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Correspondence Packet Instructions

The **Ethics and Business Practices Correspondence Packet** includes the **Ethics Course Manual**, a **final 10-question exam**, and **submission instructions**.

(The entire packet can be **printed** or **viewed on a computer screen** for convenience. However, only the **answer sheet** needs to be printed, completed, and submitted. Make sure to fill out the answer sheet with all information **clearly legible** before emailing it for grading.)

To complete the course, carefully review the Ethics Manual and answer all exam questions.

A passing score of **80% or higher** is required. Once you have completed the exam, submit your **exam answer sheet** via email to **exam@stewartrealestateschool.com**

Ensure your submission includes your **full name** and **contact information** for proper processing. You will be notified of your results via email.

Florida Real Estate Continuing Education

~~~ the FLA.CE Program ~~~

1st Edition Update

ETHICS ONLY VERSION



**PERFORMANCE
PROGRAMS
COMPANY**

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Material in this book is not intended to represent legal advice and should not be so construed. Readers should consult legal counsel for advice regarding points of law.

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**SECTION TWO:
BUSINESS ETHICS & PRACTICES**

UNITS 4-6

**Unit 4: Professional Practices & Realtors® Code of Ethics,
Part I**

Unit 5: Realtors® Code of Ethics, Part II

Unit 6: Realtors® Code of Ethics, Part III

UNIT 4:

PROFESSIONAL PRACTICES AND REALTORS® CODE OF ETHICS, PART I

Unit Four Learning Objectives: When the student has completed this unit he or she will be able to:

- Summarize the role, general structure and organization of the Realtor® Code of Ethics.
- Describe the purpose and import of the Preamble for the Code of Ethics
- Characterize the general import and practical applicability of Articles 1-9 of the Realtors® Code of Ethics

DEFINITIONS

Business ethics

The standards used by a business or company to make decisions and how they treat their Clients, Customers, Vendors, and Employees.

Client

An individual in which we have a fiduciary relationship, such as a Single Agency Relationship.

Code of Ethics

A set of rules and conduct members must practice in their dealings with others. These standards lay out the values of an organization.

Customer

An individual with whom we do not have a fiduciary relationship and owe limited disclosure, such as a Transaction Brokerage Relationship.

Ethics

A system of moral principles, rules, an individual or business uses to determine how they deal with others.

Morals

A person's individual belief of what is right and wrong; religion, culture, and many other factors influence a person's morals.

Preamble

The opening statement of a document reflecting the values or vision of the organization.

Situational Ethics

A person changing their ethical views to fit a specific situation or changing how they react due to a change in circumstance.

BUSINESS ETHICS: AN OVERVIEW

If you ever decided to get an MBA, it will come to understand the term **business ethics**. Every MBA program in the United States is required to offer at least one course in business ethics. This requirement shows the environment that we operate within our society today.

We have seen scandals in recent years involving companies breaking some fundamental ethical and legal practices. In the United States, scandals such as the Martha Stewart insider-trading, controversy over elections, the security of the election process, Enron and Arthur Anderson, and the College Admission Scandal, to name a few, identify some of the lapses in Business Ethics in our country. These scandals have significantly affected our country and reinforced our need to watch our businesses and ethics system. It is essential to understand the difference between ethics and morals and how we acquire each.

Morals

Morals are our individual beliefs and the belief system in which we live. Our morals come from our parents, the culture we live in, and our religious upbringing. For many, the foundation of morals is the Golden Rule. It is the guidance we should all live our lives by, "Do unto others as you would have done unto you."

Ethics

Ethics are the rules by which we live of lives. In the book, "Is It Still Cheating If I Don't Get Caught?", Bruce Weinstein identified five principles of ethics that are the same in all religions:

- Do no harm
- Make things better
- Respect others
- Be fair
- Be loving

Variability of ethics. Ethics can change from culture to culture. For example, in the United States, a business would never think to budget money to pay for the safe return of kidnapped executives or employees or pay a bribe to government officials. Companies operating in this manner would find themselves in legal trouble, along with violating our country's ethics systems.

However, in other countries, it is common to pay government officials to get work done or get permits to operate within a specific region. In some South American countries, US companies must budget into

projects protect for their executives and employees. They must budget to pay ransom demands or provide personnel with hostage insurance policies.

Good morals would tell us how to act in this situation; however, ethics is different in each country, religion, and culture. In some parts of the world, this activity is just part of doing business, and you plan for it and budget for it as part of your day-to-day operations.

Situational ethics

The preceding is an example of what is called **situational ethics**. Everyone practices situational ethics to some degree or another. Situational ethics are individuals looking at the circumstances around them and making a behavioral decision based on a sequence of events and not on the events as they would play out to society. In the earlier example, the business must approach similar projects differently depending on where they are operating. In the United States, bribing government officials to get work done or something overlooked is unethical. It would also be illegal in many cases, but this practice is common in other countries. Companies must decide if they are willing to do these things or not work in that part of the world.

Situational ethics illustrated. Consider two illustrations of situational ethics. What would your answers be to the questions posed?

- Example 1: You are a college real estate student and have an exam tonight; however, you did not get to study as you wanted. You know the girl who sits beside you in class is very smart, so you decide to copy her answers during the test. Is this ethical? Is this legal? Is it moral?
- Example 2: You are taking an online real estate class. During an exam, you cannot remember the meaning of a specific term. No one is watching you, and your book is right next to you. You open the book and look up the word and then continue to your next question. Is this ethical? Is this legal? Is it moral?

What is the difference between the two scenarios?

NAR'S CODE OF ETHICS

Historical abstract

In the early 1900s, real estate agents were given licenses by county judges, and often they were "peddlers" licenses. The 1900s was a time of land scams and speculation. In 1908, the National Association of Realtors® (NAR) formed to eliminate the notion of "Caveat emptor" or let the buyer beware. Their goal was to protect the public and promote homeownership in the United States.

In 1913, NAR introduced the Code of Ethics for Realtors® to follow in their dealings with their clients, the public, and other Realtors®. This document has been fluid and ever-changing over the years. Today, Realtors® have one of the strongest professional Code of Ethics in the United States.

The Code of Ethics also provides standard practices and procedures setting forth how Realtors® should react in their dealings with specific individuals and others in their field. The Code of Ethics, however, is not law. Rather, the Code of Ethics enhances local, state, or federal laws.

A quote in the 2020/2021 Code of Ethics and Arbitration Manual reads, "Because the Code is a living document and real estate is a dynamic business and profession, the law need never be its substitute. So long as the aspiration to better serve the public remains the underlying concept of the code, it must evolve and grow in significance and importance consonant with but independent of the law."

Structure of the Code of Ethics

The Code of Ethics has four parts:

- The Preamble
- Duties to Clients and Customers (Articles 1 – 9)
- Duties to the Public (Articles 10 – 14)
- Duties to Realtors® (Articles 15 – 17)

The Articles within the Code of Ethics define the broad statements about the licensee's behavior and duties. The **Standards of Practice**, within each Article, gives more specific guidance to the licensee. The Standards of Practice support and interpret the Articles.

