

# Supplement and Final Exam Answer Grid—*Real Estate Ethics*

Course Fee: \$35 4 hours mandatory CE Credit

Name (PRINT) \_\_\_\_\_ E-Mail Address \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_  
Phone # ( ) — — — — — I began this course on: (date) \_\_\_\_\_

(please complete course within 6 months of starting)

## Course Content:

- Supplement and Final Exam Answer Grid (8 pages—**you must print these** **pages from your printer**)
- “Answers” to the Supplement (1 pages—printing *optional*)
- Final Examination (4 pages—printing *optional*)
- Study Manual (34 pages—printing *optional*)

## INSTRUCTIONS

1. You **must** print the Supplement and Final Exam Answer Grid from your computer printer. (8 pages total)
2. Read Chapter #1 of the Course Study Manual.
3. Answer the Chapter #1 Questions contained in the Supplement. Your handwriting must be legible. (Check your “Answers” to the Supplement—see **Course Contents**, above.
4. Locate the Final Examination. Answer the Final Exam questions (usually 10 questions for each chapter of the Study Manual). This is an open-book final exam. Explore the Study Manual to discover the answers to the Final Examination. Place your answers on the Final Exam Answer Grid.
5. Repeat steps 2-4 for each Chapter of the Study Manual
6. Mail the Supplement and Final Exam Answer Grid (8 pages total) plus Course Fee of \$35 to: IA Real Estate Seminars, Box 1523, Waterloo Iowa 50704 Taking several courses? Mail all course Supplements together for grading.

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No photocopies permitted.  
Your answers must be original ink  
And/or pencil.

## Part I-- Questions

1. What is meant when it is said that ethics should go beyond the law in the moral treatment of others?  
*Write your answer here:*

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2. List benefits that may be derived from professional business ethics.  
*Write your answer here:*

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### 3-7. Values Auction

Instructions: you have \$10,000 to spend on the following traits.

Step #1: Place dollar amounts in front of the traits you feel to be most important in an ethical person's lifestyle. The dollar amounts do not have to be the same. You do not need to use each category.

\$ \_\_\_\_\_ Accountability

Accepting the consequences of your actions and the responsibility for your decisions. Setting an example for others and avoiding the appearance of impropriety.

\$ \_\_\_\_\_ Caring

Treating people as ends in themselves, not as means to an end. Having compassion; treating people courteously and with dignity; helping those in need; avoiding harm to others.

\$ \_\_\_\_\_ Education

Completing your educational goals with good/ outstanding grades.

\$ \_\_\_\_\_ Family

Having a warm, pleasant family life with spouse and/or children.

\$ \_\_\_\_\_ Freedom

Living in an environment at work and home that maximizes personal freedom and independence.

\$ \_\_\_\_\_ Fairness

Being open-minded and willing to admit error; not taking undue advantage of another; avoiding favoritism; treating people equally and justly.

\$ \_\_\_\_\_ Friendship

Having companions you can count on and forming lasting friendships.

\$ \_\_\_\_\_ Health

Having good health with almost total absence of physical or mental problems.

\$ \_\_\_\_\_ Helping Others

Contributing to the emotional, physical, and educational well-being of others through work or hobbies.

\$ \_\_\_\_\_ High Income

Earning top income early in your career.

\$ \_\_\_\_\_ Honesty

Being truthful.

\$ \_\_\_\_\_ Integrity

Using independent judgment and avoiding conflicts of interest; being faithful to your principles.

\$ \_\_\_\_\_ Loyalty

Being faithful to those with whom you have a relationship, whether in business or in friendship.

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\$ \_\_\_\_\_ Justice  
Working to preserve the rights of others in society.

\$ \_\_\_\_\_ Prestige  
Having status in your community or society due to achievement.

\$ \_\_\_\_\_ Promise-Keeping  
Keeping your commitments.

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\$ \_\_\_\_\_ Pursuit of Excellence  
Striving to be as good as you can be; being industrious, committed, and professional.

\$ \_\_\_\_\_ Respect for Others  
Recognizing each person's right to privacy, self-determination, and decision making.

