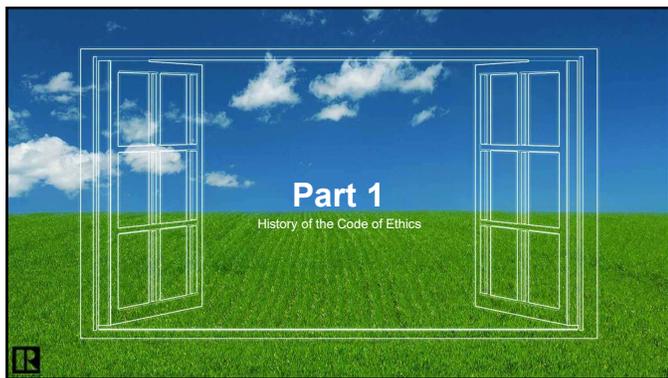


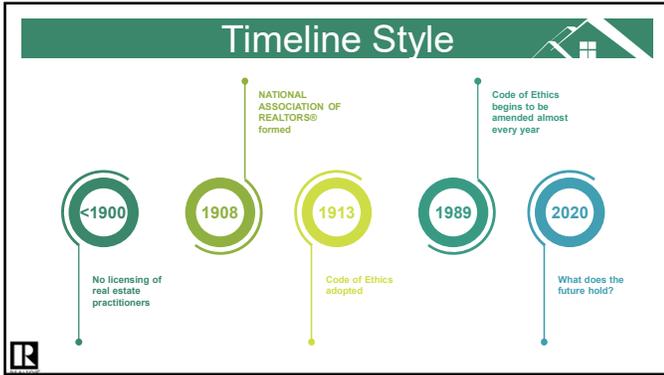
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2



3



4

The Code of Ethics is

- Our commitment to professionalism
- Recognized as the measure of high standards in real estate
- The "Golden Thread" that binds the REALTOR® family together
- A living document that evolves with the real estate business

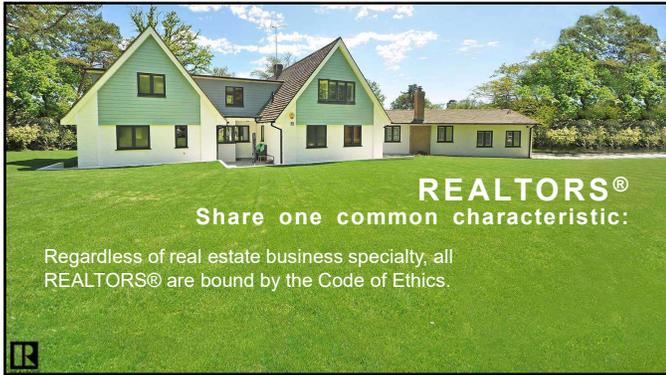
<https://www.nar.realtor/about-nar/governing-documents/the-code-of-ethics>

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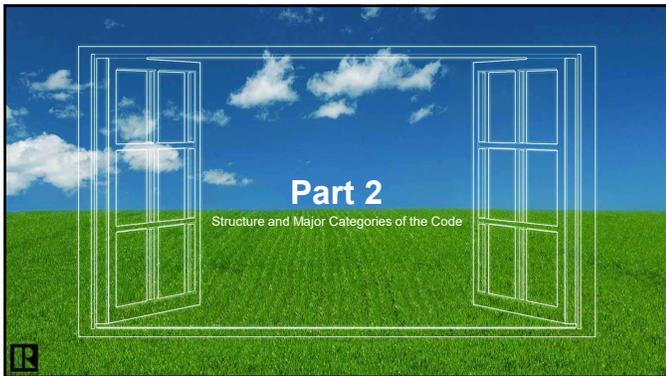
Business Ethics

- ✓ Simple Portfolio Presentation
- ✓ Company Policies
- ✓ Individual Moral Values
- ✓ Business Ethics and Legal Standards

