



BEE  
REAL ESTATE SAVVY



Las Vegas AGENT FORMULA

The Internet Formula For Las Vegas Agent Success

# ETHICS

## What Do You Think CE.7062000-RE





## What do YOU Think? Ballot

- 1) Cambridge Analytica - I know what that is. Yes No
- 2) GDPR - Is it a good thing? Yes No
  - a. Wait, Russia nor China, have it?
- 3) Tram brakes go out - turn the wheel? Yes No
- 4) Your car is driving... Four One
  - a. Does it matter WHO The ONE is?
- 5) THERE IS a person at the wheel. Who gets charged w/manlaughter?
  - a. The Driver never touched the wheel, and the car warned them multiple times?
- 6) Are ants "Sentient Beings" and do Bears have Ethics?
- 7) LAWS Lethal Autonomous Weapons System (It decides by itself who to kill. Again, Russia/China?)
- 8) At what age do babies get Ethics? Three Puppets?  
Mariano Sigman



- 9) If you were Churchill - what would you do?
  - a. Is it O.K. to write a book?
  
- 10) Heinz Dilemma/"Out of Time" w/Denzel Washington
  - a. Steal the Drug
  - b. Steal the Money
  - c. Die?
  
- 11) Do we have the right to KILL?  
Capital Punishment - the Death Penalty  
Brian Stevenson / TED Talk
  
- 12) If you could buy a 'Magic Suit' that would make you
  
- 13) The Sugar Bowl? Guilty Not Guilty
  
- 14) Does "the end justify the means"?  
"Ender's Game" Book Series and Movie w/Harrison Ford
  
- 15) Mortal - Immortal - Amortal  
(From Sapiens: A Brief History of Humankind by Yuval Harari) Unable to die from disease or age. Immortal if no physical ailment befalls you.

Your name: \_\_\_\_\_



## COURSE OBJECTIVES

We'll complete TWO Case Studies to determine what YOU think MAY violate the Code of Ethics and therefore NAC 645.605

We'll cover the liability of the licensee AND the broker - including acts of the client ...

We'll wrap with 3 real life scenarios and get your input on what YOU would have voted if you were on the R.E. Commission or an Ethics Panel...

This is an ETHICS course - BUT the law AND the regulation require ethical behavior!!!

NAC 645.605 Considerations in determining certain misconduct by licensee. (NRS 645.050, 645.190, 645.633) In determining whether a licensee has been guilty of gross negligence or incompetence under paragraph (h) of subsection 1 of RS 645.633 or conduct which constitutes deceitful, fraudulent, or dishonest dealing under paragraph (i) of that subsection, the Commission will consider, among other things, whether the licensee:

(Note, it's NOT only gross negligence but also incompetence.)

1. Has done his or her utmost to protect the public against fraud, misrepresentation or unethical practices related to real estate or time shares.

(Note, when you see someone doing something unethical - what do you do to 'protect the public?')

NRS 645.3205 Dealing with party to real estate transaction in manner, which is deceitful, fraudulent, or dishonest prohibited. A licensee shall not deal with any party to a real estate transaction in a manner which is deceitful, fraudulent, or dishonest.

(Note, so legally-it's the LAW, you MUST tell the truth - always!)



QUESTION: Under the NAR Code of Ethics - is there an Article that states you must "deal fairly' with all parties?

YES \_\_\_\_\_

NO \_\_\_\_\_

IDK \_\_\_\_\_

**EXCERISE ONE: YOU DID WHAT?  
(THREE PARTS)**

SCENE 1 - You get a 'Sign Call'. The property is listed by your office - but NOT by you personally. The caller wants to know the price -what do you say?

SCENE 2 - The caller says - that sounds WAY too high and wants to know what YOU think - what do you say?

SCENE 3 -The caller says - O.K. I'd like to see it. - I live in the area and I have an appointment today to see another property down the street at 5:30 today (it's 10:00 a.m.), - how quickly could you come show it to me.

**COMMISSION HEARINGS - WHAT DID THEY DECIDE?**

In the July/Aug/Sept. 20171 sue of the "Open House"

The Cover Article was "Ethics in Government' (NRS 281A). The article covered "standards of conduct for public officers".

In that issue, in the section titled... Disciplinary Actions / Stipulations

The Commission took the following actions:

5 License Revocations (2 were Voluntary), 1 Downgrade - 3 Fines coupled w/Education



## Is it YOU (the licensee), or is it the Broker?

Following is the main part of what a Broker is responsible for ...  
NAC 645.600 Responsibilities of broker regarding associated licensees, employees and operation of business; agreement to retain licensee as independent contractor. (NRS 645.050, 645.190)

1. Every real estate broker shall teach the licensees associated with him or her the fundamentals of real estate or time-share practice, or both, and the ethics of the profession. The broker shall supervise the activities of those licensees, the activities of his or her employees and the operation of his or her business.
2. The supervision described in subsection 1 includes, without limitation, the establishment of policies, rules, procedures, and systems that allow the real estate broker to review, oversee and manage:

(Note: how long does an agent have to turn in transaction documents to the Broker?)