\$ \_\_\_\_\_ Responsible Citizenship  
Obeying just laws; safeguarding the democratic process.

\$ \_\_\_\_\_ Self  
Putting yourself first and knowing when to say no.

Adapted from J. Harris-Bowlsbey, J. D. Splvack, and R.S. Lisansky, 1986. "Values Auction" in *Take Hold of Your Future: Leader's Manual*. Towson, MD: ACT Career Planning Services.

## ANALYZING YOUR VALUES

Step #2: List in descending order the top 10 values on which you spent the most money (you may not need all 10 spaces):

Most    Value

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

Least

Consider the monetary value you applied to each of the top 10 items. Are amounts distributed evenly among these 10? Are some values weighted more heavily than others? How do these important values guide your life? If you had to choose between two important values, which one would take precedence? How do these values interact?

Write your answer here:

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## Part II-- Questions

**1-3.** Wrongful use of trust account funds is possibly the greatest reason for license revocation in Iowa and across the United States. Your study manual refers to insurance agents who embezzled funds and in one case over 1/3 of a million dollars! Read the following newspaper clipping about disciplinary action taken against lawyers who acted inappropriately with trust funds.

**"Third area attorney gets suspension.** A Waterloo attorney Wednesday became the third metro area lawyer in the last six months to have his license suspended by the Iowa Supreme Court... W\_\_\_\_ H. G\_\_\_\_'s license should be suspended for 30 days for improperly handling his client trust account....The disciplinary proceeding arose out of 'irregularities' in connection with G\_\_\_\_'s client trust account. Audits in 1989, 1992 and 1995 revealed negative balances in several client subaccounts...The decision on G\_\_\_\_ marks the third time in recent months that the Iowa Supreme Court has suspended a Cedar Valley attorney's license. Last month, the court suspended Waterloo attorney C\_\_\_\_ M\_\_\_\_'s license for six months. In September 1996, Cedar Falls attorney D\_\_\_\_ G\_\_\_\_ had his license suspended for a year. The suspensions in both (cases) were over circumstances similar to G\_\_\_\_'s---irregularities with client trust accounts."

How could good ethics eliminate improper handling of other person's monies?

Write your answer here:

4. Your manual mentions the insurance agent who was upset his license was revoked when no private citizen was injured by his \$335,356.25 embezzlement. What was the court's answer to his reasoning?

Write your answer here:

5 -7. Read the following poem slowly. Think about it. Remember it. Contemplate it. (no answer is required; just think about it!)

### THE MAN IN THE MIRROR

When you get what you want in your struggle for self,  
And the world makes you king for a day  
Just go to the mirror and look at yourself  
And see what THAT man has to say.  
For it isn't your father or mother or wife  
Whose judgment upon you must pass;  
The fellow whose verdict counts most in your life  
Is the one staring back from the glass.  
Some people may think you a straight-shootin' chum  
And call you a wonderful guy,  
But the man in the glass says you're only a bum  
If you can't look him straight in the eye.  
He's the fellow to please, never mind all the rest,  
For he's with you clear up to the end  
And you've passed your most dangerous, difficult test  
If the man in the glass is your friend.  
You may fool the whole world down the pathway of years  
And get pats on the back as you pass,  
But your final reward will be heartaches and tears  
If you've cheated the man in the glass.

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### Part III-- Questions

1. What is the "double" sense in which the phrase 'he's a crook' may be understood?

*Write your answer here:*

Your answers must be original ink  
and/or pencil:  
no photocopies permitted

2. Some courts have expressed the opinion that the word "crook" was synonymous with "a criminal."  
A. True B. False

3. The ethical agent will refrain from making any statement which may harm a competitor.  
A. True B. False

4. & 5. Fill in the blanks: In the \_\_\_\_\_ of any agreement between employer and employee to the contrary, the general rule is that an employee, after his term of service has expired, is entitled to compete in business with his former employer. Accordingly if an employee does not bind himself by contract to refrain from entering the services of a competitor after termination of the employment, the

employee \_\_\_\_\_ to his former employer in so doing.

