

Georgia REALTORS® partners with the Local Boards and REALTOR® Firms to provide quality, affordable continuing education courses.



PARTNERS IN EDUCATION

**REALTOR® Code of Ethics
#67706**

Sponsored by:

**Georgia Association of REALTORS®, GREC School #271
Partners in Education Program**

**Visit the Georgia REALTORS® website to learn about
membership benefits, continuing education opportunities,
networking events, and more!**



www.garealtor.com

NOTICE: The following material is copyrighted and is provided to you for one-time use only in this GAR-sponsored course.
You may not reproduce or redistribute any portion of this packet
without the express written permission from the GAR Professional Development Department.



STUDENT NOTICE

The Georgia Association of REALTORS®, Inc. is approved by the Georgia Real Estate Commission (GREC) to offer continuing education, sales postlicense, and broker prelicense courses. The GREC school code number is 271 with a renewal date of December 31, 2019.

The Georgia Real Estate Commission has approved this course for three (3) hours of continuing education credit. GAR school policy defines an instructional hour as 50 minutes.

To receive continuing education (CE) credit for this in-classroom course, the student must:

- ✓ be on time
- ✓ sign in with the course facilitator before the course begins
- ✓ be present in the course during all instruction periods
- ✓ return a completed evaluation to facilitator at the end of course
- ✓ not have taken this course for continuing education credit within the past 366 days.

There is no make-up session for this course.

Cell phones and other electronic devices can be distracting. Use of communication methods such as text messaging, E-mailing, web surfing, etc. is prohibited while class is in session if it poses a distraction to other attendees and shall be grounds for dismissal. Taking pictures of PowerPoint slides requires the permission of the instructor.

Entrance qualifications and standards of completion will not be based on race, color, sex, religion, national origin, familial status, handicap, sexual orientation, or gender identity.

No recruiting for employment opportunities for any real estate brokerage firm is allowed during this course or on the premises while this course is in session. Any effort to recruit by anyone should be promptly reported to the Director of Professional Development; Georgia Association of REALTORS®; 770-451-1831; 6065 Barfield Road; Sandy Springs, GA 30328; or to the Georgia Real Estate Commission; 404-656-3916; International Tower; 229 Peachtree Street, NW; Suite 1000; Atlanta, GA 30303-1605.

The REALTORS® Code of Ethics Your Promise of Professionalism



Objectives

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

- Explain the difference between legal, moral, ethical and professional obligations
- Identify possible violations of the Code of Ethics
- Describe the professional standards process for enforcing the Code of Ethics, including the duty to arbitrate
- List the two informal process for dispute resolution
- Define procuring cause and its application

I. Introduction of Key Concepts

A. Definitions:

1. Legal
2. Moral
3. Ethical
4. Professional

B. Values

C. Principals:

1. Objective based truths
2. Thinking oriented
3. Provide a moral compass
4. Carry an obligation

D. Four Core Values

1. Treat all human being with fairness
2. Do unto others as you would have them do onto you
3. Act so your act will produce over the long range, maximum good
4. Act so that your act could be a general law that could be served from human experience to work toward general human and social success

E. Character

1. Values + Principals = Ethics

2. Ethics + Self Control = Character

F. Ethical REALTOR® Questions

1. Are there any circumstances under which you can disclose to a cooperating sales agent that you have received another offer on the property you have listed?
2. As the listing agent, are there any circumstances under which you can ethically divulge the price and terms of an offer to another cooperating sales agent?
3. What is a variable rate commission?
4. Must a REALTOR® always pay the commission as advertised in the MLS to a cooperating broker who has procured a ready, willing, and able buyer meeting the seller's terms?

II. The Structure of the Code

- A. There are 17 Articles: broad statements of ethical principles
- B. Standards of Practice: support, interpret, and amplify the Articles
- C. "Official Case Interpretations": specific fact situations that explain Articles and/or Standards of Practice

III. Enforcement of the Code of Ethics

A. Informal Dispute Resolution

1. Ombudsman: A voluntary process in ethics where the parties communicate with an ombudsman whose role is communication and conciliation. Ombudsmen do not determine whether ethics violations have occurred. They help to resolve misunderstandings and disagreements before they become disputes and charges of unethical conduct.
2. Mediation: Voluntary processes through which the parties meet with a mediator who helps facilitate a mutually acceptable resolution.

