

Your Code of Ethics, Our Promise to Professionalism

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Information gathered courtesy of the National Association of Realtors, Northwest Fair Housing Association, Fair Housing Center of Washington

What We Will Be Talking About

- History of the Code and Preamble to the Code of Ethics
- Arbitration and Ethics Process
- Ombudsmen Services and Mediation
- Case Studies
- Changes to the Code, Article 10-5
- Pathways to Professionalism
- C2EX

Ice Breaker Exercise

- | | |
|--|--|
| 1. Make only Truthful and Objective Statements. | 11. Equal professional services for all. |
| 2. Avoid the unauthorized practice of law. | 12. Make your "true position" known when presenting offers |
| 3. Participate in Professional Standards Enforcement. | 13. Be competent in your field of practice. |
| 4. Keep Client Funds in Separate Escrow Accounts. | 14. Get your transaction details in writing. |
| 5. Receive Compensation from one party only with informed consent. | |
| 6. Respect Exclusive Relationships. | 15. Disclose pertinent facts. |
| 7. Cooperate with other Brokers. | 16. Disclose financial benefits from recommending products and services. |
| 8. Disclose present or contemplated interest in Properties. | |
| 9. Treat all parties honestly. | 17. Paint a true picture in Advertising. |
| 10. Arbitrate contractual disputes. | |

PART ONE

History of the Code of Ethics

TURN OF THE CENTURY

Pre-1900s	No licensing or Real Estate Practitioners
1908	National Association of Realtors formed.
1913	Code of Ethics adopted.
1989	Code of Ethics amended almost every year

What Does the Code of Ethics do for You?

Your commitment to Professionalism.

Recognized as the measure of highest standards of Real Estate.

The Golden Thread that binds the REALTOR® Family together.

A living document that evolves with the real estate business.

Business Ethics



Industry codes
Company Policies
Individual moral values
Business ethics and legal standards.

Realtors have one common characteristic:



Regardless of Real Estate business specialty, all Realtors are bound by the Code of Ethics.

PART TWO

Structure and Major Categories of the Code.

Under all is the land.....



....widest distribution of land ownership
....preservation of a healthful environment
....patriotic duty.

Golden Rule

Do unto others as you would have them do unto you.

Three Sections to the Code of Ethics

- Duties to Clients and Customers
- Duties to the Public
- Duties to other Realtors®

Seventeen Articles to the Code of Ethics

- ❖ Each section is comprised of Articles, which are broad statements of ethical principles.
- ❖ Only articles of the Code can be violated.



Standards of Practice?

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



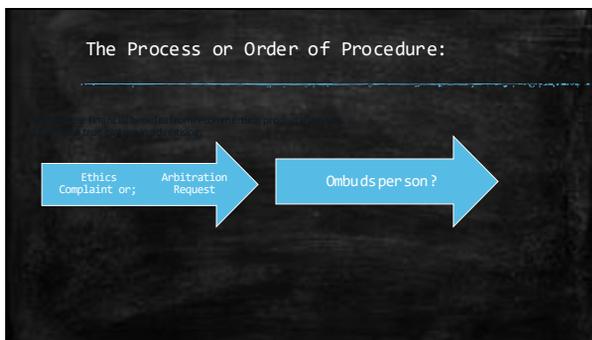
Official Case Interpretations



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

PART THREE

Code of Ethics and Arbitration Process



Role of the Ombudsman



Anticipate, identify, and resolve misunderstandings and disagreements **before** matters ripen into disputes and charges of unethical conduct.

But, the Ombudsman does not.....



..... determine whether ethics violations have occurred or who is entitled to what amount of money.

What might be covered?

- Seller contacts the local Realtor Association because they feel their listing broker, who is a Realtor, is not responding to phone calls, and may have received offers that have not been presented yet.
- A Realtor contacts the local Realtor Association because they have reason to believe that another Realtor has been criticizing their business on social media after a difficult transaction.
- Buyer no longer wants to buy a home, but Realtor continues to reach out to them even though they were asked not to by the Buyer.

...and generally speaking...

- General questions about real estate practice.
- Transaction details.
- Ethical practice – without judgement.
- Enforcement issues.
- Questions and complaints about members.

In general, cases that look like they can be handled with just a little bit more communication.

What is not covered?

- Buyer wants help with a short sale transaction.
- Cases where earnest money was mishandled (violations of public trust).
- Incidents where violation of Fair Housing laws occurred.
- Where the dollar amount exceeds a level that the Association or Ombudsman is comfortable.
- Cases involving more than 2 parties.
- Cases that are too complex.
- Cases where either party is being uncooperative or unreasonable.

Confidentiality?