- a) The real estate transactions performed by a licensee who is associated with the real estate broker;
- b) Documents that may have a material effect upon the rights or obligations of a party to such a real estate transaction;
- c) The filing, storage and maintenance of such documents;
- d) The handling of money received on behalf of a real estate broker;
- e) The advertising of any service for which a real estate license is required; and

The familiarization by the licensee of the requirements of federal and state law governing real estate transactions, including, without limitation, prohibitions against discrimination.



3. In establishing such policies, rules, procedures and systems, the real estate broker shall consider the number of licensees associated with the real estate broker, the number of employees employed by the real estate broker and the number and location of branch offices operated by the real estate broker.

4. A real estate broker shall establish a system for monitoring compliance with such policies, rules, procedures, and systems. The real estate broker may use a real estate broker-salesperson to assist in administering the provisions of this section so long as the real estate broker does not relinquish overall responsibility for the supervision of the acts of the licensees associated with the real estate broker.

5. A real estate broker may enter into a written agreement with each licensee associated with the real estate broker to retain the license as an independent contractor. If such an agreement is entered into, it must:

(a) Be signed and dated by the real estate broker and the licensee; and

(b) Include the material aspects of the relationship between the real estate broker and the licensee, including, without limitation, the supervision by the real estate broker of the activities of the licensee for which a real estate license is required.



## MOVING FROM NAC TO NRS: Your Client Tells Big Fat Whopper

The Statute is VERY CLEAR about whether- and or when a licensee is responsible for a misrepresentation by the client - to wit:

NRS 645.259 Liability of licensee for misrepresentation made by client; failure of seller to make required disclosures is public record. A licensee may not be held liable for:

1. A misrepresentation made by his or her client unless the licensee:
  - (a) Knew the client made the misrepresentation; and
  - (b) Failed to inform the person to whom the client made the misrepresentation that the statement was false.
2. Except as otherwise provided in this subsection, the failure of the seller to make the disclosures require by NRS 113.130 and 113 .135 if the information that would have been disclosed pursuant to NRS 113 .130 and 113.135 is a public record which is readily available to the client. Notwithstanding the provisions of this subsection, a licensee is not relieved of the duties imposed by paragraph (a) of subsection 1 of NRS 645.252.

So, what the above MEANS is ... did you know - & recall that 645.252 mentioned above requires "reasonable care" and it includes NRS 113 - which is???

In the "REAL WORLD" -the seller states they have a 'New Roof' - what do you do to satisfy the 'reasonable care' duty to protect and promote your client's interest while being honest with all parties?

Discuss -the "Duty of Inquiry" -how responsible are you for the QUESTIONS you ask-even if you are NOT responsible for the answers?

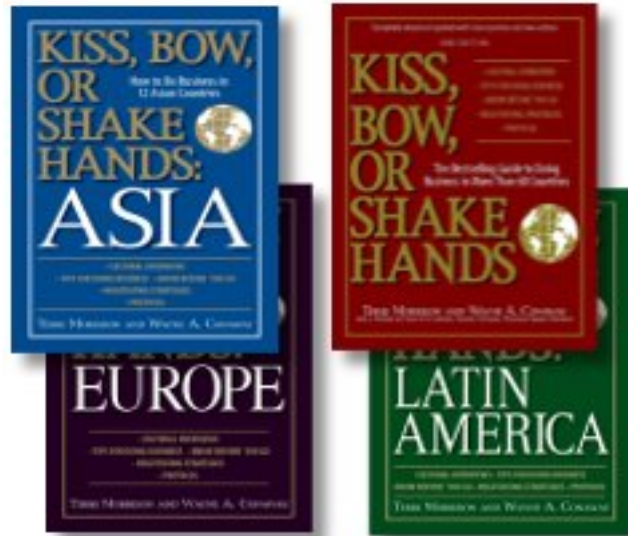
"WHAT DO YOU THINK? How far would you pursue it when there is a stain on the ceiling and the Seller says the roof never leaked?

How about a stain on the wall (the water heater happens to be behind THAT wall)?





## 2 WIVES AND THE IMPACT OF CULTURE ON ETHICS



### WHAT DID CLIENTS WANT? SURVEY SAYS ...



#### Methodology

Among Recent Buyers and Sellers In July 2022, NAR mailed out a 129-question survey using a random sample weighted to be representative of sales on a geographic basis to 153,045 recent home buyers. The recent home buyers had to have purchased a primary residence home between July of 2021 and June of 2022. A total 4,854 responses were received from primary residence buyers.

