketing The Code of Ethics

## **A Pathway to Professional Conduct: Respect Starts Here Part I**

NAR’s Professional Standards Committee created Pathways to Professionalism.

Pathways to Professionalism are issues of courtesy and etiquette. 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 good reputation can take years to build, but seconds to lose it.

Today’s actions affect your business and reputation for years to come.

Discriminatory speech against protected classes would quickly diminish your reputation.

NAR Professional Standards Committee created Pathways to Professionalism.

* Not all-inclusive
* Should be guided by local custom and practice
* Cannot be the basis of a professional standards complaint

Six Timeless Tips:

1. Follow the “Golden Rule.”
2. Show courtesy and respect to everyone.
3. Communicate with all parties in a timely fashion.
4. Always present a professional appearance.
5. Be aware of and meet all deadlines.
6. Be aware of and respectful of all cultural differences.

# Part 6: Pathways to Professionalism & Marketing The Code of Ethics

## **A Pathway to Professional Conduct: Respect Starts Here - *Part 2***

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Deliver a short lecture using the material below and the corresponding slide. (*NOTE:* this topic is a continuation from the previous page and continues on the next page.) | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** | **40-45** |
| **End time:** |  |  | **▓ Slides:** | **67** |
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**Lecture:** In terms of respect, REALTORS® should be cognizant of three areas (1) property, (2) the public, and (3) peers. Our image must focus on professionalism in each of these areas. As the protector of a property, it is your professional duty to care for it.

**Pathways to Professionalism**

The Code of Ethics and Standards of Practice of the National Association of REALTORS® establishes objective, enforceable ethical standards governing the professional conduct of REALTORS®. This list of suggested professional courtesies is meant to compliment the Code of Ethics, may not be all-inclusive, and may be supplemented by local custom and practice.

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

**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. Communicate promptly if you are delayed or must cancel an appointment or showing. If a prospective buyer decides not to view an occupied home, promptly communicate the situation to the listing broker or the occupant.
5. When entering a property ensure that unexpected situations, such as pets, are handled appropriately.

*(continued)*

1. Never criticize property in the presence of the occupant.
2. 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 rooms.
3. Present a professional appearance.
4. If occupants are home during showings, ask their permission before using the bathroom.
5. Encourage the clients of other brokers to direct questions to their agent or representative.
6. Communicate clearly; Ensure specialized language and real estate terminology is understood.
7. Be aware of and respect cultural differences.
8. Be aware of—and meet—all deadlines.
9. Promise only what you can deliver—and keep your promises.
10. Do not tell people what you think—tell them what you know.

**Respect for Property**

1. When showing a property, be responsible for your clients/customers and keep the group together.
2. Make reasonable and timely accommodations to provide access to listed properties.
3. Make reasonable and timely requests to access listed properties.
4. 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.
5. 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. When instructed or appropriate, remove footwear when entering a property.
6. Obtain permission before photographing, videographing, or streaming the interiors or exteriors of properties, or allowing others to do so.

**Respect for Peers**

1. Respond to other real estate professionals’ communications promptly and courteously.
2. Contact the listing broker if there appears to be a discrepancy in the listing information.
3. Inform anyone accessing the property about important information (e.g., pets, security systems, video and audio recording equipment).
4. Inform if sellers or listing agent will be present during the showing.
5. Show courtesy, trust, and respect to other real estate professionals.
6. Avoid the inappropriate use of endearments or other denigrating language.
7. Do not prospect at other REALTORS®' open houses or similar events.
8. Secure property and lockbox and/or return keys promptly.
9. Real estate is a reputation business. What you do today may affect your reputation—and business—for years to come.

*(Revised 05/23)*

# Part 6: Pathways to Professionalism & Marketing The Code of Ethics

## A Pathway to Professional Conduct: Respect Starts Here - *Part 3*

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Deliver a short lecture using the material below and the corresponding slide. (*NOTE:* this topic is a continuation from the previous two pages.) | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** |  |
| **End time:** |  |  | **▓ Slides:** |  |
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**Lecture:** The consumer gravitates to the trusted advisor who will take care of their needs. In addition, remember that the REALTORS® reputation is also at stake when working with agents from other companies.

**Pathways to Professionalism**

The Code of Ethics and Standards of Practice of the National Association of REALTORS® establishes objective, enforceable ethical standards governing the professional conduct of REALTORS®. This list of suggested professional courtesies is meant to compliment the Code of Ethics, may not be all-inclusive, and may be supplemented by local custom and practice.

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

**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. Communicate promptly if you are delayed or must cancel an appointment or showing. If a prospective buyer decides not to view an occupied home, promptly communicate the situation to the listing broker or the occupant.
5. When entering a property ensure that unexpected situations, such as pets, are handled appropriately.

