

# ***LANCASTER COUNTY ASSOCIATION OF REALTORS®***

## ***CODE OF CONDUCT***

### **Preamble**

“To emphasize those concepts of good business practice, courteous treatment and fair play, adopted by Members of the Lancaster County Association of Realtors®, for the benefit of Realtors® and the Community they serve.”

### **I. Agency**

#### **A. Disclosure**

1. In accordance with state regulations, it is required that all individuals disclose the nature of any agency or non-agency relationship at the first contact with either the Seller, the Seller’s agent or listing office personnel.

#### **B. Buyer Agency**

1. The duties of a buyer’s agent include working for the buyer and owing the buyer client loyalty, confidentiality and a good faith effort to find a property for the buyer.
2. Although not restricted by law, it is advised to sign a contract for a maximum of 90 days with a renewable option at the end of the term.
3. In cases where the buyer alleges abandonment, the buyer should be advised to talk to his current agent’s broker/manager and/or seek a legal opinion.

### **II. Compensation**

#### **A. Basis**

1. The justification for receiving a commission consists of procuring a contract of sale or lease, providing this contract is procured in an ethical and professional manner. The specific actions that cause the chain of events are unique in each transaction.
2. This “justification” in no way relieves the individual Realtor® from any obligations under the Code of Ethics.

#### **B. Bonuses**

1. Because a prospective purchaser may misunderstand a “bonus” and question the sincerity or objectivity of the selling agent, bonuses should be offered with the utmost discretion.
2. Complete terms should accompany the offer of a bonus via the computer printout or separate letter. Bonus terms should include:
  - a) Amount, if cash.

- b) When provided.
  - c) Conditions affecting the bonus.
  - d) A statement as to whether provided by the seller or the listing office.
  - e) Time limit.
3. The listing office should give a letter, confirming the bonus and terms, to the selling agent at the time the agreements are signed. In the absence of such written confirmation, the bonus cannot be guaranteed.
  4. All bonuses should be given and accepted in accordance with Real Estate Law and the Rules and Regulations of the PA Real Estate Commission. Sales associates should not accept any bonuses directly.

### **III. Cooperative Transactions**

#### **A. Shopping**

1. Licensees, whether in an agency or non-agency relationship, should not “shop” an offer to purchase. Shopping is defined as disclosure of the terms and conditions of an offer, in an effort to secure a “better” offer without specific written instructions from the Seller, and in the absence of any non-disclosure agreement with regard to the subject offer.

#### **B. Distribution / Notification**

1. It is the duty of the selling agent to communicate and deliver offers to purchase, which are complete and legible, to the listing agent or broker, at all times.
2. The selling agent should make sure the listing agent has received the offer to purchase and establish when the listing agent plans to present the offer.
3. The listing agent should acknowledge receipt of the offer to purchase upon receipt and give the selling agent an idea as to when the offer will be presented.
4. The listing agent is responsible for delivering an offer to the cooperating office if there is an acceptance or a counter offer.
5. After an offer or offers have been presented to the seller, the listing agent should immediately contact the selling agent or agents as to the reasons for acceptance or rejection of said offer.
6. In the event of rejection of the offer, it shall be returned immediately. The listing agent should contact the selling agent to determine how the rejected offer should be handled.
7. The listing agent is encouraged to furnish a complete legal description with the fully executed Agreement of Sale, upon its return to the selling agent.

#### **C. Endorsements / Extensions / Releases / Commitments**

1. Any party desiring an endorsement, extension or release should initiate it in writing through his agent or transaction licensee. The agent / transaction licensee representing the respondent to the request, shall present such request to the respondent as soon as

possible within 24 hours, or give the initiating agent / transaction licensee a legitimate reason for the delay.

2. An agent or transaction licensee who receives written notification of mortgage commitment or rejection, or of a defect in title that may affect the transfer or property, should provide a copy of the document to the cooperating agent within 48 hours of receipt.

#### **D. Presentation**

1. The listing agent should present offers to purchase to the seller as soon as possible within 24 hours. If the offer cannot be presented within this 24-hour period, the listing agent must give to the selling agent a legitimate reason for the delay.
2. In the absence of any communication from the listing agent within 24 hours following submission of an offer to purchase, it is recommended that the selling broker/manager contact the listing broker/manager for assistance. In the event there is no response from the listing broker/manager within 8 hours of contact, the selling broker/manager shall have the authority to contact the owner of the property to inquire about the status of the offer. This communication shall be handled with the utmost discretion, shall involve no negotiating whatsoever and shall be conducted in accordance with Section 3 below.
3. At the expiration of the 32 hour period referred to in Section 2 above, the selling agent's broker or manager shall have the authority to inform the owner of the subject property that there is an offer to purchase which was delivered to the listing office on (date) at (time) and further, to advise the owner that the owner should contact the listing agent or broker regarding this offer to purchase.
4. In the best interest of the seller, it is recommended that the listing agent permits a selling agent to assist in the presentation of an offer and answer questions about the offer. The selling agent should leave before other offers are presented or discussion relative to the seller's decision occurs.
5. If the listing agent feels that additional information is necessary from the selling agent pertaining to his/her offer, without comparing one offer to the other unless under specific written instructions from the Seller to do so, and in the absence of any non-disclosure agreements with regard to the subject offers the listing agent should seek this information, provided this additional information is used in a constructive way to help the seller make a fair and ethical decision on the sale of his property. Failure to gain this additional information does not relieve the listing agent of the obligation to present the offer within 24 hours.
6. If a listing agent has reviewed an offer prior to presentation and has the opportunity to write a competing offer, the listing agent, without disclosing terms of the offer, should request that the competing offer be written and presented by the Designated Realtor®, Office Manager, other agent or transaction licensee in his firm unless under specific written instructions from the Seller to disclose terms and conditions of all offers, and in the absence of any non-disclosure agreement with regard to the subject offer. Also refer to III F 3.