6



7



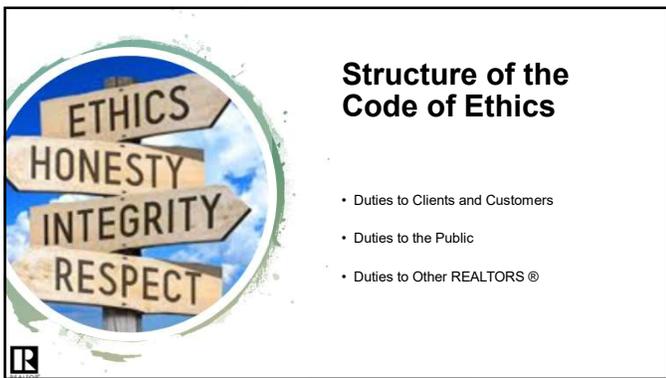
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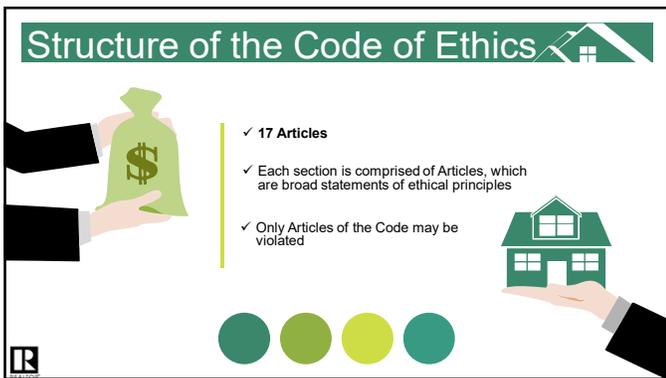
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10



11



12

Structure of the Code of Ethics



- ✓ Standards of Practice
- ✓ Support, interpret, and amplify each Article
- ✓ May not be charged, but may be cited in support of an alleged violation



13

Official Case Interpretations



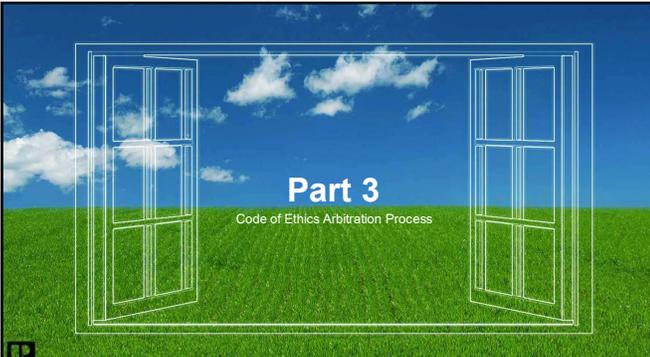
CONTRACT

Infographic

Factual situations for each Article and/or Standard of Practice of the Code



14

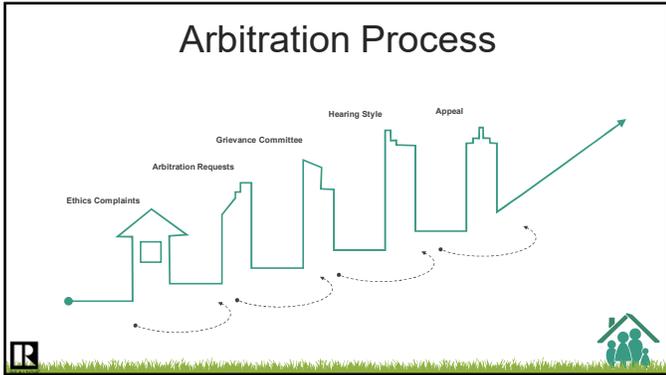


Part 3

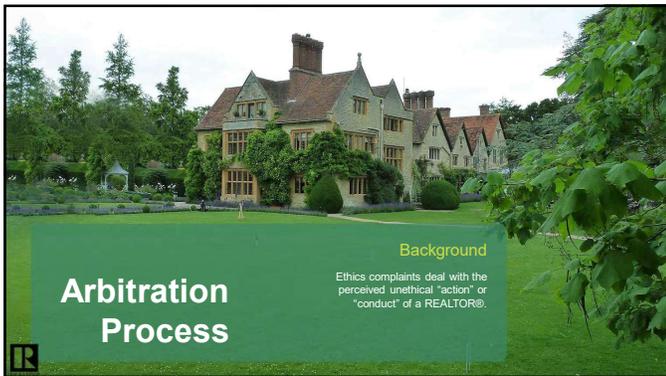
Code of Ethics Arbitration Process



15



16



17



18

Mediation

The mediation officer, a neutral third-party, works with disputing parties to discuss the dispute and craft an enforceable resolution.