*(continued)*

1. Never criticize property in the presence of the occupant.
2. 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 rooms.
3. Present a professional appearance.
4. If occupants are home during showings, ask their permission before using the bathroom.
5. Encourage the clients of other brokers to direct questions to their agent or representative.
6. Communicate clearly; Ensure specialized language and real estate terminology is understood.
7. Be aware of and respect cultural differences.
8. Be aware of—and meet—all deadlines.
9. Promise only what you can deliver—and keep your promises.
10. Do not tell people what you think—tell them what you know.

**Respect for Property**

1. When showing a property, be responsible for your clients/customers and keep the group together.
2. Make reasonable and timely accommodations to provide access to listed properties.
3. Make reasonable and timely requests to access listed properties.
4. 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.
5. 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. When instructed or appropriate, remove footwear when entering a property.
6. Obtain permission before photographing, videographing, or streaming the interiors or exteriors of properties, or allowing others to do so.

**Respect for Peers**

* 1. Respond to other real estate professionals’ communications promptly and courteously.
  2. Contact the listing broker if there appears to be a discrepancy in the listing information.
  3. Inform anyone accessing the property about important information (e.g., pets, security systems, video and audio recording equipment).
  4. Inform if sellers or listing agent will be present during the showing.
  5. Show courtesy, trust, and respect to other real estate professionals.
  6. Avoid the inappropriate use of endearments or other denigrating language.

1. Do not prospect at other REALTORS®' open houses or similar events.
2. Secure property and lockbox and/or return keys promptly.
3. Real estate is a reputation business. What you do today may affect your reputation—and business—for years to come.

*(Revised 05/23)*

**Part 6: Pathways to Professionalism & Marketing the Code of Ethics (continued)**

**Pathways to Professionalism**

The Code of Ethics and Standards of Practice of the National Association of REALTORS® establishes objective, enforceable ethical standards governing the professional conduct of REALTORS®. This list of suggested professional courtesies is meant to complement the Code of Ethics, may not be all-inclusive, and may be supplemented by local custom and practice.

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

# Part 6: Pathways to Professionalism & Marketing The Code of Ethics

## **Case Study 1**

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Direct participants to work through the case study in groups (three to six individuals recommended). Time permitting, ask for feedback from each group’s spokesperson or debrief the exercise in “town hall” format if time is limited. | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** | **45** |
| **End time:** |  |  | **▓ Slides:** | **68** |
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**Questions***(Answers indicated in* ***boldfaced*** *type.)*

1. Olivia obviously makes several errors that violate the Code of Ethics. Based on Pathways to Professionalism, in which incident is Olivia displaying a lack of respect for her peers?
2. She allows Tom to look around the house without accompanying him.
3. She tracks mud into the foyer and leaves before cleaning it up.
4. She does not clean up her car before taking Tom to view properties.
5. **She does not secure the property or the lockbox**.

1. Using the guidelines in Pathways to Professionalism, list five guidelines Olivia violates in terms of respect for property. (Note: students may have additional guidelines that have been violated).
2. **Make requests to access listed property - - she did not contact listing firm.**
3. **Be considerate of seller’s property - - she neglected to clean up mud.**
4. **Leave property as you found it - - she left lights on and door unlocked.**
5. **Be considerate of seller’s property - - she neglected to remove footwear in inclement weather.**
6. **Be responsible when showing property to buyers - - she allowed Tom to enter without her.**

# Part 6: Pathways to Professionalism & Marketing the Code of Ethics

## **Exercise: Case Study 1**

Buyer agent Olivia represents Tom. On March 18, she picks Tom up to view several properties. Tom immediately notices that Olivia’s car is a mess. CDs, listing sheets, kids’ toys, food wrappers and coffee cups litter the floors and seats. “What can I say, I’m a busy agent with little time to clean my car”, she laughs to Tom. After clearing a place for Tom to sit, they drive off to the first showing.

Agent Olivia found the first property in the local MLS. The showing instructions mention a lockbox on the property, and Olivia learns from another agent in her office that the sellers are out of town. Olivia does not contact the listing broker to show the property because she already has a lockbox access code. Just before entering the property, Olivia gets a call from her son’s school. She gives Tom the access code to the lockbox and tells him to take a look while she takes the call. After she hangs up, Olivia is surprised to see a dog running around the front yard. Tom left the front door open and the owner’s dog got out. She manages to get the dog back inside. Then Olivia realizes she and the dog have tracked mud in the foyer. Frustrated and surprised by the dog being there, Olivia decides it might be best to take Tom to the next showing before she tracks mud throughout the home. She hurries Tom out of the house, without turning off the lights, locking the front door, or replacing the key in the lockbox.

At the next property, the listing broker told Olivia to expect the seller to be home. Olivia knocks loudly – but no one answers. She uses the lockbox key to unlock the door. Before entering she announces that she and Tom have an appointment to look at the home. Hearing nothing, Olivia and Tom walk through the home, room to room. Once in the master bedroom, Olivia and Tom discuss the room’s features, and their own likes and dislikes about the owner’s decorating. They hear noise from the master bath and realize the seller is in the shower. Embarrassed, Olivia and Tom hurry out of the property without speaking to the seller.

