

"DO UNTO OTHERS"

by Richard D. Simmons, Sr., CRE

A young man just discharged from the army enters a haberdashery to purchase some suits, shirts and other accessories. While counting out the \$100 bills to pay for his purchases, the haberdasher notices that two of the bills have stuck together. "What a dilemma," says the haberdasher as he repeats to himself "ethics, ethics, ethics. Should I tell my partner?"

Compare our haberdasher with another entrepreneur who regards his company and its product in a responsible and ethical manner. Tom Chappell of Toms of Maine, a manufacturer and distributor of health care products, wrote a book entitled *The Soul of a Business—for Profit and the Common Good*.¹ In it he talks about his company's espousing that human beings and nature deserve respect. He has made a personal commitment to manufacture only those products that are safe for both the consumer and the environment.

Neither of these stories has anything to do with real estate except to indicate that ethical behavior is universal in any business culture. There is only one categorical imperative to apply in all walks of life and that is the responsibility for any practitioner of any business or profession to act according to ethical principles.

Ethics is that branch of philosophy devoted to the examination of universal principles of conduct.² Sometimes we confuse morals with ethics and sometimes the two words are used interchangeably. Morals generally refer to modes of conduct which can and do vary according to the culture.³ Quakers are pacifists; peace to them is a moral imperative. The military is formed to conduct war; those in the military are trained to kill. Nudists want their bodies to be exposed to fresh air and sunshine. Muslims cover themselves with clothing, and Muslim women even hide their faces from strangers.

Morals and/or codes of conduct vary while ethics are the principles by which a group is governed. Standards establish the framework by which we practice as individuals or as a group. One who is ethical conforms to accepted professional standards of conduct.

A Look At Real Estate

In the real estate industry, those who are members of the National Association of Realtors must

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subscribe to the Code of Ethics. The last sentence of their preamble states The Golden Rule: "Whatsoever ye would that other should do to you, do ye even so to them."⁴

Anyone who has been in the real estate business knows about making decisions on problems which involve a quandary or a dilemma. While an organization's code of ethics and standards of practice are helpful guides, neither can answer all the dilemmas.

For example, if one does not know the answer to a question regarding a property, this is a simple ethical problem. The solution is not to guess but to say "I do not know, but I will find out!"

A more complicated ethical dilemma might involve receiving approval of the town's planning board for a subdivision. The board is about to reject the proposal and as the realtor you know that one vote by one member can get the subdivision approved. You also know that one board member is having financial problems and that your hefty commission is at stake. Does the realtor attempt to corrupt the process by approaching the planning board member to accept a gratuity for a vote?

There are many stories in our business about agents who have withheld information so as not to lose the sale or listing. Are real estate people more or less ethical than others in the business or professional world? While I am personally not aware of any survey to determine this, a reasonable guess would be that real estate practitioners are for the most part honest, hardworking, knowledgeable people who experience the pressures of their environment as do other people in business.

Can I Trust Them?

Ethics are a concern. In dealing with a lawyer, doctor, car salesman, accountant or realtor one often questions, "Can I trust him?" We all have heard about lawyers who rifle client accounts, of doctors who improperly prescribe medications or care, of car salesmen who do not tell the whole story, of accountants who falsify records and of realtors who misrepresent a client or property.

When a professional or trade group has a code of ethics and standards of professional practice, does this guaranty the membership will be ethical? No! They do, however, provide guidelines for both the member and client to measure performance and/or conduct.

The code and standards also provide a basis for disciplining the wayward member. For example: An agent knowingly provides misleading information about a property. Article 9 of the Realtors' Code of Ethics states: "Realtors shall avoid exaggeration, misrepresentation, or concealment of pertinent facts

relating to the property or the transaction."⁵ It follows up in the Standard of Practice 9-8 with: "Realtors shall be obligated to discover and disclose adverse factors reasonably apparent to someone with expertise in only those areas required by their real estate licensing authority."⁶ Article 9 "does not impose upon the Realtor the obligation of expertise in other professional or technical disciplines."⁷ Also see Article 11 of the Code which says: "Realtors are expected to provide a level of competent service in keeping with the Standards of Practice in those fields in which the Realtor customarily engages."⁸

The agent has clear instructions from the Code on how he is to conduct himself. The client can cite, based on the facts, the Code violation. When a complaint is filed, the board sitting to hear the case has a reference from which it can issue a discussion.