B. Formal Dispute Resolution

1. Ethics Complaint: a violation of the Code

a. Grievance committee

- Answers key question: “If the allegations in the complaint are taken as true on their face, is it possible a violation of the Code of Ethics occurred?”
- A grievance committee’s review of an ethics complaint is not a hearing on the merits, but rather a preliminary review to determine if the complaint requires a hearing.

b. Ethics hearing panel

- Conducts full “due process” hearings, including sworn testimony, counsel, witnesses, and evidence.
- Determines whether there has been a violation of the Code of Ethics. Violations of the Code must be supported by clear, strong, and convincing proof.
- Imposes disciplinary action

2. Article 17 Arbitration: monetary dispute

a. Grievance committee

- Performs an initial screening function similar to its role in reviewing ethics complaints
- Asks key question: “If the claims in the request for arbitration are taken as true on their face, is the matter at issue related to a real estate transaction and properly arbitrable?” (Is there some basis on which an arbitration award could be based?)
- Arbitration hearing panel
 - Conducts full “due process” hearing, including sworn testimony, counsel, witnesses, and evidence.

- Decides who is entitled to an award as demonstrated by a preponderance of the evidence

IV. Concepts of Procuring Cause in Arbitration

1. *Black's Law Dictionary*, Fifth Edition, defines "procuring cause" as, "The proximate cause; the cause originating a series of events which, without break in their continuity, result in the accomplishment of the prime object."

2. No predetermined rules of entitlement. Myth Busters:

- Threshold Rule
- Contract Rule
- Agency Rule

V. Conclusion

The REALTOR® Code of Ethics:

- protects the buying and selling public and the general public
- promotes a competitive real estate market place
- enhances the integrity of our profession
- is **our** promise of performance
- is **our** promise of professionalism

The REALTORS® Code of Ethics Your Promise of Professionalism

- | | | |
|---|---|---|
| 1. Only REALTORS® are subject to the Code of Ethics. | T | F |
| 2. The authority to conduct arbitration is established in Article 17 of the Code of Ethics. | T | F |
| 3. When the Code of Ethics and state law conflict, law takes precedence. | T | F |
| 4. The NAR Board of Directors must approve changes to the Code of Ethics; the NAR Delegate Body must approve any changes to the Articles. | T | F |
| 5. The Code of Ethics is divided into three major sections, titled: "Duties to Clients and Customers," "Duties to the Public," and "Duties to Community." | T | F |
| 6. The Standards of Practice support, interpret, and amplify their respective Articles. | T | F |
| 7. First adopted in 1913, the purpose of the Code of Ethics was to establish a professional standard of conduct for real estate practitioners. | T | F |
| 8. The official "Interpretations of the Code of Ethics" are specific fact situations that explain the Articles and Standards of Practice of the Code of Ethics. | T | F |
| 9. Only REALTORS® may file ethics complaints and make requests for arbitration. | T | F |
| 10. The Code of Ethics always has required that REALTORS® respect other brokers' exclusive relationships. | T | F |
| 11. The first Code of Ethics was based on license laws. | T | F |
| 12. Procuring cause is the determining factor in ethics cases. | T | F |
| 13. The Preamble to the Code of Ethics, if violated, may be the basis for disciplinary action. | T | F |
| 14. The Code of Ethics includes 17 Articles that are broad statements of ethical principles. | T | F |
| 15. Enforcing the Code of Ethics rests with each state's regulatory body and each local association of REALTORS®. | T | F |
| 16. Ethics complaints often are based on disputes between REALTORS® of different firms over referral fees. | T | F |

- | | | |
|---|---|---|
| 17. The Code requires REALTORS® to present a true picture in all of their representations. | T | F |
| 18. Article 4 of the Code prohibits exaggeration, misrepresentation, and concealment of pertinent facts about the property or the transaction. | T | F |
| 19. Disciplinary action in an ethics hearing can include a fine of no more than \$1,000. | T | F |
| 20. The standard of proof in an ethics hearing is a “preponderance of the evidence.” | T | F |
| 21. The ethics and arbitration enforcement processes include an initial screening by a grievance committee. | T | F |
| 22. An ombudsman determines entitlement to compensation in an arbitration hearing. | T | F |
| 23. Mediation is the preferred dispute resolution system of the NATIONAL ASSOCIATION OF REALTORS® | T | F |
| 24. The “Pathways to Professionalism” document features a list of professional courtesies and etiquette that may be voluntarily followed by REALTORS®. | T | F |
| 25. The Code of Ethics is what sets REALTORS® apart from other real estate professionals, because it establishes a higher level of performance and professionalism. | T | F |

Georgia Association REALTORS® - Partners in Education

Student Course / Instructor Evaluation

Course Name _____

Instructor _____

Date _____

PLEASE FILL IN THE BUBBLES COMPLETELY SO ANSWERS ARE SCANABLE.

Please do NOT use check marks, x's or any other type of mark.

The instructor encouraged my participation through questions and answers or exercises.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

The instructor presented ideas clearly and made the subject matter interesting.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

The use of the outline / handouts for study and / or reference was helpful.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

The topic is relevant / helpful to my real estate activities.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

I would want this instructor back.

- Strongly Disagree
- Disagree
- Neutral
- Agree
- Strongly Agree

Additional Comments:

Thank you for your input. (Revised 5-2017)