



European Code of Ethics for Real Estate Professionals adopted by the General Assembly of March 30, 2006 in Brussels

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1. PREAMBLE

The EU Member States comprise some 350,000 real estate professionals (property agents ^(*) and managers) employing some 1.2 million wage earners.

Around 2/3s of these professionals belong to national trade organisations.

In some countries, there are more or less restrictive regulations, in others outdated ones.

The activities of property agents and managers require increasingly more rigour, professionalism, in-depth knowledge in areas as varied as law, taxation, insurance, economics, accounting, building technologies, sociology, financing mechanisms, information technology, town planning, regional planning, etc. Furthermore, this knowledge must be constantly updated by continuing training.

As a result, a non-negligible number of players in the property sector may not have all the guarantees needed to protect the consumer.

In the spirit of the Single European Act and having regard to the responsibilities which are incumbent upon real estate professionals as a result of the civil, economic and social role allotted to them, we establish the principles of a common Code of Ethics gathering the principles of conduct and ethics of their professions.

Each professional is bound by this code provided it does not conflict with the national legislation.

The rules aim to ensure to the consumer the best guarantees and quality of services in the interest of the common good and for the conservation of the professional inheritance for future generations.

Each member organisation whilst rigorously respecting the spirit of the code, may adapt it to the specific professional circumstances within its own country.

^(*) also called estate agent or broker.

2. DEFINITIONS

A Property Agent shall be understood to mean any service provider on behalf of third parties, who is acting in the interests of the latter for selling, purchasing, exchanging, renting or transferring real estate goods, real estate rights or business.

A Property Manager shall be understood to mean any person who, habitually as his principal or secondary activity and acting on behalf of third parties, in a capacity of authorised agent or intermediary, either manages real estate rights or acts as a property manager for flats in co-ownership.

3. CODE OF ETHICS

3.1. General

In practicing his profession, the real estate professional shall show competence by justifying the requisite qualities and guarantees.

He/she shall:

- keep regularly abreast of essential legislation, information and developments likely to have an influence on the interests entrusted to him;
- be familiar with the conditions of the markets in which he has to advise his clients;
- not accept any mission that exceeds the scope of his experience, except to make sure, with the consent of his client, the support of a specialist, the limits of action of which shall be clearly defined;
- inquire into all essential elements relative to each property for which he accepts a remit, so as to meet his obligations to avoid error, exaggeration, wrong presentation or concealment of the facts;
- remain abreast of and facilitate the training of his employees as to the development of the real-estate market at local, regional, and national levels;
- attend, and have his employees attend, continuing, specific training courses that enables them to adapt to developments of the relevant legislation and professional environment.

3.2. Relations with clients

In his relations with clients, the real estate professional shall act with:

Professional conscience

He/she shall:

- display the professional conscience required to carry out the mission entrusted to him;
- show moderation and exercise caution, making sure not to imperil the situation of his clients or his own;
- protect and promote the legitimate interests of his clients; the duties of advice and absolute loyalty to the latter shall not, however, dispense the real estate

professional from treating all the parties interested fairly, with respect for their rights;

- protect the consumer against fraud, wrong presentation or incorrect practices in the real estate sector, and shall endeavour to eliminate, in his community, any practice likely to cause prejudice to the public or to the dignity of the profession of property manager or property agent.

Professional discretion

He/she shall:

- consider himself/herself to be required, under any and all circumstances, to observe absolute discretion with respect to his/her clients and third parties, for everything to do with his remit, and shall ensure that his/her employees act with the same reserve.