Thus, \_\_\_\_\_ by some agreement with his former employer, the employee's right to compete in business with such former employer is the same as that of

a \_\_\_\_\_ subject to the qualification that a former employee is precluded from using for his own advantage, and to the detriment of his former employer, information

or \_\_\_\_\_ acquired by or imparted to him in the course of his employment. Aside from this limitation, the employee, after the termination of the contract of employment, may seek the patronage of his former employer's customers; and in so doing he may make use of information which he gained in the course of the employment. (43 ALR 105)

6. Your lawyer has just told you that it is "okay" to compete against your former employer even though you signed a non-compete clause. What should be your ethical response understanding that non-compete clauses are generally not enforceable in court?

*Write your answer here:*

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7. Describe what is meant by "Pirating Listings" and explain what is wrong legally and ethically with such a practice.

*Write your answer here:*

#### Part IV.--Questions

1. & 2. The fact that a neighborhood contains an overtly hostile family who delights in tormenting their neighbors with unexpected noises or unending parties is not a matter which will ordinarily come to the attention of a buyer viewing the property at a time carefully selected by the seller to correspond with an anticipated lull in the "festivities." What actions would the ethical agent take in this situation?

Write your answer here:

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3. & 4. On a June morning in 1991, two men drowned in a swimming pool outside the Days Inn in Orange, Texas. One had jumped in to save the other, who seemed paralyzed and unable to save himself. But the rescuer also became paralyzed, and the two men drowned with their arms entwined. The cause? The pool was electrified. Guests had complained about electric shocks in the water as early as 1990, but apparently management did nothing to correct the situation except to turn off the underwater lights in the pool. How would the ethical property manager have responded in the above situation?

Write your answer here:

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5. & 6. Turn to the Appendix and read: "*How-to-succeed books teach people the small ethical compromises that fester into corruption.*" What appeared to go wrong?

Write your answer here:

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# Course Evaluation

Real Estate Ethics

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Date: \_\_\_\_\_

Place a check mark (✓) behind each rating:

*Very good*   **Good**   *Average*   **Poor**

- 1) The overall rating of this course was:
- 2) The course format was easy to follow:
- 3) The course was comprehensive:
- 4) The course will be helpful to me as a licensee:
- 5) The organization of the course was:
- 6) The printing type size was:
- 7) The degree the advertised course objectives were met:
- 8) The stronger features of the course were:  
Comments:

- 9) The weaker features of the course were:  
Comments:

# Answer Sheet

## *Real Estate Ethics*

### Instructions:

#1 Locate the Final Examination. It is just before the Study Manual.

#2 Answer the questions to the final examination. Read the Study Manual to help you answer the Final Examination questions.

#3 Mark your answers to the Final Examination on the Answer Grid below.

You must score 32 questions correct (80%) to pass.

Some questions may have less than four possible answers.

The Final Exam questions may have changed since the last printing of this course.

	A	B	C	D		A	B	C	D
1.	0	0	0	0	21.	0	0	0	0
2.	0	0	0	0	22.	0	0	0	0
3.	0	0	0	0	23.	0	0	0	0
4.	0	0	0	0	24.	0	0	0	0
5.	0	0	0	0	25.	0	0	0	0
6.	0	0	0	0	26.	0	0	0	0
7.	0	0	0	0	27.	0	0	0	0
8.	0	0	0	0	28.	0	0	0	0
9.	0	0	0	0	29.	0	0	0	0
10.	0	0	0	0	30.	0	0	0	0
11.	0	0	0	0	31.	0	0	0	0
12.	0	0	0	0	32.	0	0	0	0
13.	0	0	0	0	33.	0	0	0	0
14.	0	0	0	0	34.	0	0	0	0
15.	0	0	0	0	35.	0	0	0	0
16.	0	0	0	0	36.	0	0	0	0
17.	0	0	0	0	37.	0	0	0	0
18.	0	0	0	0	38.	0	0	0	0
19.	0	0	0	0	39.	0	0	0	0
20.	0	0	0	0	40.	0	0	0	0

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**Acknowledgment:** I have completed this course and final examination by myself and am solely responsible for all answers found on this Supplement and Final Exam answer grid. If I received help completing this course, I participated in every detail of its completion.

