

Code of Conduct and Ethics

I. Preamble

The BVI (Bundesfachverband der Immobilienverwalter e.V.) puts in place a binding set of rules for all full members, honorary and guest members. This code of conduct and ethics is put into effect by resolution of the meeting of members. It replaces the professional standards that were decided 19. October 1984 in Fischen/Allgäu.

This code of conduct and ethics forms the basis for the development of professional ethics that shall regulate the internal rules of conduct within the profession of property managers and also the dealing with customers. The objective is to develop a uniform code throughout the whole industry.

This set of rules shall bring together equal property managers and motivate compliance of quality standards. The competence of the members is ensured by high standards of professional education and the obligation to lifelong learning. An institutionalization of these codes shall create binding rules of conduct and give them the necessary assertiveness. Structures of controlling and sanctioning support the ethic conduct of the members and increase the prosperity and attractiveness of the association. This code shall become the ethic basis of conduct for the employees of a member company, lead them in conflicts of interest and under certain circumstances it shall restrict the position of the employer. In return the regulations of the code will create competitive advantages for the members on the market

II. Field of Activity of the Property Manager

The profession of the property manager includes all experts in economy, public service, in public sector entities and other institutions which professionally manage or rentabilize flats, buildings, premises and land, i.e. any kind of residential, commercial and special real estate.

III. Internal Rules of Conduct for the Members

These rules describe the conduct of the members amongst each other and towards the association.

The member has to offer his/her services in accordance with the principles of a prudent businessman, i.e. they have to inter alia provide a decent living and demand a respective remuneration. This can be oriented to the rates of fees of the II.BV (Berechnungsverordnung). The regional market situation and object-specific features can be taken into consideration concerning the remuneration.

1. The member is always obliged to conduct as supposed by the public and the members of the association and stands for integrity and respectability.
2. No member is allowed to work for a company or business that in the view of the association discredits either the status of the member or that of the institution.
3. If a member works for a third party it has to disclose the customer and his field of business.
4. All members are obliged to render account or information about their business activities to the association within 14 days upon request.
5. All members have to have sufficient insurance cover for their professional activities.
6. With partnerships and corporations the rules of this set of regulations apply to those who are entitled to represent the company. Business owners are liable for their employees.
7. All members are responsible for their own advertisements. This applies to promotional material and also articles and public discussions.
8. All members are obliged to keep their professional and business expertise up to date and to prove that at regular intervals. Within two years at least two seminars (of these at least one being a BVI seminar) have to be taken. The following events are recognized as measures of continuing education:
 1. Seminars and events of continuing education of the association
 2. Conferences and seminars of commercial providers
 3. Distance learning
 4. Public research work
 5. Work as a lecturer for the association and for recognized training facilities (such as universities, academies, technical colleges, chambers of industry and commerce etc.)

The member has to provide evidence for that to the head office. In case of reasonable doubts the head office/executive board can reject the provided evidence.

9. All members have extended responsibility if they work for third parties as partner of a company (also an associated company). In this case the members are responsible for every breach of the principles and rules committed by a partner or employee of the company. The member can only be relieved of the responsibility, if the breach was really committed without fault and knowledge of the member and all reasonable best efforts were used to prevent it.
10. In case of a conflict between the interest of one member and that of another, the following is to be initiated:
 1. The other member and the relevant state representative are to be informed promptly in writing. If the state representative is personally affected the board of the association is to be informed.
 2. The other member has to be informed in writing that there is a collision of interests and that further actions are to be consulted with the board.
 3. The members concerned have to submit to a common outcome of the conciliation in writing.
11. The application of several members for one contract is legitimate if the contract becomes officially vacant. This is not a conflict of interest. If one of the members gets notice of the application of the other member the other one is to be informed about it promptly in writing. Provided the relevant application is in compliance with the professional rules. If a member applies for a contract that is held by another member and that becomes vacant, the other member is to be

informed about it in writing. There is no conflict of interest if the relevant application complies with the professional rules of the association.

The mere attempt to takeover an existing contract of another member that is not officially vacant is a violation of this set of rules. It is not a conflict of interest if the applicant can prove that he could not get the name of the contractor in advance of during the time of the application. If a member knows that another member has the assignment the other member is to be informed in writing and the application has to be withdrawn.

If a member receives information about an attempt to withdraw an existing assignment from another member in an illegal way, the relevant member is to be informed promptly in writing.

It is forbidden for all members to issue an offer before they received sufficient information on the type and extend of the required performance. It is forbidden for all members to change an offer subsequently, when they learn about a competitor applying for the same assignment.