19

ARBITRATION

Must fall within the parameters of ARTICLE 17



20

Arbitration

Requests must be Filed within 180 days after:

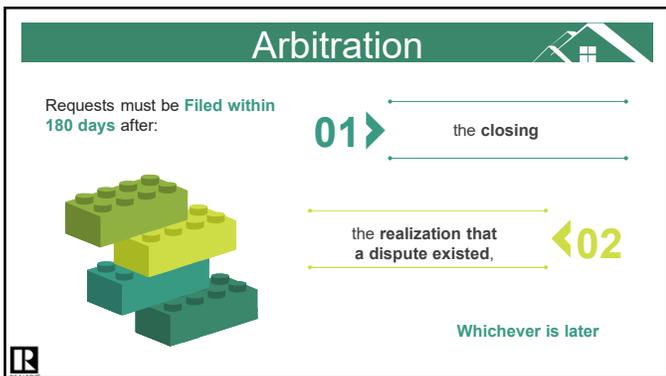
01 >

the closing

< **02**

the realization that a dispute existed,

Whichever is later



21

Who Participates in Arbitration

Mandatory	Voluntary
Realtor® principals associated with different firms	Realtors® with the same firm.
Realtor® principals associated with different firms when requested by their Realtor® licensees	Realtor® and real estate professionals that do not hold Realtor® membership.
Clients and the Realtor® principals who represent them as agents. In this situation, the client must agree to arbitrate the dispute through the association of Realtor®	Realtor® and customers (no agency relationship)



22

Grievance Committee

Is the complaint a violation of the Article(s) cited?

ETHICS





ARBITRATION

Is it related to a monetary dispute arising out of a real estate transaction that is subject to arbitration?



23

Grievance Committee Ensures



- ethics complaints and arbitration requests are in proper form
- the appropriate parties are named
- filing deadlines are followed
- the board can impanel an impartial hearing panel
- litigation or governmental investigations aren't pending related to the same transaction or event that might delay consideration of the matter by a hearing panel
- (for ethics) the right Articles are named, and if appropriate, Standards of Practice are cited to support the charge of a violation
- (for arbitration) the amount involved is not too small or too large; and the complaint is categorized as mandatory or voluntary



24

Grievance Appeal

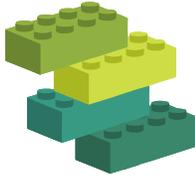
What are grounds for a Grievance Committee appeal?



If the Grievance Committee dismisses an ethics complaint or arbitration request



Over the classification of the dispute as "voluntary" or "mandatory"




25

Professional Standards Hearing

01

Full "due process" hearings

02

Fair, unbiased, and impartial

03

To determine whether a violation of the Code occurred or an award should be rendered



26

What Happens at Hearings

- Step 1: Parties make an opening statement to present their case
- Step 2: Witnesses are called to provide testimony
- Step 3: Witnesses cross-examined by the other party
- Step 4: Supporting documents & information presented
- Step 5: Parties make closing arguments

Decision made based on the evidence



27



Ethics Hearings

Respondents are considered **innocent** unless proven to have violated the Code of Ethics.

  The burden of proof in an ethics complaint is "clear, strong and convincing."



28

Authorized Discipline

Letters of reprimand



Fines up to \$15,000



Attendance at educational courses & seminars



Suspension or termination of membership



Suspension or termination of services including MLS



The primary emphasis of discipline is educational, to create a heightened awareness of and appreciation for the Code of Ethics




29



Arbitration Hearing Reports

- The panel will award an amount to the prevailing party.
- The amount cannot be more than what was requested in the arbitration request, though it can be less.



30

What is Mediation

A powerful tool to help REALTORS® and their clients resolve disputes that might otherwise be arbitrated.