Integrity

He/she shall:

- not acquire, in whole or in part, nor have a property acquired by a near relation or any organism in which he/she holds a stake, for which he/she has been given a remit, unless he/she informs his/her client of his/her intention beforehand;
- inform the buyer of his/her position in the event that property belonging to him/her, in whole or in part, is put up for sale;
- shall not accept valuation or assessment missions for a property in which he/she holds or intends to acquire interests, unless he/she duly so indicates in his/her valuation or assessment report;
- not receive any commission, reduction or profit on expenses incurred for the account of a client, without having obtained the prior consent of the latter, whereby the arrangements for choosing suppliers and the invoicing for their products or services should be transparent;
- not order, for the account of a client, works, supplies or services from a close relation or an organisation in which he/she holds interests, without information the client of his/her position;
- not put up for sale or to let, or manage a property without having been duly assigned to do so in writing;
- not discriminate on the basis of race, beliefs, sex or origin;
- accomplish all formalities and provide the requisite information to the parties;
- act with full transparency in regard to the parties;

- use the means of information and advertising relative to the sale/purchase and/or rental, by complying with the rules and customs with regard to the parties and his colleagues;
- undertake to transmit to the client all information and proposals relative to the sale or rental.

Fairness

He/she shall:

- ensure that the financial obligations and commitments resulting from the property contracts are fixed in writing, laying down the agreements concluded by and between the parties, each of which shall receive an original of the deed at the time of the signing thereof;
- ensure that the agreements provide, unequivocally, flawless information to the parties and tend to harmonise their interests, without either drawing the advantages alone;
- inform the public with precision as to the price asked by way of remuneration for the services rendered;
- ensure that any ancillary or related activities are carried out in complete transparency and do not cause any conflict of interest.

3.3. Relations with colleagues

Fraternity between colleagues

He/she shall:

- see to the fairness of competition, in particular when commencing or terminating relations with a client;
- ensure that fraternal relations with colleagues are always marked by courtesy and respect;
- not take the initiative of criticising the professional practices of a colleague;
- if consulted on a matter handled by a colleague, give an opinion only with due fraternal courtesy and integrity for that colleague;
- maintain the profession at the highest level by encouraging vocational training;
- contribute to the publication of specialised trade journals and reviews to enable real estate professionals to provide precise information to the public;
- refrain from any practices detrimental to the reputation of the profession and any behaviour likely to cause moral or material prejudice to his colleagues;

- in order to contribute to the quality of the profession, share with his/her colleagues the fruits of experience acquired and improve the professional qualities of his/her employees with a view to improving both those employees and the quality of the service rendered;
- shall not solicit the services of an employee of a colleague, without the knowledge of the latter;
- avoid any conflict with a colleague that could injure the interests of the clients.

4. FINANCIAL ASPECTS

4.1. Financial Guarantee and Professional Liability Insurance

Property agents, if they collect funds deposited on behalf of their clients, and property managers must be covered by a financial guarantee - if it is in conformity with the national rules - and, in any case, by a professional liability insurance against:

- The liability he/she may incur regarding funds held in escrow or other funds entrusted to his/her care.
- The liability the property agent or the property manager may incur carrying out his business as a property agent or as a property manager.
- The financial guarantee and the liability insurance may be issued by a mortgage bank, a commercial bank, an insurance company, a specialised finance company or any other company, which is legally authorised to fulfil such obligations.
- The size of the financial guarantee, and of the civil liability insurance coverage, may never be less than € 25,000 and € 200,000 respectively.
- A certificate attesting such guarantees must be displayed at the most visible place at each place of business and, if the business is carried through the internet at a visible place on the website.

4.2. European Directive 91/308/EC amended by Directive 2001/97/EC adopted on December 4, 2001 on the prevention of the use of the financial system for the purpose of money laundering including terrorist financing

The real estate professional commits himself/herself to abide the Directive of the European Council and following European legislation.

4.3. Code of conduct for real estate professionals in the field of e-commerce

4.3.1. Definitions and scope of application

4.3.1.1. Definitions

For the purposes of this code of conduct, the following definitions shall apply:

- e-commerce: commercial activities, communications and transactions carried on, made or concluded using electronic means;
- consumer: any natural person who is acting for purposes which are outside his/her profession or business;
- electronic signature: data in electronic form which are attached to or logically associated with other electronic data and which serve as a method of authentication.

4.3.1.2. Scope of application

Real estate professionals shall apply these rules of good conduct in their e-commerce business relations, in all situations and in all their dealings with clients.

