

### Case Study #3: Loose Lips Sink Ships

As the exclusive agent of Client Arnold, REALTOR® Keith offered Client Arnold's house for sale, advertising it as being located near a public transportation stop. Prospect Charles, who explained that his daily schedule made it necessary for him to have a house near the public transportation stop, was shown Client Arnold's property, liked it, and made a deposit. Two days later, REALTOR® Keith read a notice that the transportation running near Client Arnold's house was being discontinued. He informed Prospect Charles of this, and he responded that he was no longer interested in the house since the availability of public transportation was essential to him. REALTOR® Keith also informed the Client and recommended that Prospect's deposit be returned.

Client Arnold reluctantly complied with the recommendation, but then complained to the Association of REALTORS® that REALTOR® Keith had not faithfully protected and promoted his interests; that after the Prospect had expressed his willingness to buy, REALTOR® Keith should not have made a disclosure that killed the sale since the point was not of major importance. The new transportation route, he showed, would put a stop within six blocks of the property.

In a hearing before a Panel of the Association's Professional Standards Committee, REALTOR® Keith explained that in advertising his client's property, the fact that a transportation stop was less than a block from the property had been prominently featured. He also made the point that Prospect Charles, in consulting with him, had emphasized that his physical disability necessitated a home near a transportation stop. Thus, in his judgment, the change in routing materially changed the characteristics of the property in the eyes of the prospective buyer, and he felt under his obligation to give honest treatment to all parties in the transaction, that he should inform Prospect Charles, and that in so doing he was not violating his obligation to his client. The complaint only cited a possible violation of Article 1, no other Articles were added by Grievance.

**What verdict do you think the hearing panel came to; IN violation or NOT IN violation of Article 1?**

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### **Case Study #3 ANSWER:**

The Hearing Panel concluded that REALTOR® Keith had not violated Article 1 but had acted properly under both the spirit and the letter of the Code of Ethics. The panel noted that the decision to refund Prospect C's deposit was made by the seller, Client A, even though the listing broker, REALTOR® B, had suggested that it was only fair due to the change in circumstances.