31

Differences Between Them

Mediation	Arbitration
Low Cost	Moderate Cost
Little Delay	Moderate Delay
Maximum range of solutions	Win / Lose / Split
Parties control the outcome	Definite closure
Maintains / improves relationships	May harm relationships

32

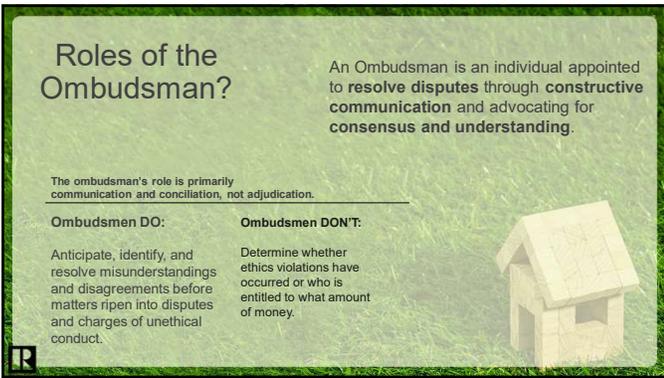
Mediation Process

- 1 Explain process
- 2 Make statements
- 3 Identify issues
- 4 Cross-talk
- 5 Caucus
- 6 Find solutions
- 7 Reach agreement

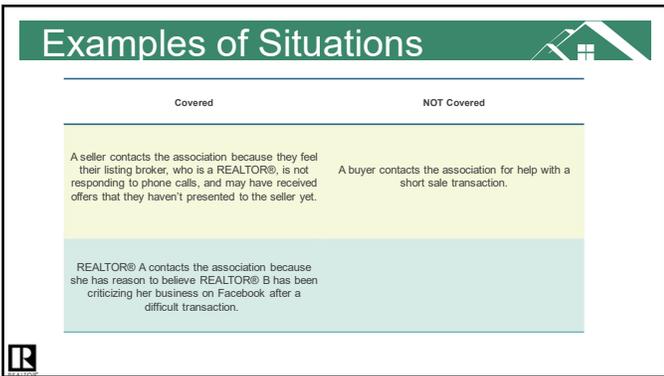
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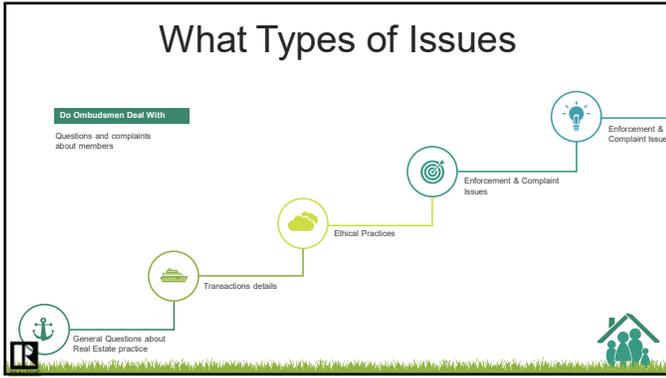
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35



36



37

OMBUDSMEN

What issues can't they deal with?

Complaints alleging violations of the **public trust** may NOT be referred to an Ombudsman.

If the Ombudsman has concerns that the **public trust has been violated**, they may refer the case to the Grievance Committee.

38

Declining, Resolving, and Complying with Ombudsman Services

Complainants do not have to accept the services of an ombudsman.

The formal ethics complaint will continue to be processed until withdrawn by the complainant.

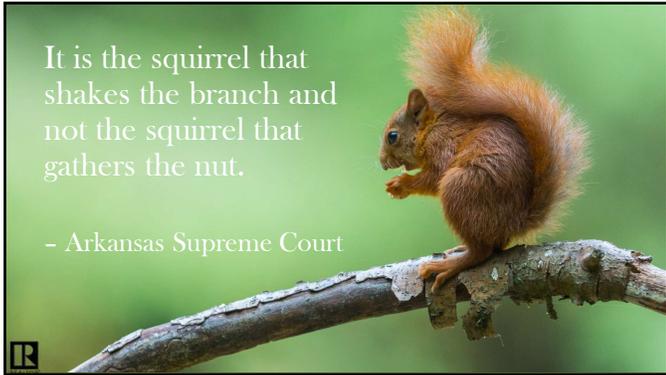
The complainant may resubmit the original complaint if they refuse to comply with the terms of a mutually agreed on resolution.