4.3.2. General provisions

4.3.2.1. General principles

- Real estate professionals shall conduct their business activities in a way that is transparent, and ensure that they respect all applicable legal provisions, all codes of conduct to which they have adhered, the confidentiality of personal data and intellectual property rights.
- They shall respect their commitments and ensure that information provided is accurate and that the procedures used for concluding contracts and making payment are secure. The level of protection offered to clients pursuant to these principles shall be equivalent to that which such clients would enjoy in the framework of traditional transactions.
- Real estate professionals can only guarantee to satisfy in full their commitments if clients communicate complete and correct information to them.

4.3.2.2. Information on real estate professionals and their company

The following information, as well as any other information that may be deemed useful and relative to real estate professionals, shall be readily and directly accessible on a permanent basis:

- the name of the real estate professional and, if applicable, the name and legal form of his/her company
- the full address of the company's headquarters
- the real estate professional's contact details, including his/her e-mail address, so that he/she may be contacted rapidly and with a view to ensuring direct and efficient communication

- the different legal registration numbers
- the VAT number
- if applicable, the authorisation and/or certification, as well as information on the body or bodies that issued such.

4.3.2.3. Pre-contractual information

At the time of any offer, the following information, as well as any other information deemed useful, shall be communicated to the client in a way that is clear and comprehensible:

- the identity and full address of the real estate professional and, if applicable, those of, his/her company
- a precise description of the property and of the service
- the price of the property and of the service provided; the prices shall be indicated in euros
- payment terms and the terms and conditions for the implementation of the contract
- the existence or absence of a right of renunciation
- the duration of the contract and whether or not there is the possibility of renewal by tacit agreement
- the means of payment and the currencies accepted
- the general terms which will apply; these shall be identifiable as such, easily accessible and drawn up in the languages used on the site
- the complaints procedure and any extrajudicial means of settling disputes
- the competent jurisdiction
- the governing law.

4.3.2.4. Information to be provided

All messages communicated by real estate professionals, or emanating from their company, shall satisfy the following conditions:

- they shall be clearly identifiable as such
- the natural or legal person on whose behalf they are made shall be clearly identifiable.

4.3.2.5. Security of real estate transactions

With a view to ensuring the reliability and security of real estate transactions, real estate professionals shall take all reasonable measures in terms of their organisation and the computer and communication systems used.

Clients shall be informed of the forms of electronic signatures accepted by the real estate professional, as well as, if applicable, the independent organisations that have certified such electronic signatures.

The attention of clients shall be drawn to the need to take action to protect the confidentiality of data used for the creation of an electronic signature (for example: code, private key, etc.).

Real estate professionals shall use secure procedures for the transfer of data, in particular those relative to payment.

4.3.2.6. Links with other sites

When real estate professionals establish links with other sites, they shall indicate clearly to the client that those sites do not necessarily offer the same degree of protection to the client. In addition, they shall specify that the real estate professional is not liable for the content of the said sites or the degree of security that they offer.

4.3.2.7. Complaints and the settlement of disputes

Real estate professionals shall make available to their clients detailed information on the handling of any claims and, if applicable, on the extrajudicial procedures for settling such disputes.

This information shall be provided in the language chosen by the client for the consultation of the site and the signature of the contract.

A client wishing to make a complain, should be invited to contact initially the real estate professional whose contact details shall be communicated in accordance with the articles. The complaint shall be dealt with by the real estate professional as quickly as possible.

If the client is not satisfied with the answer and/or the amicable arrangement proposed by the real estate professional, then the client may, if applicable, refer the case to the competent legal or extrajudicial body mentioned in art. 6.

4.3.2.8. Conclusion of the contract

Before signing a contract, the client shall receive a complete copy of the contract in question.

Until such time as the contract has been concluded and definitively confirmed, the client shall have the possibility to correct, at any time, any errors observed.

To that end, real estate professionals shall organise the procedure relative to the conclusion of the contract in two stages:

- first stage: agreement on the contract's content
- second stage: signature of the contract.

Real estate professionals shall acknowledge receipt of the signature of the contract in the shortest possible time. The contract shall then be transmitted to the client in paper format.

