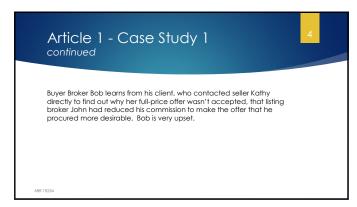
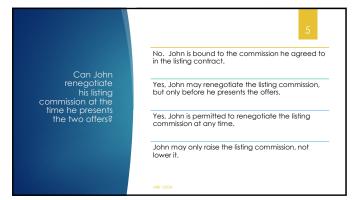


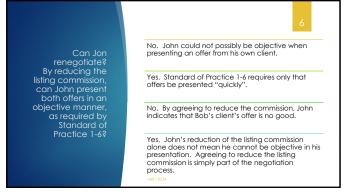
The small commercial building is reasonably priced, in good condition, and located on a high-traffic street in a quaint neighborhood of Chicago, so it is no surprise that two offers are made only after a few days on market. John, the listing broker, presents both offers to the seller, Kathy. One of the offers is from a client of John's and the other is an offer from Buyer Broker Bob's client.

2

"These offers are both full price, with no contingencies, and there seems to be no difference between them," says Kathy to John. "Can we make a counter-offer for more money?" she asks. John explains that countering a full-price offer could result in one or both buyers walking away from the table. "Okay, I'll tell you what," says Kathy, "If you reduce your commission, I'll accept the offer you procured. Although you will earn a little less than we agreed in the listing contract, you'll still get more than you would if you had to pay the other buyer's broker." John agrees.







Under Article 3, as established in Standard of Practice 3-4, is John obligated to inform Bob that he modified the listing commission prior to the offer being accepted?

No. Reduction of the listing commission prior to the offer being accepted?

Yes. By reducing the listing commission for the offer, he procured, John created a "dual commission arrangement", oil selection of such to Bob is not "practical" given the situation.

No. Standard of Practice 3-4 does not require a listing broker to disclose a dual commission arrangement.

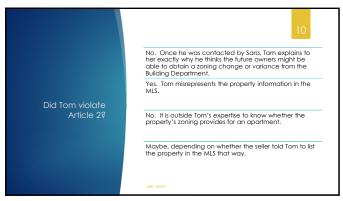
No. Reduction of the listing commission during negotiations does not create a dual or variable rate commission arrangement as defined in Standard of Practice 3-4.

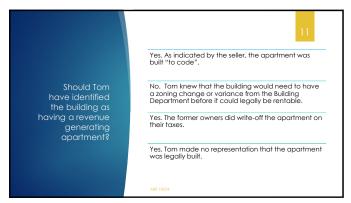
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Article 2 – Case Study 1 Dr. Luis, who recently completed his medical residency, decides to return home to the neighborhood where he grew up to open a small medical practice. He enlist the services of REALTOR® Sara to find him a suitable space for his clinic. Sara emails Dr. Luis several properties that fit his requirements, One property is a two-stary building listed by REALTOR® from that shows in the remarks section, "Rental apartment upstairs." Dr. Luis calls Sara to tell her that something about Tom's listing seems odd, "hat building is in the neighborhood I grew up in," Says Dr. Luis, "and I remember there being a problem with the Building Department when the owners added a kitchen to the second floor, so they could live above their business."

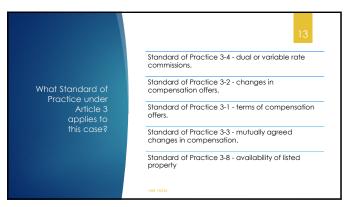
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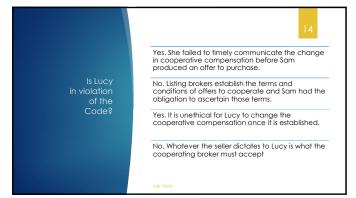
Article 2 – Case Study 1 continued Sara assures Dr. Luis that she will make the necessary inquiries, then promptly get back to hirm. A call to the Building Department confirms Dr. Luis' suspicion - that the building is zoned "commercial" and does not provide for a residential apartment." Feeling embarrassed and misled by an apparent misrepresentation of the property in the MLS. Sara contacts Listing Broker Tom who acknowledges the seller told him the rethab was "up to code," but was completed without the necessary permits. According to Tom, the apartment had never been rented: 1 assumed the new owners could get a zoning change or variance from the Building Department," he said. Sara contemplates filing an ethics complaint against Tom, charging a violation of Article 2 for publishing inaccurate information in the MLS.

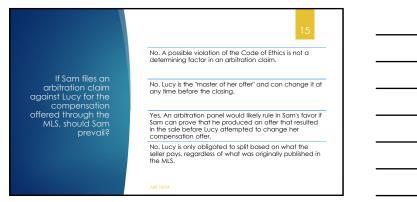




Lucy is a listing broker who published an offer of cooperation and compensation in MLS for one of her listings, prices of \$100,000). The offer of compensation to MLS participants was for X percent. Sam saw the MLS listing, showed the property and wrote an offer on the property for Barmey Buyer. When Sam delivered the offer to Lucy, she said "Oh, by the way, I had to reduce my commission the other day to keep the seller happy. I can only pay Y percent co-op fee now." (Y is 1 percent less than X.)







Article 3 –
Case Study 2

The offer, contingent on the sale of the buyer's current office building, is accepted by Seller Sam. But Sam instructs Bill, the listing broker, to continue to market the property with the hope that a better offer or one without a contingency would be made.