Ombudsmen CANNOT refer concerns about conduct of parties to:

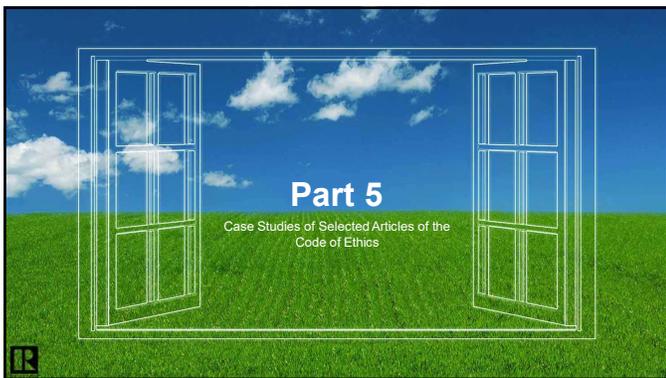
- the Grievance Committee
- the state real estate licensing authority
- any other regulatory body

The prohibition is intended to ensure impartiality and avoid the possible appearance of bias.

39



40



41

Article 1

When representing a buyer, seller, landlord, tenant, or other client as an agent, REALTORS® pledge themselves to protect and promote the interests of their client.

This obligation to the client is primary, but it does not relieve REALTORS® of their obligation to treat all parties honestly. When serving a buyer, seller, landlord, tenant or other party in a non-agency capacity, REALTORS® remain obligated to treat all parties honestly.

42

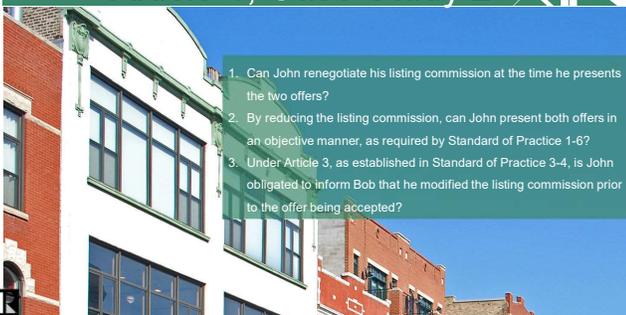
Article 1, Case Study 1



1. Do you think Bob is in violation of the Code?
2. What was Bob's obligation to Grant?

43

Article 1, Case Study 2



1. Can John renegotiate his listing commission at the time he presents the two offers?
2. By reducing the listing commission, can John present both offers in an objective manner, as required by Standard of Practice 1-6?
3. Under Article 3, as established in Standard of Practice 3-4, is John obligated to inform Bob that he modified the listing commission prior to the offer being accepted?

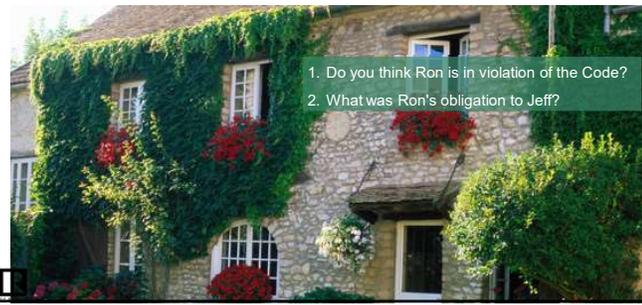
44

Article 2

REALTORS® shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. REALTORS® shall not, however, be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate license, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law.

45

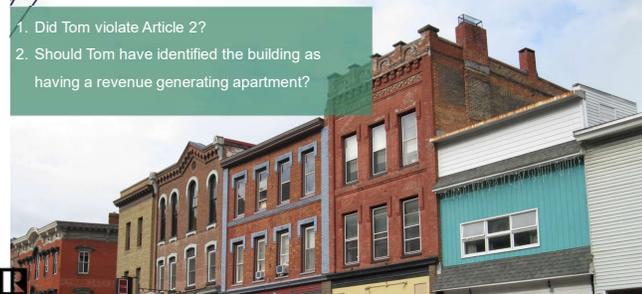
Article 2, Case Study 1 



1. Do you think Ron is in violation of the Code?
2. What was Ron's obligation to Jeff?

46

Article 2, Case Study 2 



1. Did Tom violate Article 2?
2. Should Tom have identified the building as having a revenue generating apartment?

47

Article 3 

REALTORS® shall cooperate with other brokers except when cooperation is not in the client's best interest.