In resolving ethics complaints, complainants are to cite only the Article(s) violated and not the Standard of Practice. It will be up to the Professional Standards Committee to give the specific Standard of Practice violated in their final report.

PREAMBLE

"Under all is the land."

This statement is a powerful start to NAR's Code of Ethics. It means that everything we do, are, or aspire to become, begins with the land beneath our feet. The quote shows the importance of the role each Realtor® holds in our society. Real estate impacts everything.

The Preamble of the Code of Ethics serves as a vision statement on how licensees should conduct themselves and represent their profession to the public. The Preamble calls for Realtors® to "maintain and improve the standards of their calling." It also states that it is the Realtor's responsibility to "act with integrity and honesty."

As of January 1, 2021, the Board of Directors of NAR changed the Preamble. It added that licensees should not dishonor the profession or do anything that will hurt the organization's public trust. The Board of Directors altered the Preamble wording to reflect the changes in Article 10 of the Code of Ethics (see also Chapter 5).

SECTION 1 – DUTIES TO CLIENTS AND CUSTOMERS

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."

Central themes. Article 1 of the Code of Ethics promotes honesty as a critical virtue of any licensee. The 16 Standards of Practices within Article 1 describes the different duties a licensee may have and how they must act in specific situations. The basis of the Standards of Practices is the duties owed to our customers and clients based on Florida's Agency Law.

Article 1 Standards of Practice. The central thrust of Article 1 is reflected in its Standards of Practices 1.1 through 1.16. These are as follows:

- SP 1.1 – Be careful to abide by the Code when you are representing yourself in a transaction.
- SP 1.2 – The Code of Ethics applies to all transactions.
- SP 1.3 – Do not mislead the owner as to the real market value of a piece of property.
- SP 1.4 – Do not mislead the savings or benefits of utilizing the services of a Realtor®.
- SP 1.5 – No dual agency. An agent cannot have a fiduciary relationship with both parties in a transaction.
- SP 1.6 – Submit all offers and counteroffers promptly.
- SP 1.7 – When working as the listing agent, present all offers until closing, unless waived in writing.
- SP 1.8 – When working as the buyer's agent, present all offers until contract acceptance, unless waived in writing.
- SP 1.9 – Maintain confidentiality even after termination of a relationship.
- SP 1.10 – In property management, the licensee must comply with the management agreement and ensure their tenants' rights, safety, and health.
- SP 1.11 – Use skill, care, and diligence in all transactions.
- SP 1.12 - Disclose to sellers and landlords cooperation policy and compensation to all parties.
- SP 1.13 – Disclose cooperation with other brokers.
- SP 1.14 – Appraisal fees must not be based on the market value of the property.
- SP 1.15 – Disclose any other offers already presented or any expected offers.
- SP 1.16 – Do not enter the property without permission or authorization from the owner.

Article 1 illustration. A broker was preparing a CMA for a listing appointment. The broker knew the seller was interviewing several other brokers. He decided to increase the property's market value to show the seller how much more money they could earn from hiring him. The violation in this example is of

Article 1, Standard Practice 1.3 and 1.4.

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."

Central theme. Article 2 of the Code of Ethics discusses the need for transparency in all transactions. While a licensee is not required to seek out defects in the property, they must disclose any defects they know exists. This duty is necessary no matter the type of agency relationship the broker has established.

Article 2 Standards of Practice. Article 2 has five Standards of Practice:

SP 2.1 – A Realtor® must disclose any latent defects they know about or that are readily observable to a lay-person. They are not required to be experts in fields other than their own.

SP 2.2 – Moved to Standard of Practice 1.12

SP 2.3 – Moved to Standard of Practice 1.13

SP 2.4 – A Realtor® must not participate in doctoring the numbers on any contract.

SP 2.5 – Realtors® must not disclose non-material items not pertinent to the transaction.

Article 2 illustration. Susie is showing a potential buyer a house. The MLS stated that the roof was 25 years old and had a few leaks. During the showing, Susie's customer asked about the condition of the roof. Susie stated she was not aware of any problems. Susie has violated Article 2, Standard 2.1.

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."

Central theme. Article 3 promotes cooperation among brokers unless it is not in their client's best interest.

Article 3 Standards of Practice. Article 3 has eleven Standards of Practice as follows:

SP 3.1 – Realtors® must establish terms of cooperation.

SP 3.2 - Realtors® who change the compensation in a transaction must communicate it to other licensees.

SP 3.3 – Realtors® may change the cooperative compensation.

SP 3.4 – Realtors® must disclose variable rate commissions.

SP 3.5 – Realtors® must disclose all pertinent facts before and after the sale.

SP 3.6 - Realtors® should disclose any current accepted offers.

SP 3.7 – Realtors® must disclose their status when calling other Realtors® about a listed property.

SP 3.8 – Realtors® must not give false information about the availability of property to be shown.

SP 3.9 – Realtors® must not provide access to a listed property in any way other than what is agreed upon by the seller.

SP 3.10 – Realtor should share information on listed property and make the property available to other brokers.

SP 3.11 – Realtors® may not violate Fair Housing laws and refuse to show a piece of property to someone in a protected class.

Article 3 illustration. Janet's seller told her that they did not want to sell their home to anyone who was not white. Janet told potential buyers who were not white that the house was no longer available or was not available to be shown. The violation in this example is of Article 3, Standards of Practice 3.8 and 3.11.

ARTICLE 4

"REALTORS® shall not acquire an interest in or buy or present offers from themselves, any member of their immediate families, their firms, or any member thereof, or any entities in which they have any ownership interest, any real property without making their true position known to the owner or the owner's agent or broker. In selling property, they own, or in which they have any interest, REALTORS® shall reveal their ownership or interest in writing to the purchaser or the purchaser's representative."

Central theme. Article 4 requires Realtors® to disclose that they have a real estate license when buying or selling property for themselves. If they do not disclose this fact, then they have an unfair advantage over the average consumer. By telling them, the Realtor® is giving them a chance to obtain representation in the transaction. Thus, keeping it an arms-length transaction.

Article 4 Standard of Practice. The one Standard of Practice for Article 4 requires the Realtor® to reveal their ownership or interest in the property in writing before entering into any contract.

ARTICLE 5

"REALTORS® shall not undertake to provide professional services concerning a property or its value where they have a present or contemplated interest unless such interest is specifically disclosed to all affected parties."

Central theme. Article 5 requires Realtors® to disclose any conflict of interest before providing any professional services. The only time this would be allowed is with the written permission of all parties involved in providing the service.

Article 5 illustration. ABC Realty shares office space with a lender and a title company. They recommend that all their buyers use these companies since they are in the same location, and it allows them to communicate with the lender and title company to ensure the closing goes smoothly. What the Realtor® did not disclose to their customers is the fact that family members own these companies.

