

# **When You Come to the Fork in the Road, TAKE IT!**

## **Ethics for Real Estate Professionals**

### **Course Description and Learning Objectives**

#### **COURSE DESCRIPTION**

Ethics is the number one trait consumers say they look for in choosing a real estate agent. A clear understanding of “how things should work”, an ingrained sense of right and wrong, and the willingness to put the needs of the consumer ahead of their own are the fundamental duties agents owe to their clients. **When You Come to the Fork in the Road, TAKE IT!** is an overview of the National Association of Realtors® Code of Ethics, designed to reinforce basic ethical business practice in every day real estate situations, and to meet NAR’s new Biennial Code of Ethics education requirement.

The course focuses on the proper business practices licensees are expected to perform when they come to an ethical “Fork in the Road”. Students learn to apply the 17 ethical principles contained in the Code of Ethics to daily practice through case studies based on real-life transactions. Students also learn the basics of mediating and arbitrating disputes, as well as the process for enforcing ethics and conducting arbitrations amongst Realtors® and consumers.

New Mexico real estate consumers benefit when licensees understand their ethical obligations to their clients and customers. Consumers are better protected from unethical agents by teaching licensees proper ethical business practice, including the “do’s and don’ts” of ethical conduct, and how to enforce those obligations amongst their peers. This course will prepare real estate licensees to conduct ethics-based transactions for New Mexico consumers that are less difficult, better communicated, and which that meet the consumer’s expectations and goals.

#### **LEARNING OBJECTIVES—As a result of this class, students will be able to:**

##### **Section 1: Overview, History and Duties to Clients and Customers**

- Describe the origins of the Code, its influence on license law and its establishment of arbitration as the process for resolving monetary disputes between REALTORS®
- Describe the concepts of business ethics and identify how the Code of Ethics compares
- List the major categories of the Articles of the Code of Ethics and describe the structure of the Code and its supporting materials
- Identify the overall duties to clients and customers in the Code of Ethics Articles 1-9
- Define the Article 1 obligation to present all offers objectively and promptly, including the obligation to present offers made by cooperating agents without prejudice

## **Section 2: Duties to Clients and Customers and Duties to the Public**

- Identify the obligations in Article 2 to make disclosures to clients regarding properties and transactional details
- Explain the obligations in Article 3 to cooperate with other agents, except when cooperation is not in the best interests of the client
- Identify the overall duties to the general public in the Code of Ethics Articles 10-14
- Explain the concept of a “true picture” in advertising and other representations as required by Article 12
- Identify which company and which broker may advertise a listing as “sold”, including when brokers change firms

## **Section 3: Duties to Professionals and the Dispute Resolution Process**

- Identify the overall duties to other REALTORS® in the Code of Ethics Articles 15-17
- Explain the duty not to interfere with the exclusive relationships REALTORS® have with their clients as identified in Article 16
- Identify the requirement in Article 17 to mediate or arbitrate monetary disputes.
- Briefly explain the factor to be considered in Arbitrations based on Procuring Cause
- Differentiate between Mediation and Arbitration, and explain the benefits of Mediation
- Differentiate between the Ethics and Arbitrations processes
- Identify and describe the roles of the three REALTOR® committees tasked with Ethics enforcement and Arbitration, including Due Process
- List the three groups covered by the Pathways to Professionalism document. Explain that the Pathways are voluntary duties, and cannot be the basis of ethics complaint

**Course Title:** When You Come to the Fork in the Road, TAKE IT! Ethics for Real Estate Professionals

**Course Description:** An overview of the National Association of Realtors® Code of Ethics, designed to reinforce basic ethical business practice in every day real estate situations, to teach the ethical obligations REALTORS have to Customers, Clients, the Public and each other, and to meet NAR’s new Biennial Code of Ethics education requirement.

**Learning Objectives (See attachment on Bloom’s Taxonomy and Learning Levels)**

<b>Learning Level</b>	<b>Learning Objective—Students will be able to</b>
Knowledge	Describe the origins and structure of the Code of Ethics and the Standards of Practice, their influence on license law, relationship to general business ethics, and application to daily real estate practice.
Understand	Explain the obligation to avoid Exaggeration, Misrepresentation, or Concealment of Pertinent Facts about a Property or Transaction
Knowledge	Identify the three groups to whom REALTORS have ethical obligations (Customers and Clients, the Public, and other REALTORS), and give examples of specific duties owed to each group
Evaluate	Illustrate the specific obligation to present all offers objectively and promptly, including the obligation to present offers made by cooperating brokers without prejudice
Understand	Explain the specifics of the obligation to cooperate with other brokers, except when cooperation is not in best interests of the client.
Apply	Demonstrate the concept of a “true picture” in advertising and other representations as required by Article 12. Predict the circumstances under which company or a broker may advertise a listing as “sold”
Evaluate	Describe the general duty not to interfere with the exclusive relationships other REALTORS® have with their clients, in contrast with the specific circumstances where REALTORS® may interact with clients exclusively represented by others
Understand	Describe the requirement in Article 17 to mediate or arbitrate monetary disputes and give examples of the differences between the Ethics, Arbitration, and Mediation processes.
Knowledge	Identify the three REALTOR® committees tasked with Ethics enforcement and Arbitration and the three groups to whom REALTORS® have aspirational duties in the Pathways to Professionalism document

