**Errata (2012-09-11)**

At Dearborn™ Real Estate Education, we are proud of our reputation for providing the most complete, current, and accurate information in all our products. We are committed to ensuring the kind of quality you rely on. Please note the following changes, which will be reflected in the next printing of *Know the Code: Real Estate Ethics*.

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| **Page/Location** | **Was** | **Change to** |
| 5 | ***Guidelines for Ethical Business***  The George S. May International Company provides consulting services to businesses in a wide variety of categories. The company maintains a Web site spe­cifically directed to ethics. It contains articles on different aspects of ethics and ethical behavior that may be downloaded or linked to at no cost *(http://ethics.georgesmay.com).* One of the most useful articles is “Guidelines for Ethical Business Operations,” which outlines six practical guidelines for ethical business opera­tions as shown in Figure 1.1.  [**Figure 1.1 |** Guidelines for Ethical Business Operations] | ***Making Ethical Business Decisions***  Ethical decisions are based on various factors. In your real estate practice, your decisions might be guided by your company’s code of ethics. If your company does not have a written code of ethics, or even if it does, following general guidelines for ethical business will help you make choices that are good for you, your clients and customers, and your broker. The following are six practical guidelines for making ethical business decisions:  **Laws—**Laws are rules and regulations designed to reflect the needs of a society for safety and protection. Consider the action that you plan to take. Is the action legal? Are there rules or regulations related to that action? If so, are you familiar with them? Ignorance of the law is not an excuse.  **Rules and Procedures—**Organizations develop rules and procedures to guide business operations. Defined processes generally promote efficiency, prevent problems, and provide a framework that sets the company up for success. Does your decision align with company policies and procedures?  **Values—**Values are social principles that serve as the basis for laws and policies. In turn, laws and policies reinforce the values. Our values guide us to follow laws to the fullest extent. Does your action agree with the overall purpose of a law or rule or are you attempting to find a loophole?  **Conscience—**We develop a sense of right and wrong from an early age and make choices based on how it makes us feel. A decision that leads to feelings of guilt or shame is likely an unethical one. Will your action make you feel guilty?  **Promises—**Business is based upon trust. Promises carry with them the expectation of being fulfilled. Failing to fulfill a promise decreases client and broker satisfaction and erodes existing relationships and trust. Will your action live up to the commitment that you made to another in the business relationship? Will your action build more trust?  **Heroes—**Most people have role models and tend to emulate that person or that person’s actions. Generally, these heroes are heroes for a good reason; they are good at what they do and are respected for it, and they make decisions that are good for themselves and others. When you make decisions, think of your hero or role model. Would your hero make the same decision? Will your hero be proud of your actions?  As you study the guidelines, ask yourself how they may be applied to your own practice of real estate. |
| 10, question 5 | d. George May Foundation | d. Department of Housing and Urban Development |
| 10, question 8 | Of the six practical guidelines for ethical business behavior outlined in “Guidelines for Ethical Business Operations,” the ones *MOST* likely to result from the “top down” are | Of the practical guidelines for making ethical business decisions, the ones *MOST* likely to result from the “top down” are |
| 32, second paragraph | Enforcement of the Code of Ethics is handled at the local level through hearing panels made up of members of the Professional Standards Committee. Guidelines for ethics and arbitration hearings are provided in the *NAR Code of Ethics and Arbitration Manual* published annually by NAR. | Enforcement of the Code of Ethics is usually handled at the local level through hearing panels made up of members of the Professional Standards Committee. In some cases, a small board or association may opt to have the complaint handled by the state to avoid any question of conflict of interest. Guidelines for ethics and arbitration hearings are provided in the *NAR Code of Ethics and Arbitration Manual* published annually by NAR. |
| 33, first paragraph | There are 15 **Standards of Practice** attached to Article 1, many of which reflect changes made necessary as a result of the growing importance of buyer agency. | There are 16 **Standards of Practice** attached to Article 1, many of which reflect changes made necessary as a result of the growing importance of buyer agency. |
| 33, seventh paragraph, last sentence | The most recently adopted SOP, 1-15, specifies the condition under which existing offers on a property may be disclosed. | SOP 1-15 specifies the condition under which existing offers on a property may be disclosed. The newest SOP 1-16 prohibits allowing anyone not authorized by the owner to have access or use of the property. |
| 35, second full paragraph |  | [Add sentence after “...under certain circumstances.”]  In January 2011, the Article was amended to include an additional protected class of sexual orientation. Standard of Practice 10-3 was also amended to reflect that no discrimination would be made in printed, displayed, or circulated statements or advertisements against persons based on sexual orientation. |
| 36, fourth full paragraph, second sentence | This is the gist of Article 15: make no false or misleading statements about competitors, their business, or their business practices. | This is the gist of Article 15: make no false or misleading statements about other real estate professionals, their business, or their business practices. |
| 38, first paragraph |  | [Add sentence after “...rather than through litigation.”]  Article 17 was amended in 2012 to require mediation if the local board requires it. If the dispute is not resolved through mediation, the dispute shall be submitted to arbitration. SOP 17-2 was amended to make it clear that mediation is not mandated in cases where all parties choose not to have it mediated or arbitrated through the board or association. |
| 44, first full paragraph |  | [Add paragraph after “...at the end of the cases.”]  The NAR Code of Ethics and Arbitration Manual 2012 contains three new case interpretations for Article 16 on Representation that may be of interest. |