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|  | Article 1 of the Code of Ethics is the most frequently alleged violation in complaints received by the association. This is likely because it encompasses a broad range of activities and is most closely tied to the obligations owed to a client.  It also has 16 standards of practice, which is the second highest of all the Articles of the Code of Ethics. |
|  | Article 1 reads:  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.  This can be boiled down to one statements: Protect and promote the interests of your client while treating all parties honestly.  Some of the standards of practice are clarification or explanation of the terms and expectations. For example, Standard of practice 1-1 states that REALTORS® remain obligated by the duties imposed by the Code of Ethics even when they are a principal to a transaction. This means that even when you are the buyer or seller, you must follow the Code of Ethics.  Rather than going through all of the standards of practice, we’re going to highlight those that we hear about more frequently. |
|  | There are four standards of practice which deal with submitting offers and counter offers.  SOP 1-6 says: REALTORS® shall submit offers and counter-offers objectively and as quickly as possible.  But what exactly does this mean? Does this mean that REALTORS® must send all offers and counteroffers to their clients immediately? No. The standard of practice requires objectively and as quickly as possible. This means that you cannot hold back some offers or counters because you don’t like the offer or think that it’s not as good as it could be. It also means that you should not wait days or weeks to send offers or counter offers to your client, unless you have something in writing from your client. For example, if the seller tells you that they want you to hold all offers until a specific date and present all at once because they will be out of town, that is fine. But this must be based on your client’s instructions, not your belief that they may prefer to have all offers presented at once in a week or two. |
|  | The next two, Standards of practice 1-7 and 1-8, are similar in many ways, just dealing with the seller vs. buyer side.  SOP 1-7 says:  When acting as listing brokers, REALTORS® shall continue to submit to the seller/landlord all offers and counter-offers until closing or execution of a lease unless the seller/landlord has waived this obligation in writing. Upon the written request of a cooperating broker who submits an offer to the listing broker, the listing broker shall provide, as soon as practical, a written affirmation to the cooperating broker stating that the offer has been submitted to the seller/landlord, or a written notification that the seller/ landlord has waived the obligation to have the offer presented. REALTORS® shall not be obligated to continue to market the property after an offer has been accepted by the seller/landlord. REALTORS® shall recommend that sellers/landlords obtain the advice of legal counsel prior to acceptance of a subsequent offer except where the acceptance is contingent on the termination of the pre-existing purchase contract or lease.  And SOP 1-8 says:  REALTORS®, acting as agents or brokers of buyers/tenants, shall submit to buyers/tenants all offers and counter-offers until acceptance but have no obligation to continue to show properties to their clients after an offer has been accepted unless otherwise agreed in writing. Upon the written request of the listing broker who submits a counter-offer to the buyer’s tenant’s broker, the buyer’s/tenant’s broker shall provide, as soon as practical, a written affirmation to the listing broker stating that the counter-offer has been submitted to the buyers/tenants, or a written notification that the buyers/tenants have waived the obligation to have the counter-offer presented. REALTORS®, acting as agents or brokers of buyers/tenants, shall recommend that buyers/tenants obtain the advice of legal counsel if there is a question as to whether a pre-existing contract has been terminated. *(Adopted 1/93, Amended 1/22)* |
|  | The final standard of practice that deals with offers, in a slightly different context, is 1-15. Standard of practice 1-15 reads: REALTORS®, in response to inquiries from buyers or cooperating brokers shall, with the sellers’ approval, disclose the existence of offers on the property. Where disclosure is authorized, REALTORS® shall also disclose, if asked, whether offers were obtained by the listing licensee, another licensee in the listing firm, or by a cooperating broker.  So remember, if you have your client’s permission to disclose the existence of other offers, you must also disclose, if asked, where those offers came from. |
|  | The final standard of practice in Article 1 deals with access to the property. Standard of practice 1-16 reads: REALTORS® shall not access or use, or permit or enable others to access or use, listed or managed property on terms or conditions other than those authorized by the owner or seller.  And although it’s not in Article 1, Article 3 has an almost identical Standard of Practice: REALTORS® shall not provide access to listed property on terms other than those established by the owner or the listing broker. This is Standard of practice 3-9.  So what do these both mean and why are they in two different articles? Well, both address how and when REALTORS® are allowed to access listed property. This means that REALTORS® must follow all showing instructions or other instructions by the seller for listed property. They both also mean that REALTORS® can only access listed property for approved purposes – namely showing, and once under contract, for inspections in the contract, or as otherwise allowed by the seller.  REALTORS® cannot access listed property for other reasons, like to use the hot tub in a vacant house, meet a paramour to conduct an affair, or other non-real estate related reasons.  The reason these standards of practice are in two different articles is because of what the overarching articles address. Article 1 requires REALTORS® to protect and promote the interests of their clients while treating all parties honestly. If a client is only in town for the weekend, and they really want to see the house, it might be in the buyer’s ‘best interests’ to see the house, even without an appointment or following showing instructions – although this is unlikely true because such a showing is trespassing and could lead to bigger problems. The only obligation buyer agents have to sellers under Article 1 is to treat them honestly. Article 3, on the other hand, covers the duties of cooperating brokers in a transaction. This is why the same behavior by a listing agent would be a violation of Article 1 – because of the duties they owe to their own client – and by a buyer agent would be a violation of Article 3 – because of the duties owed by a cooperating broker. |