

Code of Ethics

Situation

Co-Broke agent makes an appointment to show Listing Agent's property. Co-Broke agent, acting as sub agent, knows the tenant is on a month to month lease. This information was supplied to him by Listing Agent in order to indicate a possible possession date. Co-Broke's prospects are interested in making an offer. Co-Broke tells tenant he will be able to find them a new home if he sells the home they are renting. He explains that with the money they are paying for rent, it will be no problem to find a nice home and how they will benefit from a tax stand point. He tells the Listing Agent when presenting his offer that the seller should be told that he should consider it, because the tenants are going to move out and he will have a hard time finding tenants that will be willing to pay as much as these tenants were paying.

The Listing Agent is a bit concerned for a number of reasons. First of all, the Listing Agent in the sellers best interest and at the direction of the seller has asked that the tenants not panic as the home is sold (as the market was a little slow) may be sold to another investor and that if that is the case, they will not have to move and if it is sold to someone otherwise, they would be informed and the Listing Agent would take them out and show them other homes. This approach was taken as the seller had a speculative price on the house and was very concerned about losing his tenants, which could cause a financial burden for him.

Did the Co-Broke Agent overstep his bounds? Does the seller have the right to be angry? How about the Listing Agent? Is there a violation of articles and standards in the Code of Ethics and if so, which one?