One week later, Buyer Broker Steve contacts Bill to arrange a showing of the property to an out-of-town client. "I think it's the perfect building and location for my client's business. He'll be here this weekend," says Steve. Bill sets up the showing for the weekend but says nothing about the previously-accepted purchase offer.

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After seeing the property with his client, Steve drafts a purchase offer and sends it to Bill's office. At Seller Sam's instruction, Bill informs the original buyer of the second offer, and the buyer waives the contingency. Bill informs Steve that Sam intends to close on a previously-accepted contract now that the "sales contingency" has been removed. Steve is very upset that Bill did not tell him about the previously-accepted offer. Bill says he continued to market the property and did not make other brokers aware it was under contract to promote his client's best interest by continuing to attract buyers.

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Yes. Standard of Practice 3-6 clearly establishes that Bill must disclose accepted offers.

No. It could have affected Bill's ability to obtain future offers.

No, not if the seller instructed Bill to keep it confidential.

No, not if the offer included unresolved contingencies.

Does Bill's obligation to protect and promote the client's interests controls and Bill should not be found in violation of the Code.

Yes. Because Article 1 is a higher priority than Article 3, Article 1 controls.

Yes. Because Article 1 is a higher priority than Article 3, Article 1 controls.

No. Article 1 also requires that Bill be honest with all parties. This obligation of honesty, along with the requirement of Standard of Practice 3-64, requires Bill to make the disclosure of the accepted offer.

Yes. Article 1 emphasizes fiduciary obligations and overrides any other obligation that potentially conflicts with it.

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Article 11 – Case Study 1 Case Study 1 It was a wished it friend, w about h apprecia (keith the propertia Keith's h Leo didruged & Keith ins \$144.00

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It was a listing that Leo, a REALTOR®, now wished he had never taken. Keith, Leo's close friend, was selling his home and was adamant about having Leo list the property. Leo appreciated the gesture, but repeatedly told Keith that his experience was in commercial properties and not residential. In addition, Keith's home was in an area of the city that Leo didn't know much about. Leo strongly urged Keith to have the house appraised. Keith insisted he knew the area and that \$166,000 was the home's fair market value. This amount seemed low to Leo, but he listed the house at this price. It quickly sold to a young couple, Linda and Brian.

ABR 1823-

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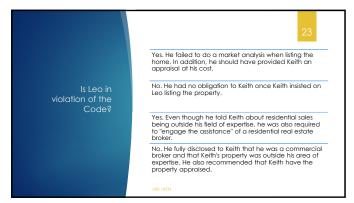
Article 11 – Case Study 1

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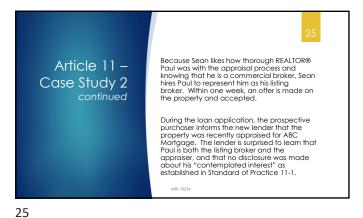
Five months later Leo received a call from Keith, who was upset. Keith told Leo that he met the buyers, Linda and Brian, at a party and found out the two were moving because Linda had been reassigned to another city by her company. The couple had received an offer on the house for \$190,000, which they declined, feeling they could do better. Keith was upset at Leo for not giving him better advice concerning the \$166,000 sale price.

ABR 18234

In addition to Article 11, which other Article might apply to this case?	22
	Article 5
	Article 10
	Article 1
	Article 2
	ABR 18234



Article 11 – Case Study 2 Sean considers refinancing a twenty-three-unit apartment building he has owned for several years to unlock some of the equity. The lending firm, ABC Mortgage, orders an appraisal for the property from REALTOR® Paul, who happens to be a licensed appraiser and a commercial real estate broker. The appraisal report is complete with the property address, date prepared, value, purpose, and market data. After receiving the appraisal, Sean is surprised to learn how much the building has appreciated and decides to sell the property instead of refinancing it.



As used in Standard of Practice 11-1, does Paul have a "present or contemplated interest" in the property when he does the appraisal?

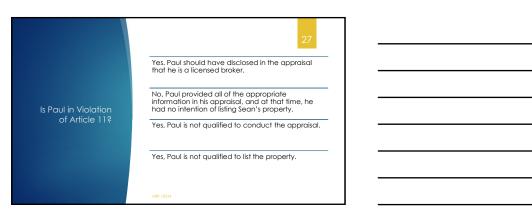
As used in Standard of Practice 11-1, does Paul have a "present or contemplated interest" in the property when he does the appraisal?

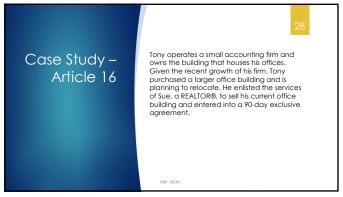
Yes, as a licensed commercial broker, there always is the chance that Paul could have listed the property in the future.

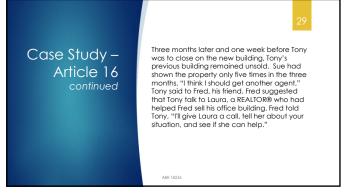
No. At the time of the appraisal, Sean had no interest in selling the property.

Yes, Paul was paid to conduct the appraisal.

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After Laura received Fred's call, she decided to call Sue to ask when her listing agreement with Tony expired. Laura had heard of Sue but had never spoken to her. When Laura finally reached Sue after leaving several messages, Sue was abrupt, refusing to discuss her listing or disclose when it expired. Laura explained that under the circumstances she could go directly to the seller to get the information, thinking this might elicit a response from Sue. Instead, Sue hung up.