\_\_\_\_\_  
(Signature and phone number)

Return this Supplement and Final Exam answer grid plus Course Fee of \$35 to:

Iowa Real Estate Seminars  
Box 1523, Waterloo, Iowa 50704

***Are you completing more than one course?*** Help us by returning all completed courses together for grading and continuing education certificates. Certificates will be sent to you by First Class Mail. Thank You!



**Part I--Answers**

1. The law is only a minimum; ethics will step beyond the law in doing what is right.
2. Continuance in the real estate business; good reputation; a financially successful career; satisfaction in knowing you've done your best for others.
- 3--7. (Only you can answer and complete this exercise)

**Part II Answers**

- 1-3. Good ethics would cause the professional to use extra care in handling another person's money. If the agent was short on cash, he would borrow it from the bank and never convert it from the trust account.
4. The private citizens of this country were injured; they pay for this loss through higher insurance rates.
- 5-7. (No answer required; just contemplate the poem.)

**Part III-- Answers**

1. "He's a crook" may be understood as general words of abuse or as charging the person with having been guilty of the crime of cheating and swindling.
2. True
3. True
4. & 5. In the absence of any agreement between employer and employee to the contrary, the general rule is that an employee, after his term of service has expired, is entitled to compete in business with his former employer. Accordingly if an employee does not bind himself by contract to refrain from entering the services of a competitor after termination of the employment, the employee violates no duty to his former employer in so doing. Thus, unless restricted by some agreement with his former employer, the employee's right to compete in business with such former employer is the same as that of a stranger to the contract of employment, subject to the qualification that a former employee is precluded from using for his own advantage, and to the detriment of his former employer, information or trade secrets acquired by or imparted to him in the course of his employment. Aside from this limitation, the employee, after the termination of the contract of employment, may seek the patronage of his former employer's customers; and in so doing he may make use of information which he gained in the course of the employment. (43 ALR 105)
6. "I will abide by my agreement and not compete with my former employer."
7. To "pirate a listing" means to convince a seller to cancel his listing with another company and list with you. *Legally*, it is wrongful interference in another's contract. *Ethically*, it is a moral wrong against a competitor.

**Part IV--Answers**

1. & 2. The ethical agent would become knowledgeable about the neighborhood through spot surveys of the neighbors and by personally driving around the area at various times of the day checking for: barking dogs, loud businesses, etc.
3. & 4. The ethical property manager would have taken immediate action to correct the situation by using competent contractors. The pool would be closed until a safe condition for the guests could be guaranteed.
5. & 6. Small ethical compromises fester into corruption.

**Final Examination--  
Real Estate Ethics**

**Instructions:** Complete this final examination. When finished, transfer the answers to the answer grid found on the last page of the Supplement. Do NOT return this final examination; return the Supplement which contains your answers to this final examination.

1. May the information presented in this program be used in place of competent legal advice?  
A. No B. Yes
2. The main topic presented in this program is:  
A. Insurable Interest  
B. Time value of money  
C. Ethics  
D. Respondeate Superior
3. What is the study of standards of right and wrong?  
A. Ethics B. Variances C. Liberty D. Reprimand
4. If you were the only person in the world, laws and ethics would not be necessary.  
A. True B. False
5. Benefits of good business ethics include:  
A. satisfaction in knowing you've done your best for others.  
B. good reputation.  
C. continuance in the real estate business.  
D. All of the above.
6. The point of view taken by this program is:  
A. a business person should fulfill the law  
B. a business person should go beyond the law in the moral treatment of others.  
C. Both of the above.  
D. None of the above.
7. A good reputation derived from many years of impeccable business practices may minimize incurred penalties resulting from an isolated personal problem.  
A. TRUE  
B. FALSE
8. Respond: "Everyone should have the same ethical response in a given situation."  
A. This is true since the code of ethics addresses every possible circumstance.  
B. This is true and that response should be universal.  
C. This is unlikely.
9. The definition of ethics has well defined boundaries.  
A. True B. False
10. The unethical agent may make more money initially than an ethical agent but it will not last.  
A. True B. False
11. The ethical agent may not realize immediate success but, in time the profits will build assuming the agent has:  
A. product knowledge.  
B. sales ability and good time management.  
C. the desire to be successful.  
D. All of the above.
12. Which is true regarding Situation Ethics?  
I. It teaches that the lesser of two evils becomes a non-evil.  
II. It teaches that it is sometimes moral to be immoral.  
III. It teaches that it is never right to do wrong.  
IV. It teaches that it is sometimes proper to break the law.  
A. I, II, and III only B. I and III only. C. I, II and IV only. D. III only.
13. The person practicing situation ethics is trying to predict the future.  
A. True B. False
14. Some of the flaws inherent in situation ethics