After accounting for undeliverable questionnaires, the survey had an adjusted response rate of 3.2 percent. Respondents had the option to fill out the survey via hard copy or online.



"All hurt comes from violated expectations."

- Eighty-six percent of buyers recently purchased their home through a real estate agent or broker, and 10 percent purchased directly through the previous owner.
- Having an agent to help them find the right home was what buyers wanted most when choosing an agent at 49 percent.
- Thirty-eight percent of buyers used an agent that was referred to them by a friend, neighbor, or relative, 12 percent used an agent that they had worked with in the past to buy or sell a home, and 10 percent found their agent when inquiring about a specific property found online.
- Sixty-seven percent of buyers interviewed only one real estate agent during their home search.
- Eighty-nine percent of buyers would use their agent again or recommend their agent to others.



## EXERCISE TWO

Bob buys a house, using his old pal Billy from ABC Realty to represent him. Billy tells Bob that the Listing Agent, Allen, said there were at least 3 other offers coming in so Bob makes a full price (\$290,000) offer, with an 'Escalation Clause'.

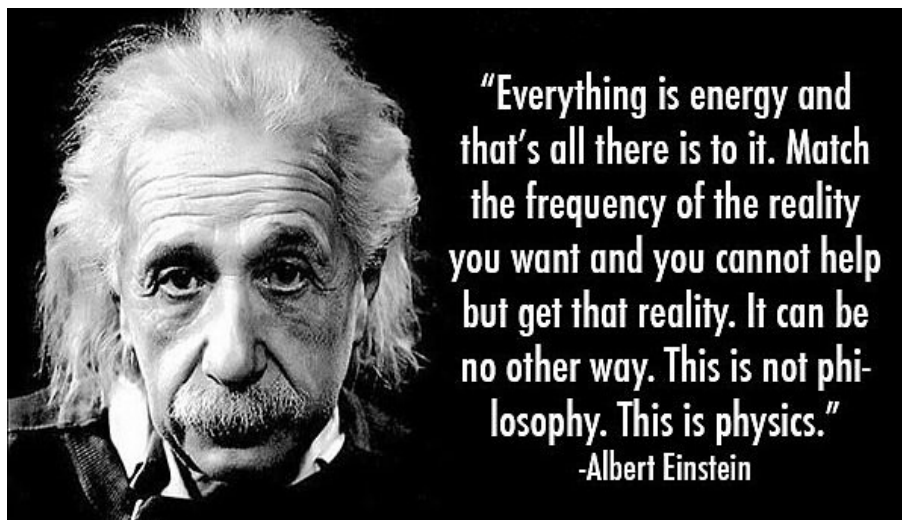
The appraisal comes in at \$285,000 and the Seller adjusted to that number. After Bob buys, he starts to wonder whether there really were 3 other offers (he did NOT have to escalate).

'Bob goes to the Association of REAL TORS® and files a complaint stating that Allen treated him unfairly. Since he was the FIRST offer, he feels Allen should have presented his offer without interference from the other buyers (who didn't even offer full price).

Before we continue ... Let's revisit the NAR Code of Ethics. In the Preamble it states ... In the interpretation of this obligation, Realtors® can take no safer guide than that which has been handed down through the centuries, embodied in the Golden Rule,

"Whatsoever ye would that others should do to you, do ye even so to them."

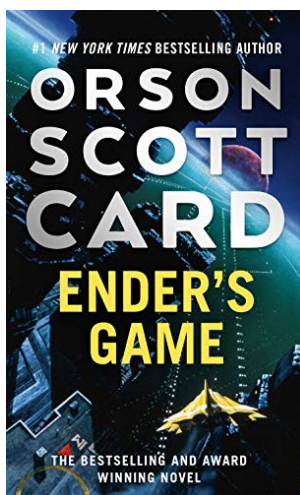
So, what is the "Platinum Rule"? \_\_\_\_\_