ARTICLE 6

"REALTORS® shall not accept any commission, rebate, or profit on expenditures made for their client, without the client's knowledge and consent.

When recommending real estate products or services (e.g., homeowner's insurance, warranty programs, mortgage financing, title insurance, etc.), REALTORS® shall disclose to the client or customer to whom the recommendation is made any financial benefits or fees, other than real estate referral fees, the REALTOR® or REALTOR®'s firm may receive as a direct result of such recommendation."

Central theme. Article 6 states a Realtor® may not accept any compensation in the form of a commission, rebate, kickback, etc., without the client's written consent. This requirement includes gifts from home inspectors, appliance companies, plumbers, etc.

Article 6 illustrated. A Realtor® hired Ace Home Inspection to inspect a home for a buyer. The Realtor did not tell the buyer that he received a \$50 gift card for the referral. The Realtor® violates Article 6 of the Code of Ethics.

ARTICLE 7

"In a transaction, REALTORS® shall not accept compensation from more than one party, even if permitted by law, without disclosure to all parties and the informed consent of the REALTOR®'s client or clients."

Central theme. Article 7 states that a Realtor® cannot accept compensation from more than one person without disclosing the fact to all parties. The Realtor should also have that consent in writing.

Article 7 illustrated. A broker has a Buyer's Broker Agreement with a buyer. The agreement states that the broker will get a 3% commission on a home valued at \$350,000. The broker finds a home for \$300,000 that the buyer likes, and they enter a contract. The broker is getting 3% from the listing broker and then asks the buyer to pay him a 3% commission. The broker tells the buyer he is not getting any commission from the seller's side. This type of action would be a violation of Article 7 of the Code of Conduct. The broker may not receive compensation from more than one party in a transaction unless he has written all the parties' written consent.

ARTICLE 8

"REALTORS® shall keep in a special account in an appropriate financial institution, separated from their own funds, monies coming into their possession in trust for other persons, such as escrows, trust funds, clients' monies, and other like items."

Article 8 central themes. Article 8 addresses escrow funds and how to handle other people's money. A Broker must be careful not to commingle funds. Commingle is mixing their personal money with money held in trust for others. The only time commingling is legal is when a Broker puts up to \$1,000 of

personal funds for a Sales Escrow Account or \$5,000 in a Tenant Escrow Account to stop the possibility of conversion.

ARTICLE 9

"REALTORS® for the protection of all parties, shall assure whenever possible that all agreements related to real estate transactions including, but not limited to, listing and representation agreements, purchase contracts, and leases are in writing in clear and understandable language expressing the specific terms, conditions, obligations, and commitments of the parties. A copy of each agreement shall be furnished to each party to such agreements upon their signing or initialing."

Central themes. Article 9 states Brokers must ensure all documents related to a real estate transaction be in clear, concise language. The contracts must also clearly represent the terms and conditions of the agreement between the parties. Florida law requires that the broker keep all contracts and real estate related transaction documents for five years or two years after the end of any litigation.

Article 9 Standards of Practice. Article 9 has 2 Standards of Practice as follows:

SP 9.1 – Realtors® should use reasonable care to ensure extensions and amendments.

SP 9.2 – Realtors® should make a reasonable effort to explain the different parts of a contract to clients when working electronically.

Article 9 illustrated. Broker Jane is working with a buyer in another state. She sends them an electronic contract and indicates where the buyer needs to sign. Jane does not review the Sales and Purchase Agreement with them or go over any of the disclosures. Upon return of the contract, Jane does not send a copy to the buyer. Broker Jane violates Article 9 of the Code of Articles.

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SNAPSHOT REVIEW: UNIT FOUR

PROFESSIONAL PRACTICES AND REALTORS® CODE OF ETHICS, PART I

BUSINESS ETHICS

- Business ethics is now an important topic due to recent trends in malpractice; business ethics is a set of standards by which a company operates.

Morals

- a belief system put together as individuals mature and are influenced by our culture and religion.

Situational ethics

- decisions based on current circumstances versus how they affect the individual rather than how they affect society.

NAR'S CODE OF ETHICS

- was established in 1913. Its primary goal is to protect the public from land scams and to promote homeownership.

Structure of the Code of Ethics

- The Code of Ethics has four parts: The Preamble, Duties to Clients and Customers, Duties to the Public, and Duties to Realtors.

PREAMBLE

- of the Code of Ethics serves as a vision statement and lays out the duties and responsibilities for Realtors®.

SECTION 1: DUTIES TO CLIENTS AND CUSTOMERS

- covers the first 9 Articles
- Standards of practices are more detailed requirements of each Article within the Code of Ethics.

ARTICLE 1

- promotes honesty to all.

ARTICLE 2

- Realtor's® actions must have transparency to them.

ARTICLE 3

- promotes cooperation among brokers unless it is not in their client's best interest.

ARTICLE 4

- Realtors® must disclose that they have a real estate license when buying, selling, or renting their own property.

ARTICLE 5

- Realtors® must disclose any conflict of interest before providing professional services.

ARTICLE 6

- Realtors® may not accept any compensation without the written consent of all parties.

ARTICLE 7

- Realtors may not accept compensation from more than one person without disclosing the fact to all parties.

ARTICLE 8

- addresses the handling of escrow funds.

ARTICLE 9

- states that all documents must be in clear and concise language.

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Check Your Understanding Quiz:

Unit Four: Professional Practices and Realtors® Code Of Ethics, Part I

Carefully read each question then provide your best answer based on what you learned in this unit. Then check your answers against the Answer Key which immediately follows the quiz questions.

1. Which of the following is considered to be ethical behavior?
 - a. Cheating on a school exam
 - b. Taking credit for your colleague's work
 - c. Discriminating against a client due to their race
 - d. Disclosing all the defects of a home you are selling

2. The Articles of the NAR Code of Ethics deal with all the following duties, EXCEPT
 - a. Duties to your neighbors
 - b. Duties to clients and customers
 - c. Duties to the public
 - d. Duties to other Realtors®

3. When was the Code of Ethics introduced?
 - a. 1908
 - b. 1964
 - c. 1913
 - d. 2021

4. The central theme of Article 1 of the NAR Code of Ethics is
 - a. deal honestly with everyone no matter what type of relationship.
 - b. disclose all defects of a home you are selling.
 - c. use skill, care, and diligence if working with exclusive clients.
 - d. do not violate fair housing laws.

5. You know that it is illegal and unethical to buy shares of a company you represent and receive information not available to the public. However, you have invested your children's college fund in the stock of your husband's company. Your husband tells you the company is about to go through an IRS audit, and he is worried about the outcome.

The next morning you call your stockbroker to protect your children's college fund and ask him to sell all your stock and reinvest it in another company. This is an example of

- a. business ethics
 - b. situational ethics
 - c. Code of Ethics
 - d. morals
6. A broker is selling his home as a For Sale by Owner. A potential buyer comes to look at the house, and the broker shows him around. The buyer puts in a 95% offer, and the seller accepts it. After closing, the buyer finds out the seller is a real estate broker and never disclosed it. Has this broker violated the Code of Ethics, and if so, why?.
