

Danish Association of Chartered Estate Agents (DE)

Code of Ethics for trade in real estate negotiated between the Danish Association of Chartered Estate Agents and the Danish Consumer Council

Code of Ethics (as of November 17th 2008):

1. Introduction and aims

1.1 These ethical guidelines are worked out in collaboration between the Danish Consumer Council and the Danish Association of Chartered Estate Agents.

1.2 The guidelines must ensure that the consumer obtains correct, relevant, and satisfactory counselling and information by the estate agent as well as pointing out how the estate agent is to handle a number of actual circumstances in an ethically proper manner.

1.3 The guidelines must express what is considered to be usual good estate agent practice.

1.4 The guidelines cover the most common situations, but they are not complete. In addition to these guidelines the common ethical demands for exercising businesses apply.

2. Fields of application

2.1 The guidelines are applicable when the estate agent performs professional activities aimed at or carried out for a consumer in connection with the said consumer's purchase or sale of real estate or outputs attached to real estate. To the extent that an output concerns an area which is regulated by the ethical guidelines of another branch of trade these guidelines apply to the estate agent.

2.2 If the consumer is represented by another professional counsellor, the guidelines are applied with the adjustments prompted by the situation in question.

3. In general

3.1 It is the full responsibility of the owner and the board of the estate agency that the guidelines are followed in the daily work. Likewise, the owner and the board must ensure that work procedures are brought up to date and that the employees are guided and educated as much as it is necessary so that the agency is run in accordance with the guidelines.

4. Counselling

4.1 The estate agent's counselling must be based on the needs and the situation of the individual consumer, and it must aim at producing the information needed for the consumer in order to make his own decision in accordance with his own interests.

4.2 In collaboration with the consumer it is the duty of the estate agent to provide the necessary certainty of contents and preconditions of the legislation.

4.3 Counselling is to be provided whenever the circumstances dictate the need. However, it is not allowed for the estate agent to do counselling for both parties in an agreement about cases involving conflicts of interest.

4.4 If the consumer in agreement with another consumer is not assisted by his own counsellor the estate agent must counsel the consumer regarding the needs and possibilities of attending his own counsellor.

4.5 An estate agent whose marketing creates a legitimate promise of impartial counselling must live up to such a standard that must be the premise for acknowledged and independent counsellors.

5. Agreements with the consumer

5.1 It is the duty of the estate agent to ensure that substantial agreements are made or confirmed in writing. The estate agent also has to ensure that all specific and substantial preconditions to the attached counselling are explicitly stated in the agreement or otherwise in writing.

5.2 In cases when an estate agent knows that the consumer has made an intermediary agreement with another estate agent it is the duty of the former agent to examine if this agreement has expired before the consumer makes (another) agreement about counselling with the estate agent.

If the former intermediary agreement is still in effect, the estate agent must inform the consumer about the consequences of entering into two intermediary agreements about the same real estate. This also includes situations when the consumer according to the agreements has to pay fees or other outputs in case of a sale.

5.3 The estate agent must offer the consumer to check the individual terms of agreement in a written agreement on his own initiative before entering the agreement in order to ensure to the highest possible degree that the consumer has comprehended the full contents and scope of the agreement. Terms which are specifically troublesome must be emphasized to the consumer.

6. Marketing

6.1 The estate agent's marketing of his own outputs must appear in an impartial and honest way. It also has to contain information relevant to the consumer when he chooses his estate agent.

6.2 If some real estate is offered with loans with floating rate, loans in foreign currencies or other kinds of loans in which the consumer obtains immediate interest savings in return for assuming the risk of incalculable raises of future interests, there must be supplied additional information about the owner expenses in advertisements, the estate agent's sheets of information and other marketing material including financial information. The information about the owner expenses is given based on a traditional financing with loans in Danish kroner (DKK) with fixed interests.

7. Capacity (contracting on one's own behalf etc.)

7.1 It is not allowed for an estate agent neither personally nor via persons or companies who are economically or personally closely related to commit himself to buying the real estate of a consumer in cases when the real estate cannot be sold at a fixed price.

7.2 An estate agent who is self-employed must immediately refer a consumer to be represented by another intermediary/ counsellor if the estate agent himself or his spouse, partner or relatives of direct descendance wish to purchase the real estate of the consumer.

7.3 A similar duty lies with the estate agent in cases when other physical or legal persons who are personally or professionally related to the estate agent wish to purchase the consumer's own real estate. However, this does not apply in cases where the relationships in question of such a kind which do not involve any conflicts of interests. Even if the estate agent assesses that there is no conflict of interest, upon realising the situation he has to inform the consumer (the vendor) about the matter immediately.

7.4 The regulations stated also apply in cases where the estate agent has made an agreement regarding mediation or counselling for the purchaser and the latter wishes to purchase some real estate owned by the estate agent or one of the physical or legal persons mentioned above.

7.5 An estate agent who is self-employed is under an obligation to inform all employees of the present precepts (contracting on one's own behalf etc.). Furthermore, he has to ensure that the employees are aware of the fact that they have to inform the responsible owner or daily manager of the place of business/business of any problems of capacity immediately.

7.6 In case the estate agent has to resign from a case because of incapacity, the mediator has to give notice to terminate the agreement, renounce from remuneration, and counsel the consumer of the need and possibility of seeking assistance elsewhere. The estate agent himself, the estate agent's spouse/partner, the employee or the employee's spouse/partner can only buy the real estate of a consumer if the consumer engages his own advisor during the transaction.

8. Selling one's own real estate projects

8.1 Members of DE can not offer real estate projects for consumers through a real estate company owned by the member himself if the projects are owned by the member. A real estate project is a piece of property that has not yet been built for habitation as well as newly built property fit for habitation which has never been owned by consumers. Consumers are people, housing co-operatives etc., who have mainly used or who mainly will use the real estate project for habitation.

8.2 The stipulation of subsection 8.1 also applies if the real estate project is owned by the member's spouse, partner or relatives of direct descendency. The stipulation also applies if the real estate project is owned by an employee of the real estate company or his spouse, partner or relatives of direct descendency.

8.3 The stipulation of subsection 8.1 also applies if the real estate project is owned by a business, a fund or an association who has got an interest in owning the member's business or an association/a fund in the same group as the member's business.

8.4 The stipulations of subsection 8.1-8.3 are applicable whether the real estate project, the real estate company or the association/the fund is owned directly or indirectly by one or more associations or funds.

8.5 The stipulations of subsection 8.1-8.4 are applicable regardless of each owners share in the real estate project, the real estate company or the association/the fund, but not if each owner's share constitutes less than two percent of the real estate project, the business' capital, or the association's capital/the fund's capital.

8.6 The stipulations of subsection 8.1-8.5 come into force as of July 2008.