The ombudsperson cannot refer concerns they have regarding the conduct of any parties utilizing their service to the Grievance Committee, the Washington State Department of Licensing, or to any other regulatory body.

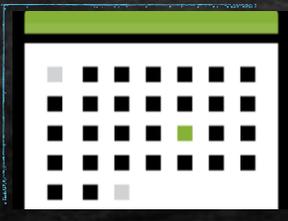
This is to ensure impartiality, confidentiality, and appearance of bias.

However, in the event of violations of public trust, Ombudspersons are authorized to refer their concerns to the Grievance Committee.



Ombudsperson is not applicable or did not work? Complaint is filed and delivered to Grievance Committee.

Getting the Claim filed.



Claims must be filed within 180 days after the closing; *OR* after the realization that a dispute existed, whichever is later.

Ethics or Arbitration?

- Ethics Complaints deal with the perceived or unethical 'action' or 'conduct' of a Realtor.
- An arbitration involves contractual disputes involving money arising out of a Real Estate transaction.

THE GRIEVANCE COMMITTEE.

Reviews ethics complaints and arbitration requests to determine if a full due process hearing is warranted.

- Is the complaint a violation of the Articles cited?
- Is it related to a monetary dispute out of a real estate transaction that is subject to arbitration?
- Does it fall into the category for the local association citation policy?

The Check List:

- ✓ Proper Form(s)?
- ✓ Correct Parties named?
- ✓ Filed on time? (180 days)
- ✓ No legal or regulatory processes that may conflict?
- ✓ Can an impartial panel be put together?
- ✓ Are the correct Articles cited if applicable?
- ✓ If arbitration, is the amount too little or too much to consider?
- ✓ Mandatory or Voluntary?

If they say yes to an ethics complaint?



A decision is made if it falls into the category of a citation policy (rare) or it is then forwarded to a Professional Standard hearing.

If they say yes to an arbitration complaint?



The parties are offered an opportunity for mediation, and if that fails it is then forwarded to a Professional Standard hearing.

WAIT? Mediation? How does that work?

We will get there, 1st, let's address who has to arbitrate and who can volunteer and also whether or not a dismissed complaint can be appealed.

What if I do not want to arbitrate?

1st, all arbitrations need to involve the designated/managing brokers.

- **Mandatory** between Realtor Brokers, or their associates, between two firms.
- Also, **mandatory** when a "client" requests it of the Realtor Brokerage with which they have a real estate contract. The Realtor Brokerage cannot mandate a client to participate.
- **Voluntary** when between two Realtors within the same firm.
- **Voluntary** when one or both of the parties do not hold Realtor membership.
- **Voluntary** between Realtors and clients with whom they do not have an agency relationship.

Appeal that Complaint!

Yes, there is a process through the Board of Directors in which a complaint can be appealed if dismissed; or if it has been forwarded on and you contest whether or not the Grievance committee properly labeled the arbitration as "mandatory" instead of "voluntary".

OK, back to Mediation



Resolving disputes prior to arbitration. A neutral 3rd party working with disputing parties to discuss the dispute and create a mutually agreed to enforceable solution.

Mediation versus Arbitration

Mediation

- *Low Cost
- *Little Delay
- *Multiple and full range of Solutions
- *Uncertain Closure
- *Maintains or improves relationships.

Arbitration

- *Moderate Cost
- *Moderate Delay
- *All or nothing?
- *Definite Closure
- *May harm relationships.

Most important, in mediation the disputing parties get to make the final decision, not a panel of 3 to 5 of your peers.

Mediation Process



Now we get to a Professional Standard Hearing



Due Process for all parties.
Fair, unbiased and impartial.
Decide if there has been a violation(s) of the 'Code' or if a financial award should be rendered.

Order of the Hearing

- Introduction of all parties.
- Description of Complaint or Arbitration request.
- Swearing in.
- Complainant and any witnesses make their argument.
- Hearing panel and Respondent get to ask Complainant or witnesses any questions.
- Respondent and any witnesses makes their defense or rebuttal.
- Hearing panel and Complainant get to ask Respondent or witnesses any questions.
- Each party gets a chance for a closing statement.
- Parties are dismissed and hearing panel makes a decision based on the evidence.

For an Ethics Hearing, Respondent is considered INNOCENT until proven to have violated any of the Code of Ethics.



The standard of proof in an ethics hearing is *Clear, Strong, and Convincing*.

Punishment! Forms of Discipline.

- Letter of warning or reprimand.
- Fines up to \$15,000.
- Attendance at Educational Courses or Seminars.
- Suspension or termination of membership.
- Instruction to cease or refrain from conduct deemed to be unethical.
- Take steps to ensure compliance with the Code.



Arbitration Decision

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.



PART FOUR

CASE STUDIES OF SELECTED ARTICLES OF THE CODE OF ETHICS

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.