While they were in the second home, it started to rain. Tom and Olivia are soaked by the time they get to Olivia’s car. In order to dry off and get comfortable, Olivia pulls into a nearby gas station and uses the bathroom to change into the gym clothes she’d worn two days earlier. She and Tom then head to the third and last showing for the day. On the way there, Tom tells Olivia that he’d rather skip the showing and just go home. She takes him home and continues on her day without cancelling the third appointment or changing her clothes.

*(continued)*

**Questions**

1. Olivia obviously makes several errors that violate the Code of Ethics. Based on Pathways to Professionalism, in which incident is Olivia displaying a lack of respect for her peers?
2. She allows Tom to look around the house without accompanying him.
3. She tracks mud into the foyer and leaves before cleaning it up.
4. She does not clean up her car before taking Tom to view properties.
5. She does not secure the property or lock box.
6. Using the guidelines in Pathways to Professionalism, list five guidelines Olivia violates in terms of respect for property. (*Note:* Students may have additional guidelines that have been violated).

|  |
| --- |
| 1. |
| 2. |
| 3. |
| 4. |
| 5. |

# Part 6: Pathways to Professionalism & Marketing The Code of Ethics

## **Case Study 2**

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| 🕮 Facilitator’s Notes | | | | |
| **Suggested Method of Delivery:** Direct participants to work through the case study in groups (three to six individuals recommended). Time permitting, ask for feedback from each group’s spokesperson or debrief the exercise in “town hall” format if time is limited. | | | | |
| 🕐 **Suggested time:** 10 minutes | | | | |
| **Start time:** |  |  | **PG:** | **47** |
| **End time:** |  |  | **▓ Slides:** | **69** |
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**Questions***(Answers indicated in* ***boldfaced*** *type.)*

* 1. Taking into consideration the Pathways to Professionalism guidelines, what is Courtney demonstrating a lack of respect for when she and Max comment that the paint color in some rooms is dreadful?

1. **The public**
2. Her peers
3. The property
   1. Of the many errors Courtney makes in this scenario, which incident demonstrates her lack of respect for the public?
4. Courtney does not account for traffic and she and Max are late for the showing.
5. During the open house, Courtney tells other people touring the home that she would be willing to work with them.
6. **Courtney does not contact the listing agent when she knows she will be late for the showing.**
7. Courtney emails the offer and comparable properties in a 52-page packet to listing agent.

# Part 6: Pathways to Professionalism & Marketing The Code of Ethics

## **Exercise: Case Study 2**

Buyer agent Courtney has been working with Max for several months. Max has high expectations, and Courtney hasn’t been able to find the right property for him. When 1101 Wellington hits the market, it looks like it could be the one. Courtney promises Max that she will schedule a showing right away – before anyone else. Unfortunately, she’s unable to reach the listing broker. The first opportunity for Courtney and Max to see the property is the open house on the following weekend. Courtney and Max attend the open house. While there, Courtney tells several other people touring the home that she is an agent, and she would be willing to work with them. On their way out, Max runs into an old friend and they begin to talk. While waiting for Max, Courtney is approached by a woman she talked to in the house. The woman indicates that her agent couldn’t attend the open house, and that she had a few questions. Courtney answers her questions to the best of her ability.

The following day, Max wants to see the property again. He’s very interested. Courtney contacts the listing broker to set up another showing. The listing broker agrees to meet them at the property and indicates that the seller will be there, too. Due to terrible traffic, Courtney and Max are 45 minutes late. Courtney does not call the listing agent to let her know they are running late. At the property, Courtney, Max, and Max’s new puppy tour the home. Courtney is delighted at the prospect of Max submitting an offer. While in the large great room, Max comments that he would paint the room a better color. Courtney responds, with the homeowner in a different room - but close enough to hear, “Yes, the colors in some of the rooms are dreadful.” After they finish touring the home, Courtney thanks the seller and the listing agent for their time.

The next day, Courtney receives an e-mail from the listing agent following up on last night’s showing. Courtney reads the e-mail but figures she’ll respond only if Max decides to make an offer. A week later Max decides to make an offer. Courtney emails the offer along with numerous comparable properties to justify the purchase price (52 pages total) to the listing agent.

*(continued)*

**Questions**

* 1. Taking into consideration the Pathways to Professionalism guidelines, what is Courtney demonstrating a lack of respect for when she and Max comment that the paint color in some rooms is dreadful?

1. The public
2. Her peers
3. The property
4. Of the many errors Courtney makes in this scenario, which incident demonstrates her lack of respect for the public?
5. Courtney does not account for traffic and she and Max are late for the showing.
6. During the open house, Courtney tells other people touring the home that she would be willing to work with them.
7. Courtney does not contact the listing agent when she knows she will be late for the showing.
8. Courtney emails the offer and comparable properties in a 52-page packet to the listing agent.