The contract must include at least the following provisions:

- the complete identity of the parties to the contract
- the full address of the parties to the contract
- the rights and obligations of the parties to the contract
- an as accurate as possible description of the purpose of the contract
- an as accurate as possible description of the real estate professional's tasks and responsibilities
- the duration of the contract
- whether or not there is a possibility to renew the contract by tacit agreement
- the real estate professional's fees and payment terms
- any other information necessary for the correct performance of the contract.

4.3.2.9. Payment

Real estate professionals shall in no circumstances accept payment, in any form whatsoever, before the contract has been signed.

4.3.2.10. Protection of personal data

The client's personal data shall be processed in accordance with the applicable law on the protection of personal data.

In particular, they shall be:

- processed accurately and legally;
- collected for specific, explicit and legitimate purposes and may not be processed subsequently in a way that is incompatible with such purposes;
- appropriate, relevant and not excessive with regard to the purposes for which they are processed;

- exact and, as far as possible, kept up-to-date;
- kept in a form that enables the persons concerned to be identified for a period not exceeding that necessary for the accomplishment of the purposes for which they are processed or not exceeding the legal time limit for keeping data in accordance with the legislation of the country in which the transaction is effected.

Information concerning the processing of data - data processed, purposes, etc. - shall be provided to clients, who may obtain access to their data and, if applicable, correct such data. Clients shall be informed of this right and the way to exercise it.

Clients may object to their data being communicated to third parties for direct marketing purposes.

5. MUTUAL RECOGNITION OF THE ABILITY TO EXERCISE THE PROFESSION

Without any prejudice to the national legal conditions, which might be stricter, the real estate professional commits himself/herself to abide by the minimum educational requirements of art.15 of the European Directive on mutual recognition of professional qualifications.

6. THE EUROPEAN CHAMBER OF ARBITRATION, MEDIATION AND DISCIPLINE FOR REAL STATE PROFESSIONALS

Caution

These regulations organise the functioning of the European Chamber of Arbitration, Mediation and Discipline and is competent to deal with professional conflicts among real estate professionals from different EU States or European Economic Area who are a member of professional organisations, which are CEPI members.

6.1. Purpose

6.1.1.

A European Chamber of Arbitration, Mediation and Discipline is to be established in CEPI, with its registered office in the premises of CEPI.

6.2. Composition

6.2.2.

The ECAMD shall be composed of five Councillors who shall elect a President, two Vice Presidents, a Treasurer and a Secretary from among their ranks.

For arbitration purposes, the chamber shall be composed of three Councillors chosen by the parties involved in the case. For mediation and discipline purposes, the chamber shall be composed of three Councillors appointed by the President of the ECAMD.

6.2.3.

The Councillors shall be elected during the statutory General Assembly of CEPI from among candidates for these positions nominated by the board of directors – upon proposal of the member associations of CEPI -. The members of the Board shall have examined and assessed the integrity, wisdom and competence of the short-listed candidates beforehand.

The Councillors shall be elected for one (1) year and their election shall coincide with that of the members of the Board of Directors. They shall be eligible for re-election for two additional terms at most.

The expiry of the term of office in the ECAMD shall not entail an end to the duties of the outgoing Councillors to bring to a conclusion cases referred to them previously. They shall have to conclude such cases even after the expiry of their term of office, provided they remain members of the association affiliated to one of CEPI member associations.

6.3. Conditions of eligibility

To be eligible for the ECAMD, and towards the member association, which is presenting the councillor, it is necessary to:

- have been a member of the association for at least five years
- have been practising the profession for at least ten (10) years
- be at least forty (40) years old.

6.4. Chamber of Arbitration and Mediation

6.4.1.

Any and all disputes of a professional nature between one or more members of CEPI or one or more third parties may be referred to the Chamber of Arbitration and Mediation, provided that said third parties petition or accept the arbitral court.

The parties may also apply to the Chamber for Mediation.

In the event of arbitration, the members of the member associations affiliated to CEPI member associations involved shall have to appear personally if the arbitral court should deem it appropriate.

