

Case #1: Refusal to Extend Cooperation in Sale of New Homes

REALTOR® Adam, who operated a brokerage business in many areas of the city, was also a home builder. For the homes he built, he maintained a separate sales force and consistently refused to permit other REALTOR® to show his new homes. This practice came to the attention of an officer of the Association of REALTOR® who made a complaint which was referred to the Professional Standards Committee by the Grievance Committee. At the hearing, the Hearing Panel asked REALTOR® Adam to answer charges that his policy violated Article 3 of the Code of Ethics.

REALTOR® Adam's defense was that Article 3 requires REALTOR® to cooperate with other brokers "except when cooperation is not in the client's best interest." He contended that in selling his own new homes there was no client; that he was not acting in the capacity of a broker, but as owner seller; and that, under the circumstances, Article 3 did not apply to his marketing the houses he built.

Do you think REALTOR® Adam was found in violation of Article 3?

Case Study #1 ANSWER:

In this case, REALTOR® Adam maintains a separate in-house sales team that handles the sale of all his new construction properties and therefore had no need to employ outside REALTORS® to list or show his homes.

REALTOR® Adam contended that in selling his own new homes, there was no client per se and that he was not acting in the capacity of a broker, but as an owner/seller. He also stated that under these circumstances, Article 3 did not apply to his marketing the houses he built.

The hearing panel concluded his defense was valid since he is a principal, Article 3 permitted him, as the builder/owner, to decide what marketing procedure would be best and therefore was not found in violation of Article 3.