include:

A. Real contracts might contain truthful or false statements depending on who could best benefit.

B. It may be doubtful whether those persons believing in situation ethics could be trusted.

C. Adherents to situation ethics may spend a great deal of time trying to predict the future.

D. All of the above.

15. Which of the following could be rendered useless should situation ethics become the norm?

I. The Golden Rule II. The Ten Commandments III. State Real Estate Laws. IV. State Real Estate Regulations.

A. I, II, III and IV. B. I only C. III only D. II and IV only.

16. If you torture a certain person to reveal "top secrets" many innocent lives could be saved. How would you respond?

A. Even though it is wrong to torture fellow human beings, in this situation torturing others is right.

B. If one engages in wrongful actions, the actions would still be wrong.

C. The person should become mystic and predict the future (the future is easy to predict; the past and present are more difficult to analyze).

17. To "commingle" means:

A. to become socially interactive at private parties.

B. to leave a jurisdiction with another's money; to abscond.

C. to innocently mix another's money with your money.

18. Which statement below is correct regarding the advantages of Fiduciary Accounts?

A. Customer's monies cannot be used to pay the debts of the account's custodian.

B. It can be used to become judgment proof.

C. It can be used as a type of asset protection for the agent. The agent may now become immune to the

law.

19. Which actions of the agent would show good ethics regarding fiduciary accounts?

A. When discovered that customer's funds are commingled, the ethical agent will take immediate steps to segregate these funds.

B. The ethical agent will maintain all accounts under close scrutiny.

C. The ethical agent will notify all principals if their funds have become endangered.

D. The ethical agent will perform all of the above.

20. In Gurewitz vs. Kinder, the agent tried to obtain his insurance license after having it revoked for embezzling 1/3 of a million dollars. What illogical argument did the former agent use in his attempt to retrieve his license?

A. No private citizen was injured by the loss of money.

B. There was sickness in the family.

C. The insurance company had record profits and could afford the loss.

21. In Gurewitz vs. Kinder, the agent tried to obtain his insurance license after having it revoked for embezzling 1/3 of a million dollars. The court reasoned that even if less money had been lost, it would still be reason for license revocation. What amount of money was embezzled in Brown vs. Gordon which caused the revocation of a real estate broker's license?

A. \$5,000 B. \$420 C. \$150,000 D. \$87,000

22. The practice of law is difficult to define. Perhaps it does not have an exact definition. Attempts to draw boundaries around the practice of law usually result in blurred lines.

A. True B. False

23. What could be interpreted as the unauthorized practice of law?

A. telling the buyer he doesn't need an updated abstract.

B. advising against the use of a lawyer.

C. completing certain legal papers which lawyers are trained to complete.

D. All of the above could be interpreted as the unauthorized practice of law.

24. A lawyer completes estate planning papers for a husband and wife relying only on the instructions given him by an insurance agent. The insurance agent prescribes the exact papers he wishes the lawyer to complete to protect this couple from probate, etc. Could this lawyer be engaged in the unauthorized practice of law?