Article 1, Case Study One

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



Article 1, Case Study Two

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?



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.

Article 2, Case Study One

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



Article 2, Case Study Two

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



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.

Article 3, Case Study One



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?

Article 3, Case Study Two



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?

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.

Article 11, Case Study One



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

Article 11, Case Study Two

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?



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.

Article 16, Case Study One



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?

Article 16, Case Study Two



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

PART FIVE

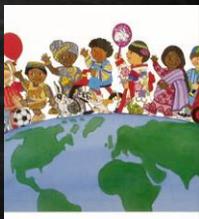
Pathways to Professionalism and Marketing the COE

- ### Using the Code of Ethics
- Educating your Clients of what to expect from you.
 - In some markets you can use it to differentiate yourself from your competitors.
 - Use it as a tool to educate and train new brokers.
 - Use it as a tool to work with other Realtors.
 - Guidance when sometimes we are not sure what we can and can not do to protect our clients or ourselves.
 - Wear your Realtor pin.

- ### Follow the Code.....
-when someone asks about working with more than one Realtor?
 - Or, when someone asks what you think about another Realtor?
 - Or, should I use the listing agent to get the best price?
 - Or, can you help me with a pocket listing?

Code of Ethics Available in 15 Languages

English	Korean
Chinese	Portuguese
Danish	Romanian
French	Russian
German	Spanish
Italian	Tagalog
Japanese	Vietnamese



Code of Ethics and Social Media

Article 12 provides Guidance on Communication.
Be honest and truthful in all of your communication with social media.
Remind clients to also use discretion when online.



Article 10-5, Approved Nov. 2020



REALTORS® must not use harassing speech, hate speech, epithets, or slurs based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity.

What really changed?

29. Applicability of the Code of Ethics to ~~non-real estate related activities.~~

~~While REALTORS® are encouraged to follow the principles of the Code of Ethics in all of their activities, a REALTOR® shall be subject to disciplinary action under the Code of Ethics only with respect to real estate related all of their activities, and transactions involving the REALTOR®.~~

In Short.

Policy Statement 29: **Applicability of the Code of Ethics.**

A REALTOR® shall be subject to disciplinary action under the Code of Ethics with respect to all of their activities.

Case #10-6: Use of Hate Speech and Slurs on the Basis of Race

In social media discussions, REALTOR® A made the following comments: "I think Black people bring out the worst in us"; "we always knew n— were violent. They are not Christian"; and described Black protestors as "animals trying to reclaim their territory". A consumer took screenshots of the comments, including REALTOR® A's name, and filed an ethics complaint alleging a violation of Article 10, as interpreted by Standard of Practice 10-5, at the local Association of REALTORS®.

After comprehensive review, the Association's Grievance Committee forwarded the complaint for a hearing. At the hearing, the panel reviewed the evidence presented by the complainant, including screenshots of the comments. REALTOR® A confirmed she had, in fact, posted the statements, but denied that making the statements interfered in her ability to provide equal professional services to anyone because of their race.

Decision

The Hearing Panel entered executive session and considered the intended application of Article 10, as interpreted by Standard of Practice 10-5, as noted in Appendix XII to Part Four of the Code of Ethics and Arbitration Manual. The Panel concluded that the comments REALTOR® A posted constituted the use of hate speech and slurs. In their decision, the Panel clarified that this public posting of hate speech and disparagement of individuals based on their race reflected discrimination. REALTOR® A's defense was not accepted by the Hearing Panel, and she was found in violation of Article 10.



Case #10-7: Use of Harassing Speech on the Basis of Political Affiliation

REALTOR® A was a registered member of Political Party Y, and routinely engaged in political discussions on social media and in private conversations. REALTOR® A's conversations and social media posts often included insulting, intimidating, and hostile statements about members of Political Party Z, including aggressively insulting their intelligence, implying they were unpatriotic, and telling them that if they disagreed with him, they should leave the country.

REALTOR® B witnessed numerous instances where REALTOR® A harassed others on the basis of their membership in Political Party Z, and believed that REALTOR® A was using harassing speech. He filed an ethics complaint with the local Association of REALTORS®, alleging REALTOR® A violated Article 10 as interpreted by Standard of Practice 10-5.

Decision

The complaint was reviewed by the Association's Grievance Committee, who examined the allegations to determine whether, if taken as true, they would constitute a violation of the Code of Ethics. Ultimately the Grievance Committee dismissed the complaint, as the complainant's sole argument was that REALTOR® A had discriminated against individuals based on their political affiliation with Political Party Z. As political affiliation is not a protected class under Article 10, the allegations in the complaint, even if true, could not constitute a violation of the Code of Ethics.