- a. No, since the buyer is only a customer
 - b. No, since the offer was ultimately accepted
 - c. Yes, since one must disclose his or her licensed status according to Article 4
 - d. Yes, since the property was a For Sale by Owner

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Answer Key:

**Unit Four: Professional Practices and REALTORS® CODE OF ETHICS,
PART I**

- 1. d. Disclosing all the defects of a home you are selling.
- 2. a. Duties to your neighbors.
- 3. c. 1913
- 4. a. Deal honestly with everyone no matter what type of relationship.
- 5. b. Situational Ethics
- 6. c. Yes, since one must disclose his or her licensed status according to Article 4

Interactive Exercises

Unit 4: Professional Practices and Realtors® Code Of Ethics, Part I

SITUATIONAL CASE STUDY:

Agent John showed Broker Eric's listing to buyer clients, Adam and Eve. The list price in the MLS was \$210,000. John contacted Eric to inquire about any offers on the property. Eric told John he had no offers. John then prepared an offer to submit to Eric.

Eric did have an offer for \$185,000 cash from Jill and Jack. The seller accepted the offer, not knowing that John's clients submitted a bid for \$205,000 with FHA financing and a 5% down payment.

Once John had submitted the offer, he asked Eric for written confirmation that the offer was presented to the seller. Eric never presented the offer, nor were Adam and Eve advised that there was another offer.

When asked, Eric stated that the seller had rejected the offer for a cash deal. Eric decided not to present the offer to the seller because it involved financing and would take longer to close. Eric wanted it to close before the end of the month to win an office selling contest.

DISCUSSION QUESTIONS:

1. How would you have handled the offers if you were Eric?
2. What Articles of the Code of Ethics do you feel were violated?
3. What specific Standards of Practices do you feel were violated?

CASE DEBRIEF:

1. Eric should have presented both offers. He then should have explained the pros and cons of each offer. The final decision is up to the sellers on whom they want to buy their house.
2. In this situation, the Professional Standards board determined that Eric violated Articles 1 and 3 of the NAR Code of Ethics.
3. The Standards of Practices violated are:
 - SP 1.6 – Submit all offers and counteroffers objectively and as quickly as possible.
 - SP 1.7 – The listing brokers must continue to submit offers they receive up to closing.
 - SP 1.15 – When asked by the cooperating broker, the listing broker should disclose that he has other offers.
 - SP 3.6 – The Realtor® should reveal the existence of accepted offers.

UNIT 5:

REALTORS[®] CODE OF ETHICS, PART II

Unit Five Learning Objectives: When the student has completed this unit he or she will be able to:

- Identify the protected classes from Article 10.
- Explain the duties a Realtor[®] owes to the public.
- Summarize the changes in Article 10 and give examples of violations.
- Identify common errors in advertising made by Realtors[®].

DEFINITIONS

Demographic information

Information gathered on customers or clients. May include information such as age, sex, race, color, or national origin. This information is collected only to assist in operating the brokerage and identifying advertising avenues, not discriminating against anyone in a protected class.

Professional services

The eight professional services a Realtor[®] may perform are advertising, buying, auctioning, renting, selling, appraising, leasing, and exchanging.

NAR's protected classes

The NAR Code of Ethics' protected classes includes race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity.

Public trust

Public Trust refers to misappropriation of client or customer funds or property, discrimination against the protected classes under the Code of Ethics, or fraud.

Duties to the public

The third section of NAR's Code of Ethics covers how Realtors[®] should behave when interacting with the public. Articles 10 to 14 and their Standards of Practices identify specific behavior and guidelines for dealing with the public. This section restates many of the same ideas expressed in Articles 1 through 9; however, it explicitly identifies the duties owed to the member of the public.

ARTICLE 10

"REALTORS® shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. REALTORS® shall not be parties to any plan or agreement to discriminate against a person or persons on the basis of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity."

"REALTORS® in their real estate employment practices, shall not discriminate against any person or persons on the basis of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity."

Central theme. Article 10 of the Code of Ethics prohibits Realtors® from discrimination against the protected classes identified in the Code of Ethics. NAR has added protected classes to their Code of Ethics, making it stricter than the Federal Fair Housing Laws and the State of Florida's Fair Housing Laws.

Article 10 Standards of Practice. Article 10 has 5 Standards of Practices as follows:

SP 10.1 – Realtors® may provide necessary demographic information of a neighborhood; however, they cannot provide information about the neighborhood's racial, religious, or ethnic composition.

SP 10.2 – Realtors® may gather demographic information; however, they must be careful how the information is used and distributed.

SP 10.3 – Realtors® should be cautious with any advertisement that indicates a neighborhood's racial or ethnic makeup or targets one of the protected classes.

SP 10.4 – Realtors® must follow fair employment practices of employees or independent contractors.

SP 10.5 – Realtors® may not use harassing speech, hate speech, epithets, or slurs against someone in one of the protected classes.

Amendments to SP 10.5. In November 2020, the NAR Board of Directors made changes to Standard Practice 10.5. After extensive research, the Professional Standards Committee recommended changes that effectively broadened the context of this standard. In the past, the Code of Ethics only covered Realtors® activities during a real estate transaction. The applicability of the new Standard of Practice 10.5 covers all activities of a Realtor®.

Under the changes made in November 2020, a Realtor® can be found guilty of a Code of Ethics violation whether the infraction related to a transaction, or other membership-related context. Presently, any potential breach of Article will be looked at individually to see if it is in violation of Article 10 or if it is someone expressing their First Amendment rights.

The new wording of Article 10, SP 10.5 became:

"Realtors® must not use harassing speech, hate speech, epithets, or slurs" based upon an individual or group that falls under one of the protected classes."

Article 10 illustration. A Realtor® created an advertisement using models and demographic information about a neighborhood's racial makeup. The purpose was primarily to steer specific individuals to a particular community. This action is a violation of Article 10, Standards of Practice 10.2 and 10.3.

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."

Central theme. Realtors® should only work within real estate areas in which they have sufficient knowledge to protect their customer or client. One agent can't know everything about all areas of specialization within the industry.

Article 11 Standards of Practice. Article 11 has four Standards of Practice as follows:

SP 11.1 – When preparing an opinion of value on a piece of property, they must know that specific area of real estate and provide detailed information to the customer or client.

SP 11.2 – A Realtor® should perform only in an area that they have reasonable competence.

SP 11.3 – When providing consulting services or advice, they shall objectively present the material. The fee shall be contingent on the level of difficulty and the market value of the real property.

SP 11.4 – Competency required under Article 11 is based on the services agreed to by the customers or clients and follows the Code of Ethics and state law.

Article 11 illustration. A Realtor® is asked to prepare an appraisal for a bank on a commercial building's short sale. The agent had no experience in doing an appraisal or in commercial real estate. This agent would be guilty of violating Article 11 Standards of Practice 11.1, 11.2, and 11.4.