7. If a listing agent receives an offer for a property currently subject to a *Contingency Sale of Buyer's Realty*, the agent should assure that the competing offer is signed by the prospective purchaser(s) and contains an appropriate clause that the subject offer is contingent upon termination of any existing contract.

#### **E. Negotiations**

1. In accordance with Real Estate Law and the Rules and Regulations of the Pennsylvania Real Estate Commission, no property shall be withdrawn from the market during negotiation of sales or lease contracts, except upon specific instructions from the seller.
2. In order to insure protection of the sellers' interests, it is strongly recommended that a written counter proposal be utilized.
3. A written counter proposal should be initialed but not signed; should contain a specific date for prospective purchaser(s) to respond to the proposal, should stipulate the sellers' right to accept any other offer submitted prior to the sellers' written (signed) acceptance of the counter proposal and should retain as attachments all pertinent documents, including deposit monies, until the contract is fully executed.
4. If an oral counter proposal is utilized, the listing agent should convey to any cooperating agent(s) that an oral counter proposal exists, noting a specific date for the prospective purchaser(s) to respond to the proposal and noting the sellers' right to accept any other offer submitted prior to the sellers' written acceptance of the counter proposal.

#### **F. Multiple Offers**

1. Immediately upon receiving a second offer, and before presentation of any offer "in-hand", all selling agents who have submitted written offers shall be notified as to the number of offers to be presented, without disclosure or indication of terms unless under specific written instructions from the Seller to do so, and in the absence of any non-disclosure agreements with regard to the subject offers.
2. No presentation shall take place on an offer to purchase, when more than one offer has been received, unless all offers are presented at the same time.
3. If the listing agent has an offer from his own prospect on a listing, and receives an additional offer from another agent or transaction licensee, the listing agent should advise the other agent(s) / licensee(s) that he holds a competing offer on the property, without disclosing or indicating the terms unless under specific written instructions from the Seller to do so, and in the absence of any non-disclosure agreements with regard to the subject offers, and should advise the other agent(s) / licensee(s) that they are invited to assist in the presentation of their offer and answer questions about the offer. The cooperating agent should remove himself while other offers are presented or discussion relative to the seller's decision occurs. Also refer to III D 6.
4. In the absence of an acceptable offer, it is strongly recommended that listing agents advise the seller to counter any or all multiple offers in writing. These written counter proposals should contain the items listed in Section III E 3.

5. If oral counter proposals are utilized, the listing agent should convey to any selling agent(s) transaction licensee(s) that an oral counter proposal exists, and note the items listed in Section III E 4.
6. It is recommended that all multiple offers to purchase include a *Seller's Reply to Purchase Offer* addendum.

#### **IV. Courtesies**

##### **A. General**

1. A Realtor® who contacts a listing office should always identify himself and the office he represents.
2. The listing agency should verify appointments within one hour of a request, or inform the selling agent or transaction licensee of the inability to do so.
3. The listing agency should make a timely & diligent attempt to notify the occupant(s)/tenant(s) of the property prior to any appointment for showing, inspecting, appraising, etc. A selling agent or transaction licensee, showing a property on lockbox, should receive permission from the listing agency of his intention, prior to the showing.
4. In the event an appointment must be cancelled, the selling agent should always call the listing office. If a listing agent, duty agent or support staff personnel cannot be reached, the selling agent or transaction licensee should communicate with the seller, for the purpose of canceling the appointment. The selling agent or transaction licensee shall notify the listing agent of this action, as soon as possible.
5. Following a showing, the selling agent or transaction licensee should honor the request of the listing agent for comments within the parameters of agency law.
6. For the owners' convenience and proper notification, as well as an awareness of who has been on the premises, selling agents or transaction licensees should always leave a business card at all properties shown.
7. The selling agent or transaction licensee shall be responsible for notifying, in writing, all parties except the seller, of the date, time and place of settlement. The selling agent or transaction licensee shall also notify the listing agent, who in turn, shall advise the seller, in writing.

##### **B. Open House / Model Home**

1. All visitors to an open house/model home should be treated courteously and enthusiastically.
2. Agents or transaction licensees should explain and offer their services to all prospects.
3. At no time should any agent or transaction licensee be less than complimentary of other Realtors®.
4. If a prospect who has not previously signed a Business Relationship Agreement executes an offer to purchase at an open house/model home, which offer subsequently becomes an

agreement of sale, a selling commission is due to the agent or transaction licensee producing that offer.