The parties involved may be assisted by a technical Counsellor or by a lawyer.

After examining the dispute, the arbitral tribunal shall hand down the arbitral award, which shall be final.

6.4.2.

The introductory petition must be addressed, in writing, to the President of the ECAMD at the registered office of CEPI.

By way of support to an introductory petition, the petitioner shall remit to the Treasurer of the ECAMD a provision for fees paid to the clerk, in accordance with the scale inserted in art. 6.7. of these Regulations. Representing the costs of the proceedings, this sum shall be borne by the aggrieved party, according to the ruling of the arbitral tribunal.

The parties shall bear the fees and exceptional charges for introducing the proceedings, appraisal, transport and any and all expenses incurred with a view to settling their differences fairly, as determined by the arbitral award.

In the course of the proceedings, the President of the ECAMD or a Councillor delegated for that purpose, shall try to reconcile the parties or shall attempt mediation.

Arbitral awards shall be drawn up and shall mention the surnames, first names, capacities and addresses for service of the arbitrators and the parties involved, a summary presentation of the facts and the law, the grounds and enacting terms of the judgement, the place in and date on which the arbitral award was delivered, as well as the signature of the members of the chamber.

The President of the arbitral tribunal shall file the minutes of the arbitral award with the office of the clerk of the competent District Court, unless, in ruling in an arbitrating capacity, said tribunal was expressly dispensed from doing so by the parties.

The arbitral tribunal, deciding on the admissibility of the petition for arbitration, having examined the files and pleadings submitted by the parties in the case shall, by registered letter, convene the parties to appear within ninety (90) days of the appointment of the arbitrators, with a thirty (30) days' notice.

The reasoned arbitral award shall be handed down within sixty (60) full days as of the appearance, and notified by registered letter to the address for service of each of the parties involved, unless dispensed from doing so by the parties.

An appeal of the decision, insofar as so provided by the arbitration agreement, shall be filed within one (1) month of the service of the arbitral award.

If, during an arbitration procedure, one of the parties were to fail deliberately to show the respect due to the tribunal by resorting to offensive, libellous or threatening language verbally or in writing, said tribunal, ruling by the majority of its members, may refuse to arbitrate the dispute, and allow the Councillors thus attacked to sue for damages in the case of persons outside the Professional

Association, or to have the individual member brought before the Chamber of Discipline of CEPI.

The Councillors shall be expressly exonerated from all personal liability and their awards shall not render CEPI liable. The parties renounce taking action against them on these grounds.

The arbitrators may receive fees, the amount of which shall be fixed by the Board of Directors of CEPI. Travel allowances may also be granted to them under the same conditions.

The Councillors may taken on such administrative staff as necessary, as well as a lawyer registered with the various national bars where warranted by the legal complexity of the case, whereby the expenses shall be covered by the fees paid to the clerk.

6.5. Chamber of Discipline

6.5.1.

The ECAMD shall sit as a Chamber of Discipline at the request of a member of the Professional Association, a third party, or the professional association itself, for:

- Offences or violations of the bylaws and of the code of ethics of CEPI;
- Offences or torts for which a director of CEPI is accused in the performance of his duties.

The members of the member associations affiliated to CEPI in question shall appear before the Chamber of Discipline at the latter's behest and may be assisted by a technical Counsellor or by a lawyer.

Disciplinary rulings may be pronounced by default against the party that fails to appear without lawfully accepted reasons.

After examining the disputed facts and the appearance of the parties, the Chamber of Discipline shall rule in fairness and decide either on a "reasoned disciplinary measure" or that there is "no case to answer."

Disciplinary rulings shall be motivated and shall not be subject to appeal.

6.5.2.

Cases shall be referred to the Chamber of Discipline on information or complaint by a member of the Association or a third party.

Disciplinary rulings shall be adopted by the majority of the Councillors who compose the Chamber.

The Chamber of Discipline may mete out the following penalties:

- Warning
- Rebuke
- Reprimand
- Disciplinary suspension
- Proposed expulsion
- Preventive suspension.