ARTICLE 12

"REALTORS® shall be honest and truthful in their real estate communications and shall present a true picture in their advertising, marketing, and other representations. REALTORS® shall ensure that their status as real estate professionals is readily apparent in their advertising, marketing, and other representations and that the recipients of all real estate communications are, or have been, notified that those communications are from a real estate professional."

Central theme. Realtors® should be honest in all their advertising and marketing.

Article 12 Standards of Practice. Article 12 has 13 Standards of Practices:

SP 12.1 – Realtors® who advertise something as free must disclose if they will receive any compensation and from whom they are going to receive the payment.

SP 12.2 – Deleted in January 2020.

SP 12.3 – Realtors® should use care if offering a prize or other compensation for real estate services. They must fully disclose the requirement to receive the compensation.

SP 12.4 – Realtors® should not advertise a property they are not authorized to market.

SP 12.5 – Realtors® must be careful not to practice Blind Advertising. The brokerage name must always appear in all advertising.

SP 12.6 – When selling their own property, a Realtor® must disclose their license status.

SP 12.7 – Only the brokers directly involved in a transaction may advertise that they sold or have a contract on the property with permission from the owner.

SP 12.8 – A Realtors® website should present current, accurate information, and they should keep the information current.

SP 12.9 – A Realtors® website shall disclose the brokerage's name and licensure state in a readily apparent manner.

SP 12.10 – Realtors® must advertise truthfully and give correct information and not deceive the public in their URLs, websites, or the images they use.

SP 12.11 – Realtors® who intend to sell consumer information should disclose this wherever they gather the data.

SP 12.12 – Realtors® shall not use URL or domain names that may mislead the public.

SP 12.13 – Realtors® are only allowed to use designations, certifications, and other credentials they have earned and have maintained membership.

Article 12 illustration.

A Realtor® developed a website in which he promoted himself as the top producing agent in his area. He also stated that he had the following designations, Certified International Property Specialist (CIPS) and Graduate Realtor Institute (GRI). He had earned these designations; however, he did not keep up the designations' annual renewal. He also did not put the name of the brokerage on his website. The Realtor® has violated Article 12 and Standards of Practices 12.5, 12.9, and 12.13.

ARTICLE 13

"REALTORS® shall not engage in activities that constitute the unauthorized practice of law and shall recommend that legal counsel be obtained when the interest of any party to the transaction requires it."

Central theme. Realtors® must not represent themselves as attorneys nor give legal advice.

Article 13 illustration. While filling out an offer to buy a piece of real property, Realtor® John was asked by his customer how they should take title to the property. John asked the question without telling his customer that they should seek legal advice. John was practicing law by answering the question and thus in violation of Article 13.

ARTICLE 14

"If charged with unethical practice or asked to present evidence or to cooperate in any other way, in any professional standards proceeding or investigation, REALTORS® shall place all

pertinent facts before the proper tribunals of the Member Board or affiliated institute, society, or council in which membership is held and shall take no action to disrupt or obstruct such processes."

Central theme. Realtors® must assist the Professional Standards Committee in any investigation or hearing. They must always present the truth and not interfere with the process.

Article 14 Standards of Practice. Article 14 has four Standards of Practice:

SP 14.1 – Only one board may hear any case of alleged violations of the Code of Ethics.

SP 14.2 – A Realtor® should not disclose any information they learned at an ethics hearing.

SP 14.3 – A Realtor® should not threaten or intimidate a witness or respondent in an ethics case.

SP 14.4 – A Realtor® should not mislead the investigation into an Ethics case, nor can they file multiple charges based on the same transaction.

Article 14 illustration: Broker Alicia was named in a Code of Ethics violation. She denies the allegations. Trying to get the case canceled, Alicia threatens the person who filed the charges against her and refuses to turn over information to the Professional Standards Committee. Alicia violates Article 14 Standards of Practices 14.3 and 14.4.

=====

SNAPSHOT REVIEW: UNIT FIVE
REALTORS® CODE OF ETHICS, PART II

ARTICLE 10

- Realtors® must give equal professional service to all clients and customers irrespective of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or sexual identity
- Realtors do not discriminate in their employment practices

ARTICLE 11

- Realtors® must be knowledgeable and competent in their fields of practice
- If not competent, must get assistance from a knowledgeable professional or disclose any lack of experience to their client

ARTICLE 12

- Realtors® must be honest and truthful in their communications
- must present accurate descriptions in advertising, marketing, other public representations

ARTICLE 13

- Realtors® must not engage in the unauthorized practice of law

ARTICLE 14

- Realtors® must willingly participate in an ethics investigation and enforcement actions.

Check Your Understanding Quiz:

Unit Five: Realtors® Code of Ethics, Part II

Carefully read each question then provide your best answer based on what you learned in this unit. Then check your answers against the Answer Key which immediately follows the quiz questions.

1. After attending a Professional Standards Hearing, Realtor® Adam went home and discussed the case with his wife. He told her about all the parties involved and what had happened. Then shared his opinion on what the outcome of the hearing should be. Which Article did Adam violate?
 - a. Article 10
 - b. Article 11
 - c. Article 12
 - d. Article 14

2. According to Article 13, a licensee should be careful not to practice _____,
 - a. medicine
 - b. law
 - c. accounting
 - d. appraisal

3. Realtors® may not advertise
 - a. designations they have not obtained.
 - b. property they have listed.
 - c. a college degree.
 - d. an award they won.

4. Realtors® can do appraisals. If they do an appraisal, they
 - a. must follow USPAP rules and only do appraisals on Federally related transactions.
 - b. need not follow USPAP rules and only appraise on a Federally related transaction.
 - c. must follow USPAP rules and not appraise any Federally related transaction.
 - d. need not follow USPAP rules and not appraise any Federally related transaction.

5. When is an agent able to violate Federal Fair Housing Laws?
 - a. whenever it suits them
 - b. never
 - c. only if it is needed to make them money.
 - d. only if no one suffers monetary damages.

=====

Answer Key:

Unit Five: Realtors® Code of Ethics, Part II

- 1. d. Article 14**
- 2. b. law**
- 3. a. designations they have not obtained.**
- 4. c. follow USPAP rules and not appraise any Federally related transaction.**
- 5. b. never**

Interactive Exercises

Unit 5: Realtors® Code of Ethics, Part II

SITUATIONAL CASE STUDY:

A real estate agent is involved in local politics. During the County Commission meeting, the agent made a racist comment to a black member of the Commission. After the meeting, she went to her social media accounts and made additional derogatory comments against the Commissioner. She also suggested that the county would be better off if the County Commissioner died. Based on this information, discuss this scenario and answer the questions below.