### **C. For Sale By Owner (FSBO)**

1. Any contacts with a FSBO should be handled in a tactful and professional manner. Always be complimentary of your fellow Realtors®.
2. Without downgrading the owners' effort to market the property, the Realtor® should offer service and a realistic estimate of market value.
3. An agent or transaction licensee should not promise or arrange any showing of the property unless this arrangement is legitimate and ethical to all involved parties.

### **D. Builder – Realtor® Relations**

1. When requested by his principal, the Realtor® should be present at all builder/buyer meetings including, but not limited to, meetings involving price, terms, financing or the development of plans and specifications; and should keep himself apprised of all changes involving any of the areas mentioned above.
2. The Realtor® should adhere to *Builder/Realtor® Relationship Guidelines* adopted by the Lancaster County Association of Realtors® and the Building Association of Lancaster County.
3. When working with a builder who provides a warranty, the Realtor® should request a written copy, with details of the warranty, and forward it to the buyer.
4. When working with builders who provide no written warranty, the Realtor® should make no comment regarding any implied warranties, but rather, should suggest that an appointment be arranged between the builder and buyer.

### **E. Solicitation of Listings**

1. An agent should not knowingly solicit a listing, which is currently listed exclusively with another firm.
2. If the seller contacts an agent about marketing a currently listed property, the agent may discuss a marketing strategy, which could be implemented after the current listing is expired.

### **F. Solicitation of Buyers**

1. An agent should not solicit nor attempt to represent a buyer currently involved in an exclusive agency contract.
2. If a buyer already covered by a buyer's agency contract contacts an agent about purchasing a property, the agent may discuss agency relationships, which can be implemented after the current contract expires.

## **V. Risk Reduction**

### **A. Keycards / Lock Boxes**

1. In accordance with the Rules and Regulations of the Lancaster County Association of Realtors®, no Realtor® shall allow his/her keycard and/or private identification number (PIN) to be given to a client, customer, builder, appraiser, inspector, etc., at any time or for any reason.
2. The lockbox system is of great benefit for marketing properties, but carries with it a grave responsibility. All Realtors® must at all times, upon leaving the property they have just shown, be extremely careful that the property is left in a “secure” state.

### **B. Key Control**

1. At all times, keys remain the property of the owner.
2. The keys create a liability, which necessitates much care in their management.
3. Keys should be returned immediately following a showing.
4. A key should not be held overnight and under no circumstances should a key be returned by mail.
5. No key should be withheld from a Realtor® who has a legitimate need to inspect the property.
6. All keys and key envelopes should be labeled with an office identification and code number, rather than by owner’s name or property address.
7. It is recommended that listing agents secure two keys for a listed property to protect against the loss of the “showing” key being utilized, and in the event the property needs to be entered due to an emergency.

*Words of any gender herein shall include any other gender, and the singular shall include the plural and vice versa whenever the same is necessary to produce a fair and meaningful construction.*

Revised: April 8, 2009

## ***Builder/Realtor® Relationship Guidelines***

These voluntary guidelines have been developed to promote a strong and effective working relationship between Builders and Realtors®. When fully implemented, they will provide for a coordinated approach to homebuyers and assure the continued recognition of the vital role both Builders and Realtors® play in the homebuilding industry in Lancaster County.

1. A Builder shall compensate a Real Estate Broker with a Sales Commission for a lot, for both a lot and the contract amount for a home or for the contract amount for a home or residential remodeling project, when any of the following conditions exist:
  - A. A Broker or his/her agent personally and directly introduces a prospective buyer to the Builder for the purpose of building a home or residential remodeling project at an initial meeting between the Builder and the buyer, and performs the other duties as outlined in the Lancaster County Association of Realtors® *Code of Conduct, Section IV, D, Builder-Realtor® Relations* and, further, cooperates and assists in the copyright protection of the Builder's plans. These terms shall expire 180 days from the last point of contact.
  - B. A Broker or his/her agent provides a copy of a signed buyer agency contract to the Builder prior to the initial meeting between the Broker or his/her agent, the Builder and the buyer. The Broker or his/her agent shall have this buyer agency contract in order for them to assure that all Builder introductions to this buyer come through the Broker or his/her agent. The Broker or his/her agent shall cooperate and assist in the copyright protection of each Builder's plans. At the request of both the buyer and the Broker or his/her agent, the Builder shall cooperate in including the contractually agreed upon buyer agency commission in the construction costs and then paying this commission to the Broker at settlement for the home or residential remodeling project.
  - C. A Builder and Broker have an Exclusive Right to Sell Agreement or other legally binding contract, which provides for the payment of sales commissions under specific terms and conditions.
2. A Builder may, but is not obligated to, pay a Finder's Fee to a Broker if the Broker or his/her agent refers a buyer to the Builder for a custom home or residential remodeling project, but does not meet the requirements listed in 1(A), 1(B) or 1(C) above. This finder's fee shall be determined at the initial contact between the Builder and the Broker or his/her agent and confirmed in writing.

Revised: August 13, 2003