The issuing of an offer referring to the offer of a competitor and reduced by a certain amount is forbidden as well.

12. It is forbidden to unreasonably put direct or indirect pressure on people to secure an assignment, be it by an offer, a payment, a gift, a favor or other things. It is forbidden to take assignments from people if there is a reasonable assumption that they have been put under unduly pressure or influence expecting an award from third parties.

IV. External rules of conduct

These rules describe – in addition to the rules in III. – the conduct of the members toward external parties.

1. The member has to manage and administer the real estate entrusted to him to the best of his knowledge and abilities, to protect it from harm and to preserve its net asset value.
2. The services as well as the rights and duties of the member have to be specified with the conclusion of a contract detailed and comprehensible in a contract with the customer.
3. The member informs his customers fully and on a timely basis.
4. The member has to do his work according to the legal provisions and carefully. His conduct toward the customer is always fair and open.
5. The member is incorruptible.
6. The member is liable within the framework of the legal regulations as contractor towards the client. Thus a sufficient insurance of the contractor is necessary.
7. The member has to protect the ethic and legitimate interests of the client with confidentiality. The client is always entitled to independent and unbiased advice.
8. The member has to keep the money, entrusted to him by the customer, on one or several bank accounts, apart from his own accounts, and to protect it.
9. At the termination of the contract the member has to immediately hand over all documents of the client including all assets, provide all necessary information and to inform about approaching deadlines without special request.

10. In case of a conflict between the interest of a member and that of a customer, the following is to be initiated:
1. The customer is to be informed about the conflict of interest promptly and in writing.
 2. The customer has to be informed in writing that the continuing of the assignment is possible only on his explicit request. The customer is recommended an impartial advice.
 3. The position of the customer is to be confirmed to him in writing.

V. Measures in the Event of Violations of this Code of Conduct and Ethics

1. Examples of violations:
 1. Failure to comply with this code of conduct and ethics
 2. Refusal to pay a fine imposed by the court
 3. Misappropriation of clients' money
 4. Rude, insulting or delayed business correspondence
 5. Lack of discretion
 6. Non-observance of a request made by the association
 7. Criminal record (loss of reliability)
 8. Judicial insolvency proceedings
 9. Fraud or assistance to an attempt at deception within the admission audits
2. If a member is found guilty of a violation of this set of regulations the following sanctions can be imposed:
 1. Issuing of a reprimand or a strict reprimand
 2. Request to committing to stop the conduct not compliant with this code of conduct and ethics and not to repeat it
 3. Imposing of an appropriate fine for the benefit of the association
 4. Exclusion from the association
3. The sanctioning organ of first instance "Landeskommission" (state commission) has the following respective powers and composition:
 1. The committee will consist of the respective state representative, three more members of the respective state association and a consultative member. If a member of the state commission is affected, he/she will be replaced by a member of the board. The chairman of the committee will be the state representative or the consultative member. Finally the federal board always has the right to be part of the state commission.
 2. It is admissible that several state associations name a joint commission.
 3. The quorum of this committee is present with the presence of three members.
 4. The committee can impose sanctions by a simple majority of votes.
 5. The committee can request an affected member to clarify his or her position and to submit the necessary documentation.
 6. The state commission can judge also in absence of the affected member.
 7. The affected member may be represented before the state commission by a lawyer or a consultant and may call witnesses.
 8. The state commission can impose the sanctions provided for in IV. (2.1 - 2.3), or forward the case to the board.

9. Objection to the sanctions is possible and has to be filed within 21 days by certified mail, return receipt requested, to the head office of the association.
4. The federal commission acts as a second instance. It has the following respective powers and composition:
 1. The federal commission consists of the board, which has to be present with at least 50% of the elected board members and one consultative member. This member must not be part of the affected state commission. If a member of the board is affected this member has to be excluded from the proceedings. Chairman of the board is the president or the vice-president.
 2. The federal commission writes a basis for the hearing.
 3. The federal commission can impose sanctions provided for in IV. (2.1 – 2.4).
 4. The federal commission can always suggest the publication of the case including an account of all sanctions and consequences in a bulletin within the association (such as “Perspektiven”), a local or national newspaper.
 5. The federal commission is not allowed to charge any costs for the case against the member but can ask for a donation.
 6. Objection to the sanctions is possible and has to be filed within 21 days by certified mail, return receipt requested, to the chairman of the court of arbitration or to the head office of the association.

The court of arbitration has to perform the tasks of the professional commission of the final instance according to the established rules of arbitration.

Resolved by the Annual General Meeting of the BVI e.V. of May 12, 2001 in Berlin