The warning is given verbally by the President of the Chamber and is not entered in the personal file of the individual concerned.

The rebuke is served in writing and is entered in the personal file of the individual concerned. A person who has been issued a rebuke, and commits a new offence within three years of the decision that served the rebuke, shall be considered a repeat offender.

The reprimand is entered in the personal file of the individual concerned. The reasoned decision that metes out the reprimand is communicated in extenso to the members of CEPI.

Preventive suspension: a member, natural person or body corporate or representative body thereof, being sued or involved in proceedings before the criminal and/or ordinary courts, may be suspended and at least until the conclusion of the proceedings.

Members of the associations affiliated to CEPI member associations who are involved in legal proceedings or cases for unlawful or criminal actions may also be suspended.

It shall be up to the Board of Directors of CEPI to rule on the basis of a report from the Chamber of Arbitration, Mediation and Discipline.

A disciplinary suspension is imposed for at least one and at most twelve months. The suspended member shall not be eligible for office or duties in the member association of the associations affiliated to CEPI.

A proposed expulsion can be applied as a disciplinary sanction only against members who are repeat offenders, or those who have been given criminal sentences for offences in connection with the Profession or for heinous crimes.

A proposed expulsion is transmitted to the Board of Directors of the association member of the association affiliated to CEPI, and is placed on the agenda of the next General Assembly.

A person who has been given a reprimand, a suspension or a proposed expulsion, and commits a new offence within five years of the decision that meted out one of these sanctions, shall be considered a repeat offender.

Persons who are found to have no case to answer or are acquitted may request the publication of the ECAMD's decision free of charge. Such publication may not be refused.

6.6. Organisation

6.6.1.

No Councillor may be removed without justified reason.

A Councillor must declare himself incompetent if he:

- has a personal interest in the case in question;
- is related or allied with one of the parties up to the 4th degree inclusive;
- has given a written opinion on the case in question.

A Councillor, who is aware of such a conflict of interest, must abstain.

6.6.2.

The Councillors of the ECAMD shall reach their decision by relying on all documents, testimony or evidence admitted by law, whereby prima facie evidence is not required.

Individual members subpoenaed as witnesses may not refuse to appear or to testify under oath before the ECAMD, except in the case of legal exemption. In the event of abstention, they shall be liable for disciplinary measures.

The Councillors shall hear the cases in the language of the plaintiff and in French or English.

6.6.3.

Except where periods of appeal are provided, decisions shall be enforced as from the moment that judgement is delivered. In case of a duly established emergency, the Councillors may prescribe such preventive measures as they deem appropriate, without prejudice to the main case.

The deliberations and decisions of the Chamber of Arbitration, Mediation and Discipline shall not be disclosed to third parties, except for disciplinary measures. Nevertheless, if required in the general interest, excerpts duly expurgated of any and all indications as to the identity of the parties involved, may be published.

6.6.4.

The association shall take such measures as necessary to ensure that the documents, items and decisions relative to the dispute referred to the Chamber of Arbitration, Mediation and Discipline are protected from unauthorised disclosure.

The disclosure of facts brought to the knowledge of members of the Chamber of Arbitration, Mediation and Discipline and any breach of the secrecy of the deliberations, shall be considered as a serious offence, entailing a disciplinary penalty no lower than a reprimand for the perpetrator. If the disclosure is made by an employee of CEPI, the latter shall be liable for dismissal for a serious offence.

6.7. Fees paid to the clerk

- Except in cases of disciplinary complaints lodged by the Board of Directors of CEPI, the ECAMD shall, in reference to the scale given below, fix the amount to cover its operating expenses. The arbitrators shall, at the end of their mission, decide which of the parties is liable for the fees paid to the clerk, or the proportion in which they are to be shared by and between the parties.
- As provided by these regulations, the petitioner shall remit a minimum provision of € 250.
- Scales for the fees paid to the clerk and expenses: € 1,000 minimum.

6.8. Procedure

By decision of the General Assembly of March 30, 2006, these regulations organising the European Chamber of Arbitration, Mediation and Discipline hereby enter into force.

April 2006