**The following will be the means used in assessing whether the Learning Objectives have been met (Pre and post-test, Q&A etc.)**

Verbal Question and Answer, case study evaluation and group reporting, in-class writing of findings of fact, individual repetition of key discussion points

Timed Outline: Describe in detail the components of the course by breaking it down into subject matter areas of no greater than 15 minutes. What will be the method of instruction or teaching technique used for each area (lecture, slides, group activities, videotape etc.)

<b>Length in Time</b>	<b>Teaching Technique</b>	<b>Subject Matter Segment and Description</b>
5 Minutes	PowerPoint, and Lecture	Introductions and course overview—the Fork in the Road theme
15 Minutes	Case Study and lecture	Article 2 Case Study: Avoiding Exaggeration, Misrepresentation or Concealment of Pertinent Facts about Property or Transaction
10 Minutes	PowerPoint and lecture	History and Development of the Code of Ethics
10 Minutes	Lecture/Role Play, Discussion	Business Ethics and the Code of Ethics—How and Why they Work
10 Minutes	Lecture, Group Discussion	Duties Owed to three groups through the Code of Ethics and supporting Standards of Practice. Duties to Clients and Customers in Articles 1-9
5 Minutes	Discussion	Detailed review of Article 1 and Standard of Practice 1-6
15 Minutes	Role Play, Group Discussion	Article 1 Case Study: Presenting another Broker’s Offer to Your Seller Client—Promptly and Objectively
<b>15 Minutes</b>	<b>BREAK</b>	<b>BREAK</b>
5 Minutes	Discussion	Article 2 – Disclosure is Required, but expertise is limited by license
10 Minutes	Discussion	Detailed review of Article 3 and Standard of Practice 3-2
15 Minutes	Case Study and Role Play	Article 3 Case Study: The Duty to Cooperate requires listing broker to disclose changes in compensation offered prior to procuring an offer
10 Minutes	Lecture/Group Discussion	Identify the overall duties to the general public in the Code of Ethics Articles 10-14 and Standards of Practice
10 Minutes	Lecture, Group Discussion	Understanding the requirement to create a “true picture” in advertising and other representations as required by Article 12
5 Minutes	Lecture	Detailed review of Article 12 and Standard of Practice 12-7
15 Minutes	Case Study and Role Play	Article 12 Case Study: A “true picture” in advertising requires correctly identifying which broker “sold” a listing even after brokers change firms
<b>15 Minutes</b>	<b>BREAK</b>	<b>BREAK</b>

<b>Length in Time</b>	<b>Teaching Technique</b>	<b>Subject Matter Segment and Description</b>
5 Minutes	Lecture/Group Discussion	Identify the overall duties to other REALTORS in the Code of Ethics Articles 15-17 and Standards of Practice
10 Minutes	Lecture and Role Play	The duty not to interfere with the exclusive relationships REALTORS® have with their clients does not limit a consumers right to choose
5 Minutes	Lecture	Detailed Review of Article 16 and Standard of Practice 16-6
15 Minutes	Case Study and Role Play	Article 16 Case Study: Open House interaction between a listing broker and a buyer client exclusively represented by another brokerage
10 Minutes	Handouts and Discussion	Detailed review of Article 17 and Standard of Practice 17-4, including Arbitration and Procuring Cause
10 Minutes	Lecture	Alternative Dispute Resolution—benefits of Mediation over Arbitration
10 Minutes	Lecture/Group Discussion	Ethics enforcement and Arbitration of Monetary Disputes, including the volunteers who serve, procedures, and the five elements of due process
5 Minutes	Discussion	Pathways to Professionalism (aspirational duties) and Class Summary
<b>End of Class</b>		

## **INSTRUCTIONS FOR CONTINUING EDUCATION COURSES**

1. Any pre-licensing or continuing education course must have been approved by the commission before the course is offered for credit. Courses must incorporate New Mexico law and regulations when relevant. A course application form must be completed and submitted to the commission before consideration of a course for approval by the education steering committee (ESC).
2. Before course approval, the instructor teaching the course shall make a presentation before the ESC according to presentation criteria established by the ESC.
3. The ESC shall assign the number of credit hours to each course and determine whether the course is in the education or training category.

**Please review the New Mexico Real Estate License Law and Real Estate Commission Rules Part 15, Approval of Real Estate Courses, Sponsors and Instructors for additional requirements.**