The obligation to cooperate does not include the obligation to share commissions, fees, or to otherwise compensate another broker.

48

Article 3, Case Study 1 



1. What Standard of Practice under Article 3 applies to this case?
2. Is Lucy in violation of the Code?
3. If Sam files an arbitration claim against Lucy for the compensation offered through the MLS, should Sam prevail?

49

Article 3, Case Study 2 



1. Is Bill obligated to disclose the accepted offer to other cooperating brokers?
2. Does Bill's obligation under Article 1 to protect and promote his seller client's interests mean that he should not reveal the accepted offer?

50

Article 11 

The services which REALTORS® provide to their clients and customers shall conform to the standards of practice and competence which are reasonably expected in the specific real estate disciplines in which they engage; specifically, residential real estate brokerage, real property management, commercial and industrial real estate brokerage, land brokerage, real estate appraisal, real estate counseling, real estate syndication, real estate auction, and international real estate.

REALTORS® shall not undertake to provide specialized professional services concerning a type of property or service that is outside their field of competence unless they engage the assistance of one who is competent on such types of property or service, or unless the facts are fully disclosed to the client. Any persons engaged to provide such assistance shall be so identified to the client and their contribution to the assignment should be set forth.

51

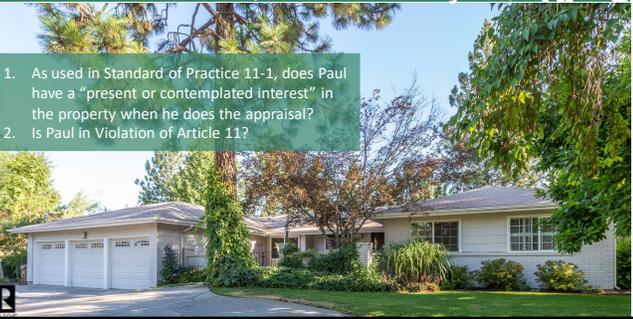
Article 11, Case Study 1 



1. In addition to Article 11, which other Article might apply to this case?
2. Is Leo in violation of the Code?

52

Article 11, Case Study 2 



1. As used in Standard of Practice 11-1, does Paul have a "present or contemplated interest" in the property when he does the appraisal?
2. Is Paul in Violation of Article 11?

53

Article 16 

REALTORS® shall not engage in any practice or take any action inconsistent with exclusive representation or exclusive brokerage relationship agreements that other REALTORS® have with clients.



54

Article 16, Case Study 1 



1. What Standard of Practice under Article 16 applies to this situation?
2. Is Laura in violation of Article 16?
3. What was Laura's obligation?
4. Is Sue in violation of Article 16?

55

Article 16, Case Study 2 



1. Identify the Standard of Practice that applies to this situation?
2. Is there an obligation on Mike's part to work through Barbara?