"Best for my Client" Defense.



"It is unfair to claim that I violated the code of ethics, I was clearly doing what (I thought) was in the best interest for my client."

"Pathway to Professionalism"

- Follow the Golden Rule.
- Courtesy and Respect to EVERYONE.
- Communicate with all in a timely fashion.
- Always present a professional appearance.
- Be aware of and meet all deadlines.
- Be aware of and respectful of all cultural differences.



Respect for the 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

Respect for the 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

Respect for Peers/Other Realtors

- 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

Pathway to Professionalism Case #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.



Pathway to Professionalism Case #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?



C2EX provided by the National Association of Realtors

A Commitment to Excellence

Improve the quality and consistency of the service of REALTORS®.
Improve the reputation of REALTORS® in the public eye.
Encourage engagement "beyond the sale" by showcasing the value of assisting other REALTORS® and becoming involved in advocacy.
Create a platform that continuously engages the REALTOR® in the process of self-improvement without disruption to the REALTOR®'S life.



That is all!



Questions?
Password for Zoom class?
Class Evaluation?





Case #10-8: Use of Harassing Speech against Protestors
 A group of protestors, supporting the equal treatment of women, gathered peacefully for a march in Washington, D. C. The group requested and was approved for the appropriate permits, and while local law enforcement was on site to provide assistance, no criminal activity was reported.

REALTOR® A, in response to the march, posted on social media, "These morons have nothing better to do than come all the way to Washington to gripe about a problem that doesn't even exist. This is why women shouldn't be allowed to leave the house. Get back in the kitchen where you belong." REALTOR® B saw REALTOR® A's comments, and filed a complaint with the local Association of REALTORS® alleging REALTOR® A's comments against the protestors constituted harassing speech against members of a protected class, and as such were a violation of Article 10 as illustrated by Standard of Practice 10-5. The Association's Grievance Committee forwarded the complaint for a hearing.

At the hearing, REALTOR® B argued that REALTOR® A's comments constituted objectively harassing speech against individuals on the basis of sex. In response, REALTOR® A argued that his comments were directed at protestors, which are not a protected class, and that, in fact, the group was comprised of both men and women.

DECISION

In their decision, the panel noted that while REALTOR® A's comments were addressed to a group of both men and women, they included disparaging, discriminatory comments about women such that the complainant had demonstrated with clear, strong, and convincing proof that REALTOR® A had used harassing speech under Standard of Practice 10-5 and thus was in violation of Article 10.

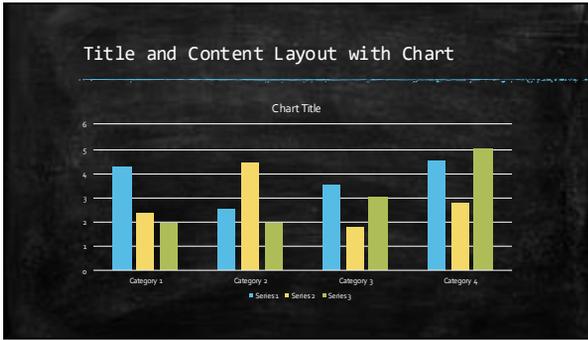
Case #10-9: Use of Speech or Ideas included in Religious Doctrine

REALTOR® A was a preacher in his local church, and stated before a group of congregants, "Lesbians and Homosexuals are murderers according to the scriptures!" One of the congregants filed an ethics complaint against REALTOR® A, alleging this statement violated Article 10 as interpreted by Standard of Practice 10-5. The complainant argued in his complaint that REALTOR® A's statement constituted hate speech. The local Association's Grievance Committee reviewed the complaint, and forwarded it for a hearing.

At the hearing, the complainant argued that REALTOR® A's statement constituted hate speech because the remarks were objectively insulting and offensive, and because the speech was based on sexual orientation, a protected class under the Code of Ethics.

DECISION

REALTOR® A testified that his statement was based on his interpretation of the Biblical scripture, and that his teachings were designed to help his congregants understand the true teachings of God. The Hearing Panel found REALTOR® A in violation of Article 10, noting that the complainant's testimony had provided clear, strong and convincing proof that REALTOR® A's statement was "intended to insult, offend or intimidate," and that it was "disparaging or abusive," as explained by Appendix XII to Part 4 of the Code of Ethics and Arbitration Manual. The complainant's testimony further provided clear, strong, and convincing proof that the alleged speech was based on one of the protected classes under Article 10, sexual orientation.



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	Group A	Group B
Class1	82	95
Class2	76	88
Class3	84	90

Two Content Layout with SmartArt

- Group A**
 - Task 1
 - Task 2
- Group B**
 - Task 1
 - Task 2
- Group C**
 - Task 1

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