A. No, not if he is licensed to practice law.

B. Yes, if he is allowing the insurance agent to do his job of choosing the legal papers to be completed.

25. It is part of good ethics to require a properly trained and licensed lawyer to practice law for the customer.

A. True B. False

26. The speaking of base and defamatory words tending to prejudice another in his reputation, office, trade, business, or means of livelihood is: (pick the best answer)

A. slander.

B. libel.

C. defamation.

D. none of the above

27. Any publication that is injurious to the reputation of another is called: (pick the best answer)

A. slander.

B. libel.

C. defamation.

D. none of the above

28. What word best describes the following definition? "The offense of injuring a person's character, fame, or reputation by false and malicious statements; Making, publishing, disseminating, or circulating, directly or indirectly, or aiding, abetting or

encouraging the making, publishing, disseminating, or circulating of any oral or written statement or any pamphlet, circular, article or literature which is false, or maliciously critical of or derogatory to the financial condition of any person, and which is calculated to injure such person."

A. slander.

B. libel.

C. defamation.

D. none of the above

29. Which phrase below contains possibly the most frequently spoken slander?

A. "He is a former commandant of a slave labor camp and missed the last boat to Brazil and took up undercover as an real estate agent in the Midwest."

B. "He's a crook!"

C. "She wears Sears Weather Beater make-up, installed with a crop duster. Her breath is that of an executioner"

D. "He is the only person in town without a conscience and would enjoy sitting in the front row of a public execution while munching on popcorn."

30. The person speaking slanderous words of a competitor is sometimes excused because of a legal technicality. Which response below would be the ethical response?

A. The ethical real estate agent would be wise to refrain from making any statements that could cause injury to a competitor.

B. The ethical real estate agent would be wise to refrain from making any statements that could cause injury to a competitor.

C. The ethical real estate agent would be wise to refrain from making any statements that could cause injury to a competitor.

D. All of the above.

31. Examples of businesses which often use non-compete contracts are:

A. abstracting.

B. interior decorating.

C. insurance.

D. All of the above

32. In the absence of any agreement between employer and employee to the contrary, the general rule is that an employee, after his term of service has expired:

A. is entitled to compete in business with his former employer.

B. is not entitled to compete in business with his former employer.

C. may only compete with his former employer outside a radius of 50 miles.

D. may only compete with his former employer outside a radius of 5 miles.

33. Unless restricted by some agreement with his former employer, the employee's right to compete in business with such former employer is the same as:

A. the general agent of the employer's branch office.

B. that of a stranger to the employment contract.

C. a public accountant with knowledge of the employer's business.

D. None of the above.

34. Which is (are) true about "non-compete" clauses?

I. They are sometimes called "restrictive" clauses.

II. They often do not include a territorial limitation.

III. They may include a prohibited territory described by circles with a named radius.

IV. Courts have viewed "non-compete" clauses in contracts as restraint of trade.

A. All of the above. B. I only. C. II and IV only D. II, III and IV only

35. Your lawyer has just confirmed with you that her research generally shows non-compete contracts to be unenforceable under the scrutiny of the court. How might the ethical agent respond?

A. "Good, I think I'll go ahead and break my word and compete with my former employer."

B. "Even though non-compete clauses may be unenforceable, I will keep my word and fulfill the contract I signed."

C. "My former boss really treated me poorly; to get even I will take the information learned from her and use it to hurt his market share."

36. What is meant by "pirating a listing?"

A. you are probably trying to solicit a competitor's listing.

B. the person doing the pirating is interfering with another's listing.

C. the person doing the pirating is trying to steal business from a competitor.

D. All of the above.

37. Even though it is permissible to solicit a competitor's open listing, the ethical agent should go beyond the law and stay distant from a principal listed under any type of listing.

A. True B. False

38. Recent law changes permit an agent to take a "post-dated" listing under certain circumstances. The ethical agent will not take the liberty made available by this law; instead, the agent will wait until the present listing is expired to make conversation with the principal.

A. True B. False

39. Which of the following should the ethical agent disclose?

A. a non-functioning septic system.

B. murders on the property.

C. self-inflicted woundings on the property.

D. All of the above

40. The ethical agent will take immediate action to correct deferred maintenance.

A. True B. False

Transfer your answers to the answer grid found on the last page of the Supplement.