Ethics Yesterday, Today And Tomorrow

The Greek philosopher Plato, in addressing a group of physicians, suggested that the physicians know what they do and whom they serve. The physicians, according to Plato, were having difficulty with what constituted the practice of medicine and whether they were there to serve themselves, collect large up front fees or care first about the welfare of the ill person.⁹

Applying Plato's thinking to the real estate business, what is our practice—brokerage, management, counseling, appraising or syndication? Who is our client—the buyer, seller, institution, or government? Whose interests come first? I often have heard people question if ethics or a lack of ethical conduct is more prevalent in business today than in years gone by. Charles Dickens, in his visit to America in the early 1800s, remarked about the land agent who sold land that didn't exist to the unsuspecting.¹⁰ In the 1920s land was sold in Florida that was underwater and unusable. A common expression today is "I'm going to be honest with you!" Meaning of course that with everyone else the person is dishonest.

God's chosen people were directed through Moses to observe the Ten Commandments. From the time of Moses to St. Paul's journeys and the observations of Charles Dickens, ethical conduct has been a cause for concern. At Bentley College in Waltham, Massachusetts ethics seminars are conducted once or twice a year for the benefit of the business community. There are groups of businessmen who meet regularly in the Boston suburbs to discuss ethics and how to act ethically. Ethics are a concern and have been a concern since society began.

On the lighter side, George Bernard Shaw, in his work entitled *Man or Superman*, wrote: "Do not do unto them as you would that they should do unto you. Their tastes may not be the same."¹¹

A Member Of The Club

There has to be a dilemma in real estate offices which produce million dollar sales associates. To make the club the associate has to produce listings or sales or both to equal \$1 million. The associate gets rewarded for this kind of production with recognition in the company, in the Realtor community, in the town or city and undoubtedly with a monetary prize. The dilemma facing the salesperson concerns what it takes to bring in the sales to be a member of the club. "I can make the sale if I don't say anything about a new proposed tax." "Is what I am about to do to make this sale ethical?" Not every sale is made in the dark by any stretch of one's imagination. Sales are made to satisfy a need: a seller's need to sell and a buyer's need for shelter. But when the incentive is to be a member of the club, the opportunity exists to take short cuts and slide over some facts.

Why not recognize the sales associate who has put service above self in the office (dealing with fellow workers), in the community (providing service to the industry and town or city), and to clients (offering babysitting services, interim housing or interim financing). In many ways, agents are able to contribute to the welfare of others.

When someone does something nice for you and you respond with flowers and a personal note, have you noticed how much your thoughtfulness is appreciated by the recipient? When you volunteer to do the job that no one else wants to do, have you noticed how much you are envied? When you organize the Toys for Tots or the Thanksgiving basket for the needy or you helped clean up a house before your buyer moved in, you received satisfaction in knowing that something you did made life better for someone else.

These are the people who should be recognized. Someone should be inspired to start an ethics award in his company not to compete with the million dollar club but maybe to make everyone aware that good deeds and ethical conduct are recognizable.

"To Thine Ownself Be True"

Ethics continues to remain a topic of concern throughout the ages. Moses represented God with the Ten Commandments; Plato, Kant, Buber, Saint Paul and Jesus of Nazareth all have addressed human conduct. People are influenced in a positive way by these teachings. They also have been influenced by teachings of the Bible and Koran and other writings on how we as humans should behave. There are a small number of people who are always going to run contrary to the majority. They will, despite everything anyone can do or say, march to their own drummer. Our goal, (we who are concerned with practicing ethically), should be

to examine and re-examine our thoughts and actions. We control (to some extent) ourselves, and our actions influence others.

NOTES

1. Chappell, Tom, *The Soul of Business-For Profit and the Common Good*, Bantam Books, New York, 1993.
2. Webster New Collegiate Dictionary, 10th ed., s.v. "ethics."
3. *ibid.*, s.v. "morals" 742.
4. Code of Ethics and Standards of Practice, National Association of Realtors, Jan.1993.
5. *ibid.*
6. *ibid.*
7. *ibid.*
8. *ibid.*
9. Socrates, *Plato's Republic*, New York Modern Library, 1982.
10. Dickens, Charles, *Dickens on America and Americans*, University of Texas Press, Austin, 1978.
11. Shaw, George Bernard, *Man and Superman*, New York Limited Edition Club, New York, 1962.