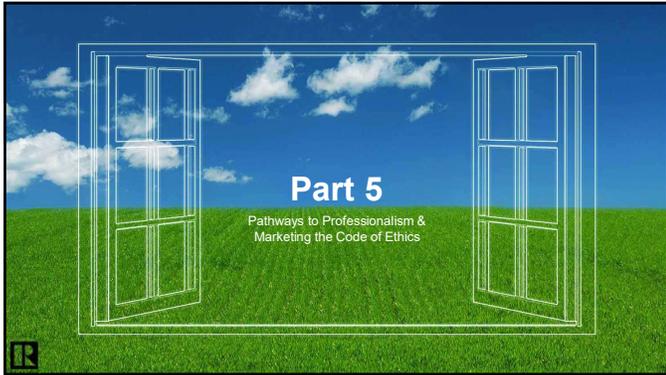
56

Filing a COE Complaint 

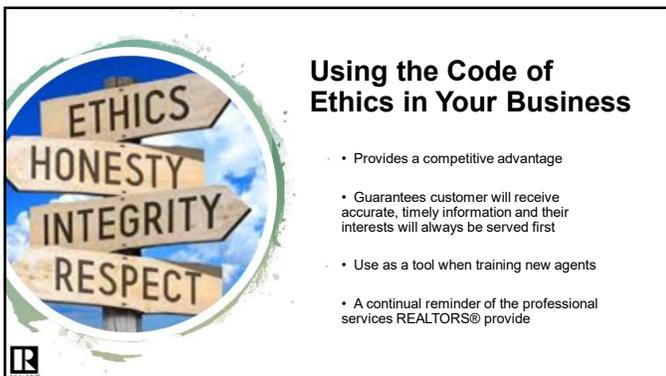


www.SpokaneRealtor.com/code-of-ethics

57



58



59



60

COE and Social Media

01 ▶ Article 12 provides guidelines on communications

Be honest and truthful in all communication including social media. **02** ◀

03 ▶ Remind clients to also practice discretion online

61

Social Media Guideline

Washington State Department of Licensing
Real Estate Advertising Guidelines

<https://www.dol.wa.gov/business/realestate/docs/620400.pdf>

62

Promote your Ethical Responsibility to the Consumer

- The Code can be used as a marketing tool
- Shows consumer you have agreed to abide by this standard of professionalism
- Code can be printed and customized with your company name
- Display your REALTOR® pin
- Reference the code in all your professional correspondence

63

Pathway to Professionalism

Six Timeless Tips

<div style="border: 1px solid #ccc; background-color: #e8f5e9; padding: 5px; margin-bottom: 5px; border-radius: 5px;"> 1 Follow the "Golden Rule" </div> <div style="border: 1px solid #ccc; background-color: #e8f5e9; padding: 5px; margin-bottom: 5px; border-radius: 5px;"> 2 Show courtesy and respect to everyone </div> <div style="border: 1px solid #ccc; background-color: #e8f5e9; padding: 5px; border-radius: 5px;"> 3 Communicate with all parties in a timely fashion </div>	<div style="border: 1px solid #ccc; background-color: #e8f5e9; padding: 5px; margin-bottom: 5px; border-radius: 5px;"> 4 Always present a professional appearance </div> <div style="border: 1px solid #ccc; background-color: #e8f5e9; padding: 5px; margin-bottom: 5px; border-radius: 5px;"> 5 Be aware of and meet all deadlines </div> <div style="border: 1px solid #ccc; background-color: #e8f5e9; padding: 5px; border-radius: 5px;"> 6 Be aware of and respectful of all cultural differences </div>
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64

Respect For Property

- Be responsible
- Keep all members of the group together
- Never give unaccompanied access
- Enter property only with permission
- Leave property as you found it
- Contact listing broker if something is amiss
- Be considerate of sellers' property
- Use sidewalks to protect landscaping
- Remove footwear in inclement weather
- Avoid cell phone distractions during showing
- Be alert to avoid the unexpected
- Practice respect when owner is home during showing

65

Respect For Public

- Identify your REALTOR® and professional status
- Leave your business card unless prohibited by local rules
- Encourage clients of other agents to direct questions to that agent
- Don't tell people what you think, tell them what you know
- Respond promptly to inquiries
- Call if you're delayed or need to reschedule
- Promptly explain to listing agent if showing is cancelled
- Communicate clearly—avoid jargon and slang.
- Schedule appointments as far in advance as possible
- Promise only what you can deliver

66

Respect For Peers

- Identify your REALTOR® and professional status
- Promptly and courteously respond to other agents' communications
- Notify listing broker if there is inaccurate information in listing
- Share important information with other agents such as pets or a security system
- Show courtesy, trust, and respect to other agents
- Avoid inappropriate use of endearments or language that may be culturally insensitive
- Do not prospect at other agents' open houses or events
- Return keys promptly after a showing

67

P2P Case Study 1

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. Using the guidelines in Pathways to Professionalism, list five guidelines Olivia violates in terms of respect for property.

68

P2P Case Study 2

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?
2. Of the many errors Courtney makes in this scenario, which incident demonstrates her lack of respect for the public?

69



70