Discussion Questions:

1. Which Article of the Code of Ethics do you feel was violated in this example?
2. What specific Standard of Practice do you feel was violated?
3. How could the situation be handled without violating the Code of Ethics?

Case Debrief:

1. Article 10 of the Code of Ethics was violated.
2. The agent violated Standard of Practice 10.5.
3. The agent may state their mind in the public forum; however, she may not use slurs or hate speech. She should have remained civil and not use derogatory comments against the County Commissioner. She would be guilty because she advocated violence against the Commissioner.

UNIT 6:

REALTORS[®] CODE OF ETHICS, PART III

Unit Six Learning Objectives: When the student has completed this unit he or she will be able to:

- Explain the duties a Realtor[®] owes to other Realtors[®].
- Summarize the overriding thesis of the Pathway to Professionalism
- Identify the penalties for violating the Code of Ethics.
- Define and differentiate between mediation, arbitration, and the Ombudsman program.

DEFINITIONS

Arbitration

A voluntary process where an independent third party listens to the individuals involved in the dispute and makes a binding decision on who is the winner.

Mediation

A voluntary process where an independent third person helps the parties agree to resolve their dispute. Mediation is considered a win-win option; the idea is that both sides will walk out feeling they got something from the mediation. In 90 days, if no resolution is met, the parties must move on to another dispute resolution method, preferably arbitration.

Ombudsman

A voluntary process where an individual appointed by a local Board of Realtors[®] receives assistance to resolve disputes through constructive communication and advocating for consensus and understanding.

Procuring cause

The agent who starts the uninterrupted chain of events leading to the sale or rental of a listing.

Public trust

Public trust refers to misappropriation of client or customer funds or property, discrimination against the protected classes under the Code of Ethics, or fraud.

Duties to Realtors[®]:

The fourth section of NAR's Code of Ethics covers how Realtors[®] should behave when interacting with other Realtors[®]. Articles 15 to 17 and their Standards of Practices identify specific behavior and guidelines for dealing with other Realtors[®]. This section restates many of the same ideas expressed in Articles 1 through 14; however, it explicitly identifies the duties owed to NAR members.

ARTICLE 15

" REALTORS® shall not knowingly or recklessly make false or misleading statements about other real estate professionals, their businesses, or their business practices."

Central theme. Article 15 of the Code of Ethics prohibits Realtors® from making a false or misleading statement about other real estate professionals, their own business, or their business practices.

Article 15 Standards of Practices: Article 15 three Standards of Practices as follows:

SP 15.1 – Realtors® may not file false or misleading statements about their business.

SP 15.2 – Realtors® may not make a false or misleading statement about other Realtor®. This Standard covers the false statements no matter what medium they are presented, i.e., digital, written, in person, etc.

SP 15.3 – Realtors® publish clarification if they discover a previous statement is false or misleading.

Article 15 Illustration: A Realtor® told everyone at her office that a competitive brokerage broker was not doing well financially. She even posted these statements on her Facebook page. She was trying to get agents from the other brokerage to join her company. She then boasted about how great her business was doing when in fact, it was struggling. This violation is of Article 15, Standard of Practices 15.1 and 15.2.

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."

Central theme. Realtors® must not try to steal away another broker's client. If they know someone is already working with a Realtor®, they must not try and get that client to come to them.

Article 16 Standards of Practice. Article 16 has 20 Standards of Practice as follows:

SP 16.1 – This Standard of Practice serves to set boundaries a Realtor® should not cross with respect to other practitioners. It is not trying to eliminate aggressive or innovative business practices.

SP 16.2 – A Realtor® may make general statements about their business and participate in marketing campaigns without infringing on other licensees' client relationships. Standard of Practice 16.2, however, outlines two unethical types of solicitation:

- 1.) Telephone or personal solicitation of sellers identified by yard signs or through MLS information; and,
- 2.) Mail or other written solicitation sent to customers or clients of other Realtors® that are not part of a mass marketing campaign.

SP 16.3 – A Realtor® may contact a client or customer of another Realtor® to offer different services than those the client is already under contract. Realtors® cannot use MLS information to target potential customers.

- SP 16.4 & 16.5 – A Realtor® should not try to steal listings or represented buyers from another agent. The only time a Realtor® may contact another Realtors® client is to get specific information not available by the other agent or not listed in the MLS.
- SP16.6 – If someone under contract with another Realtor® contacts a Realtor®, the Realtor® may discuss how they would work with the customer once their contract is up with the other real estate agent.
- SP16.7 – The fact that a customer has worked with a specific Realtor® in the past does not prohibit another Realtor® from trying to get hired once any existing contract has expired. People do not have to return to the same Realtor® for every transaction they complete.
- SP 16.8 – The fact that an exclusive agreement existed in the past does not prohibit another Realtor® from entering into a similar agreement once the first contact expires.
- SP 16.9 – Before entering into an agreement with a client, a Realtor® must ensure that the client is not already in another contract with a different Realtor®.
- SP 16.10 – A buyer's agent should disclose that the agreement exists between them when they begin to negotiate a contract.
- SP 16.11 – For unlisted property, Realtors® must disclose any relationship between themselves and other customers. They should also request any desired compensation at the first meeting.
- SP 16.12 – All contractual relationships should be disclosed before entering into a Purchase agreement.
- SP 16.13 – Realtors® should communicate to the co-broking Realtor® and not the customer or client.
- SP 16.14 – A Realtor® may enter into any representation but may not require them to pay compensation if the other party is contracted to pay compensation.
- SP 16.15 – All monies and compensation must be paid broker to broker.
- SP 16.16 – A Realtor® may not use the terms of an offer to modify the compensation terms already laid out.
- SP16.17 – Realtors® shall not attempt to extend a listing broker's offer of cooperation without the listing broker's consent.
- SP 16.18 – A Realtor® shall not use information obtained from another agent or the MLS to negotiate the client away from the firm.
- SP 16.19 – Realtors® must have the owner's permission before placing signs on the property.
- SP 16.20 – When a Realtor® leaves a brokerage, their listing stays with the brokerage. Agents are not allowed to entice customers to follow them to another agency.

Article 16 Illustration: A Realtor® is holding an open house. A couple comes in and begins looking around. They start asking the Realtor® questions and state they want to put an offer in on the house. The agent writes up an offer and presents it to the seller, who accepts it. Only after the offer is accepted does it come out that the buyers have a Buyer's Broker Agreement with another Realtor.

The Realtor holding the open house should have asked if they were under contract with another Realtor. This is a violation of Article 16 under the Code of Ethics.

ARTICLE 17

" In the event of contractual disputes or specific non-contractual disputes as defined in Standard of Practice 17-4 between REALTORS® (principals) associated with different firms, arising out of their relationship as REALTORS®, the REALTORS® shall mediate the dispute if the Board requires its members to mediate. If the dispute is not resolved through mediation, or if mediation is not

required, REALTORS® shall submit the dispute to arbitration in accordance with the policies of the Board rather than litigate the matter.

In the event clients of REALTORS® wish to mediate or arbitrate contractual disputes arising out of real estate transactions, REALTORS® shall mediate or arbitrate those disputes in accordance with the policies of the Board, provided the clients agree to be bound by any resulting agreement or award.