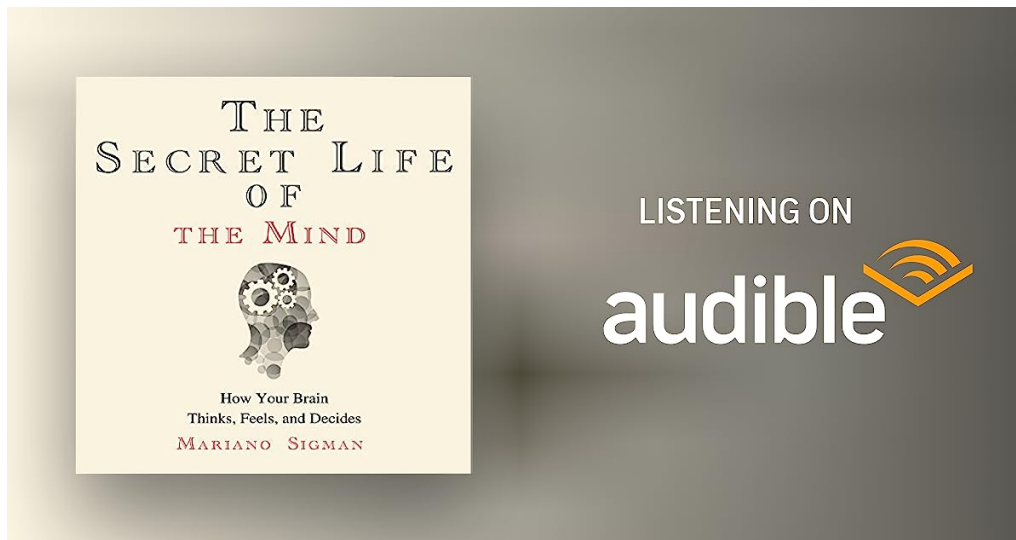
### 3 SCENARIOS - YOU CALL IT...

1. Mary interviews 3 agents for her listing. The first agent says market value is \$259,000. The second agent says market value is \$269,000. The third agent says market value is \$310,000. She lists with the third agent and the property sells, after 5 months on the market and 4 price reductions for \$262,000. Do you see any problem here?
2. You write an offer on a 'hot listing'. Listing Agent tells you "All offers will be presented at the same time 5 days from now." You do NOT get the property and your buyer wants to file a complaint against YOU for not presenting the offer 'promptly'. The house sells \$32,000 over list. Did the Listing Agent act ethically by holding off on offer presentations?
3. You go on a great listing appointment. The seller informs you that they have a "Medical Card" and that they do smoke and vape a LOT of Cannabis - and they tell you they like to party, and their friends ALL happen to have "Medical Cards" as well. They don't invite you to their next party ® You are holding an Open House and a prospect says the house smells suspicious and that her oldest son was arrested for selling 'Pot' to his friends and she is concerned his younger sister might have picked up some bad habits. She says she wants nothing to do with ANY property that may have ANY involvement with ANY TYPE of drug activity. What do you do, or say?



Reference: "Enders Game" - Either the 2013 Movie starring Harrison Ford or the 1985 Book by Orson Scott Card

Ethical Dilemma - "Do the ends justify the means?"



Published in 2015 - The Bibliography is 17 pages!

Pg. 31 - Moral judgement by re-verbal/babies (6-12 months). The puppet theater ...

Pg. 48 - Churchill, Turing and YOU - 'Would you have done if you were Churchill?'

Pg. 54 - "Demographic studies of organ donation group different countries into two classes: those in which almost all the inhabitants agree to donate organs, and another in which almost no one does." There is a striking absence of intermediate classes. In countries where the form says: 'If you wish to donate organs, sign here', no one does. On the other hand, in countries where it says: 'If you do NOT wish to donate organs, sign here, almost everyone donates. (It's not a religious or moral question - no one FILLS OUT the form!!!)

Pgs. 76-81 "Deontological - duty and obligation (the means are more important than the ends) vs. Utilitarian - what actually happened.

Pg. 78 - "You are on a tram without brakes that is on a track where there are five people. You know without a doubt that there is no way to stop it, and it will run over those five people. There is only one option. You can turn the wheel and take another track where only one person will be run over. Would you turn the wheel.





### The Sugar Bowl Dilemma

Joe puts poison in a sugar bowl - and feeds it to his friend, Peter.

Peter, thinking its sugar, eats it. Peter has a particular immunity, and the sugar doesn't harm him. Is Joe guilty?

Peter, thinking it IS sugar, because he ate it, unknowingly gives the sugar/poison to their friend and THEY die - it Pele, guilty? (I didn't know the gun was loaded)?

### Pragmatic Vs Moral

You are Dr. on a nearly deserted island. You have five patients, each one with an illness in a different organ that can be solved with a single transplant you know will undoubtedly cure them. Without the transplant, they will all die.

Someone shows up with the flu. You know you can anaesthetize them and use their organs to save the other five. No one will know and it is only a matter of your own conscience being the judge.

Three other concepts that make this book worth reading are;

The 'Dictator' game, The 'Corruption' game & The 'Trust' game

Heinz Dilemma? Denzel Washington movie "Out of Time"

### COURSE WRAP

**YOU'RE NOT DON YET!**

What was the most important thing you learned today?

What do you think will have the most impact on how you will conduct yourself and your business from here out.

What will you DO with this information.