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IREM was founded in 1933 with ethics as its cornerstone. Members of IREM are obliged to uphold the IREM Code of Professional Ethics, thus, conducting their professional activities in accordance with the Code. The Code protects the public, promotes competition, reflects contemporary business practices, and sends a powerful message to the marketplace that IREM members act ethically regardless of their credential or membership type. IREM actively enforces the code - violations are processed within a defined structure, including an established peer review process which may result in disciplinary actions.

The Institute was formed by representatives of real estate firms whose primary concern was the financial responsibility of those who were managing property for others. Each founding member firm was required to follow certain ethical standards of practice. Specifically, each firm agreed to avoid commingling funds, to carry a fidelity bond for employees who handled money, and to refrain from reaping financial benefit from the use of a client's funds without full disclosure.

While many associations have codes of ethics, a study by the American Society of Association Executives (ASAE) found that only one-third fully enforce their codes. IREM is committed to ethics as one of its core values and therefore strictly enforces its codes of ethics - with due process for all parties involved. A member found in violation of an IREM code may receive one of the following disciplines:

All members are required to adhere to a code of ethics and can be censured, suspended or terminated for violations. Examples of cases heard in recent years include commingling of funds, stealing business from former employers, disregard for tenant safety and non-compliance with laws stemming from criminal charges of embezzlement, kickbacks, and sexual harassment. In the last 10 years, IREM has terminated 23 members, suspended 6 and censured 15, a small percentage of its over 17,000 individual members and 500 member firms.

IREM has a very structured ethics review program which assures due process to all participants. The Board of Ethical Inquiry examines all complaints received. If found to be actionable, the complaint is forwarded to the ethics hearing & discipline board for a determination of guilt and application of discipline. The complainant and respondent may attend the hearing along with legal counsel and witnesses. The appeal board hears appeals of decisions made by the hearing board and can decide to uphold the original decision, reverse it or send the matter back for rehearing.

William Walters Jr., CPM, 1971 president of IREM, expertly captured the significance of ethics to the Institute in his book, *The Practice of Real Estate Management*. Although the book was published by IREM in 1979, the words continue to resonate today:

"The final proof of a manager and the final demand on management is integrity, a moral soundness in business dealings that tests steadfastness to truth, purpose, responsibility and trust. Managers cannot compromise when it comes to demanding integrity from their superiors, their subordinates or

themselves. No matter how knowledgeable or experienced the manager may be, if he lacks integrity he destroys himself, other people and in the long run his organization. He corrupts the purpose of the organization and destroys its spirit. Integrity cannot be taught or demanded, but is an absolute requisite for a professional property manager and one quality he must carry with him to the organization."

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