The obligation to participate in mediation and arbitration contemplated by this Article includes the obligation of REALTORS® (principals) to cause their firms to mediate and arbitrate and be bound by any resulting agreement or award."

Central theme. Realtors® should first commit to mediation if there are unsettled disputes. If mediation does not settle the conflicts, then the agents will move to binding arbitration.

Article 17 Standards of Practices: Article 17 has five Standards of Practices:

SP 17.1 – Realtors® who file litigation and refuse to withdraw in an arbitrable issue will constitute a refusal to arbitrate.

SP 17.2 – Parties to a dispute are not required to commit to mediation, but they are not relieved of the duty to arbitrate by not entering mediation.

SP 17.3 – Realtors® when acting solely as principals, are not obligated to arbitrate disputes with other Realtors®.

SP 17.4 – This Standard of Practice lays out specific times when non-contractual disputes are subject to arbitration. Procuring cause disputes fall under this category.

SP 17.5 – The requirement to arbitrate includes disputes between Realtors® from different states. It also states which association will have jurisdiction over the disputes.

Article 17 illustration. Whenever there is a dispute among Realtors® or the parties to a real estate transaction, the parties, per our contract, should first go to mediation and then to binding arbitration. Realtors should work to keep disputes out of the legal system whenever they are able.

NAR DISPUTE RESOLUTION

Processing complaints

Anyone can file a complaint. It can be Realtor® vs. Realtor® or client/customer against Realtor®. Once filed with a local association of Realtors®, the complaint is then forwarded to the Grievance Committee to determine if there is a violation of the code of ethics and an arbitrational issue. If the Grievance Committee believes there is sufficient evidence of an Ethics violation, a hearing will be scheduled with the Professional Standards Committee to hear the case and recommend the Board of Directors on outcome and punishment.

If there is a monetary issue, then the matter will be sent to the local Board's Ombudsman program to help the parties decide. If the Ombudsman does not settle the dispute, the parties will be offered the opportunity to enter mediation and then go on to arbitration to resolve the dispute.

Penalties

Possible penalties for violation of the Code of Ethics include:

- Letter of warning;
- Letter of reprimand;
- Education courses;
- Fines not to exceed \$15,000;
- Probation for not less than 30 days or more than one year;
- Membership suspension for not less than 30 days or more than one year;
- Expulsion from membership for one to three years; and/or,
- Suspension or termination of MLS rights and privileges.

PATHWAYS TO PROFESSIONALISM

While the Code of Ethics establishes enforceable standards that Realtors® must follow, it does not set out standards of common courtesy or etiquette that a Realtors® should use in their dealings with other Realtors® or the public. This is accomplished with NAR's set of professional courtesy standards called the Pathways to Professionalism.

There are three sections to the Pathways to Professionalism:

1. Respect for the Public
2. Respect for Property
3. Respect for Peers

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

Pathways to Professionalism

Respect for the Public

1. Follow the "Golden Rule": Do unto others as you would have them do unto you.
2. Respond promptly to inquiries and requests for information.
3. Schedule appointments and showings as far in advance as possible.
4. Call if you are delayed or must cancel an appointment or showing.
5. If a prospective buyer decides not to view an occupied home, promptly explain the situation to the listing broker or the occupant.
6. Communicate with all parties in a timely fashion.
7. When entering a property, ensure that unexpected situations, such as pets, are handled appropriately.
8. Leave your business card if not prohibited by local rules.
9. Never criticize property in the presence of the occupant.
10. Inform occupants that you are leaving after showings.

11. When showing an occupied home, always ring the doorbell or knock—and announce yourself loudly before entering. Knock and announce yourself loudly before entering any closed room.
12. Present a professional appearance at all times; dress appropriately and drive a clean car.
13. If occupants are home during showings, ask their permission before using the telephone or bathroom.
14. Encourage the clients of other brokers to direct questions to their agent or representative.
15. Communicate clearly; don't use jargon or slang that may not be readily understood.
16. Be aware of and respect cultural differences.
17. Show courtesy and respect to everyone.
18. Be aware of—and meet—all deadlines.
19. Promise what you can deliver—and keep your promises.
20. Identify your REALTOR® and your professional status in contacts with the public.
21. Do not tell people what you think—tell them what you know.

Respect for Property

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

Respect for Peers

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

12. Real estate is a reputation business. What you do today may affect your reputation—and business—for years to come.

The above is from the 2021 NAR Code of Ethics and Arbitration Manual, Pathways to Professionalism, page vii. <https://www.nar.realtor/code-of-ethics-and-arbitration-manual/pathways-to-professionalism>

Commitment to Excellence (C2EX)

Commitment to Excellence (C2EX) from the National Association of REALTORS® empowers REALTORS® to evaluate, enhance and showcase their highest professional levels. It's not a course, class, or designation—it's an Endorsement that REALTORS® can promote when serving clients and other REALTORS®.

The NAR Board of Directors has requested that all Board of Directors, committee members, and leadership complete the C2EX program. To date, over 50,000 Realtors® have completed this program.

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SNAPSHOT REVIEW: UNIT SIX
REALTORS® CODE OF ETHICS, PART III

SECTION FOUR OF CODE OF ETHICS

- Articles 15-17; discusses the Duties to Realtors®

Article 15

- Realtors® must be truthful, make objective comments about other real estate professionals.

Article 16

- respect exclusive brokerage relationships of other Realtors® with their clients

Article 17

- arbitrate financial disagreements with other Realtors® and with their clients.

COMPLAINT PROCESS

- **complaint process** begins with filing of a complaint by anyone against a Realtor®
- First, **Grievance Committee** reviews complaint, forwards to Professional Standards Committee if a violation of Code of Ethics occurred.
- **Professional Standards Committee** decides on punishment if a violation.
- recommendations forwarded to the Board of Directors to enforce

Pathway to Professionalism

- lays sets forth etiquette standards Realtors® should follow
- three categories of etiquette: Respect for the Public, Respect for Property, Respect for Peers

C2EX

- new program introduced by NAR, to date, 50,000+ Realtors® have completed program.

=====

Check Your Understanding Quiz:

Unit Six: Realtors® Code of Ethics, Part III

Carefully read each question then provide your best answer based on what you learned in this unit. Then check your answers against the Answer Key which immediately follows the quiz questions.

1. Jill completed a deal with Broker Jack. She was upset with the way Jack handled the transaction. She started spreading false rumors about Jack. Jill is guilty of violating _____ of the Code of Ethics.
 - a. Article 10
 - b. Article 15
 - c. Article 16
 - d. Article 17

2. According to Article 17, a licensee should be ready to _____ any complaints filed against them.
 - a. mediate
 - b. ombudsman
 - c. arbitrate
 - d. litigate

3. Procuring cause of a sale goes to the Realtor® who
 - a. listed the property.
 - b. started the chain of events that lead to the sale of the property.
 - c. held the open house where the buyers first saw the home.
 - d. had a fiduciary duty to their client.

4. Realtors® follow the Pathway to Professionalism to show respect for
 - a. the public, their peers, and their customers
 - b. the public, the property, and their clients
 - c. the public, the property, and their peers
 - d. the property, their peers, and their customers

5. C2EX is a new program
 - a. required by every Realtor®.
 - b. developed by local boards.
 - c. is the most recent NAR designation.
 - d. allows agents to show a high level of professionalism.

=====

Answer Key:

- 1. b. Article 15**
 - 2. c. arbitrate**
 - 3. b. started the chain of events that lead to the sale of the property.**
 - 4. c. the public, the property, and their peers**
 - 5. d. allows agents to show a high level of professionalism.**
- =====

Interactive Exercises

Unit 6: Realtors® Code of Ethics, Part III

SITUATIONAL CASE STUDY:

Dan, who held an exclusive listing of Joey's property, invited Janet to cooperate with him. When Janet, shortly thereafter, received an offer to purchase the property and took it to Dan. Janet asked to be present at the presentation of the offer, and Dan allowed this. Together they started negotiations with the seller. The next day Janet called Joey, recommending that Joey accept the offer, which was less than the list price, and Joey agreed. The contract was signed and closed.

Discussion Questions:

1. What Article has is Janet violated?
2. What were Standards of Practices violated?
3. How could the situation be handled without violating the Code of Ethics?

Case Debrief:

1. Article 16 of the Code of Ethics was violated.
2. The agent violated Standard of Practice 16.13.
3. At the hearing, Janet defended her actions because she had been invited to present the offer to the seller and begin the negotiations to sell the property. Janet had assumed that she had Dan's permission to talk with Joey about the property's sale. The ability of a Realtor® to speak with another agent's customer must be express and not implied.

Note: Each student's opinion on how to handle this case will vary; however, each student should support their stand.

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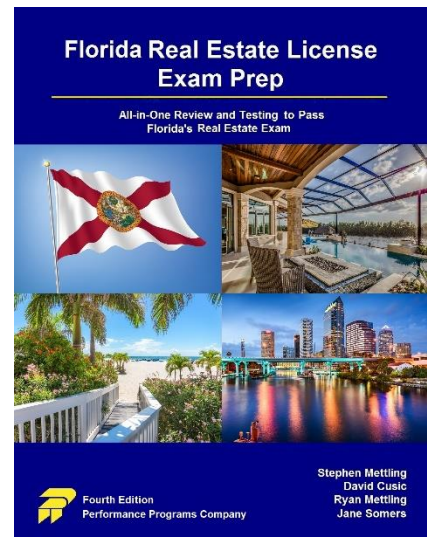
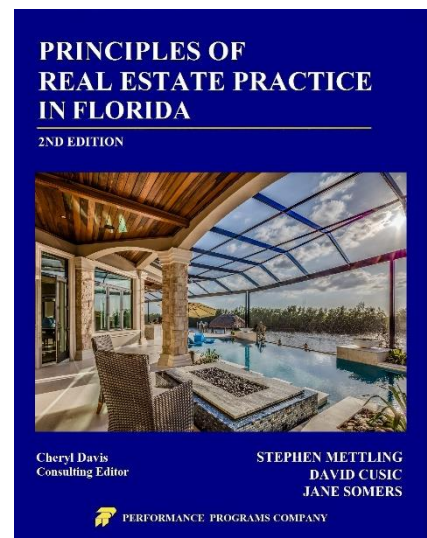
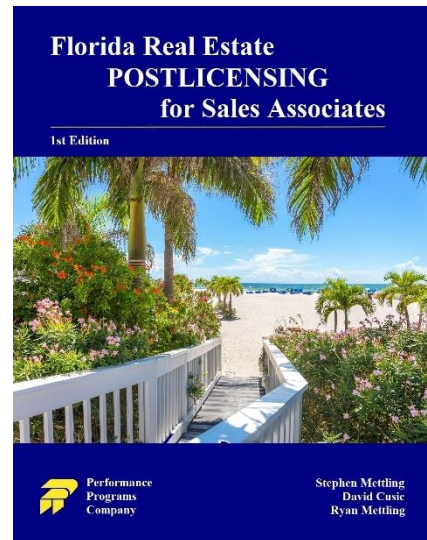
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Name as registered with DBPR: _____

Florida Real Estate License Number(s) #: _____

Address as registered with DBPR: _____

Email: _____ Phone: _____

Circle the Correct Answer

Question 1	A	B	C	D
Question 2	A	B	C	D
Question 3	A	B	C	D
Question 4	A	B	C	D
Question 5	A	B	C	D
Question 6	A	B	C	D
Question 7	A	B	C	D
Question 8	A	B	C	D
Question 9	A	B	C	D
Question 10	A	B	C	D

My signature below certifies that I have personally completed this course of instruction.

Signature: _____ Date: _____

Florida Real Estate
Continuing Education (FLA.CE) – Ethics-Only
FINAL EXAMINATION #1

Carefully read each question then provide your best answer based on what you learned in this manual.

1. NAR has recently changed Article 10 of the Code of Ethics. This change is due to a decrease in _____ from agents posting hate speech on social media.
 - a. public trust
 - b. mediation
 - c. arbitration
 - d. hurting other agents

2. Under Article 10 of the Code of Ethics, a Realtor® may not
 - a. use hate speech or slurs in their social media.
 - b. may say anything they want anytime they want.
 - c. post on social media whatever is on their mind.
 - d. threaten to murder someone in a protect class.

3. What year did the National Association of Realtors® introduce the Code of Ethics?
 - a. 1888
 - b. 1913
 - c. 1980
 - d. 2020

4. Situational Ethics consist of
 - a. decisions made based on current events.
 - b. decisions made based on the greater good to everyone.
 - c. bad decision-making practices.
 - d. not a common practice in the United States.

5. The voluntary process where a board appointed person works with the parties to resolve disputes is _____.
 - a. circuit court prosecution
 - b. litigation
 - c. private negotiation
 - d. ombudsman

6. C2EX is a new program that
 - a. is required by every Realtor.
 - b. was developed by local boards.
 - c. is the most recent NAR designation.
 - d. allows agents to show a high level of professionalism.

7. Who may file a breach of the Code of Conduct?
 - a. Only other Realtors
 - b. Only the clients
 - c. Only the public
 - d. Anyone

8. When was NAR formed?
 - a. 1908
 - b. 1857
 - c. 1913
 - d. 1953

9. Article 8 of the Code of Ethics addresses how to handle other people's money. How does this pertain to real estate?
 - a. Article 8 addresses how to handle commissions.
 - b. It discusses how to handle commission splits with the broker.
 - c. Article 8 addresses how to handle escrow funds.
 - d. It discusses how to handle referral fees.

10. What is the maximum fine for a violation of the Code of Ethics?
 - a. \$20,000
 - b. \$25,000
 - c. \$15,000
 - d. \$35,000