

# ETHICS

OF THE

## REAL ESTATE PROFESSION

ADOPTED BY

NATIONAL ASSOCIATION *of* REAL  
ESTATE EXCHANGES



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# CODE OF ETHICS

*of the*

## NATIONAL ASSOCIATION *of* REAL ESTATE EXCHANGES

### SECTION I.

#### DUTIES OF THE BROKER TO HIS CLIENT.

1. Should the location of a property offered a broker to sell or rent be such that he cannot render prompt and efficient service, he should either immediately enlist the cooperation of a fellow broker more favorably situated to accomplish prompt results or recommend that the owner place the property in the hands of such broker.

2. The broker should if possible, promptly and carefully inspect and appraise such properties as he accepts for rent or sale, that he may be prepared to intelligently and truthfully advise the owner regarding the actual value of each and as to the prospects for securing the price desired, also that by viewing its peculiar advantages, if any, he may be stimulated to earnest effort to accomplish a sale, as well as by reason of the familiarity with the property thus acquired, to avoid misrepresentation.

3. When a broker accepts from an owner an order to list a property, the latter has a right to believe that such acceptance is equivalent to the representation that the broker has at least fairly good facilities for accomplishing the desired results, in comparison with those of other brokers, as well as a guarantee of prompt, earnest, intelligent and continuous effort in his behalf, to be preformed in a fair, straightforward, truthful manner to the final conclusion.

4. It is also a duty of the agent or broker to suggest to owners in an appropriate manner, as circumstances appear to warrant, the making of such repairs or improvements to buildings or premises which after deliberate consideration he believes will make the property more attractive to prospective tenants or purchasers and yield increased returns, justifying the new expenditures.

5. The broker may not safely and usually cannot honorably speculate for his own account with

the property of his client. As a general rule he would do best to make sales directly for the account of the owner, deducting only the usual commission. However, in some localities especially in the far west, in the marketing of large tracts of land, it is customary for owners to make a net price to brokers, choosing that plan as being mutually advantageous.

6. It is doubtless a duty of the broker to strongly encourage his client to express in the deed, the real consideration for which a sale is made, for the sake of the moral effect thereof upon all concerned, to aid in preventing fraudulent practices, as well as for the sake of the great advantage which should accrue to property holders in general, by reason of the improved opportunities afforded assessors to arrive at a fair and equitable basis for taxation. In rare cases circumstances may appear to justify the entering of a merely nominal consideration, but the latter custom is never open to the charge of intended misrepresentation.

7. The duty of the agent, to those owners whose property he holds in charge for rental purposes, requires him to spare no effort to secure reliable tenants for vacant properties, as promptly as possible, agree to or recommend to the owner the making of such repairs as would be equally fair to owner and tenant, and make contracts therefor, with at least as careful regard to economy as if the property were his own. He should make prompt collections and remittances at regular intervals, and ever keep in mind, that the exercise of patience and courtesy while discussing with the tenant affairs relating to the property, will not only increase his own popularity, but will usually enhance the interests of the owner.

8. The agent should guard the reputation of both the client and his property by declining under any and all circumstances to rent the premises to persons desiring to occupy the same for immoral purposes and should any owner wish him to do otherwise, it is his duty to the owner as well as to himself to decline to accede to those wishes even at the risk of the property being withdrawn from his agency.

9. The agent or broker is in duty bound both to his present and prospective clients, to embrace

every possible opportunity, through reading, study, attending lectures, inquiry, discussion, observation, affiliating himself with helpful organizations or in any other manner, to increase his knowledge of matters pertaining to or to any degree connected with his business, including systems of assessment and taxation, insurance, customs and usages relating to the making of municipal improvements, sanitation, and the laws and ordinances providing therefor and regulating the same. A knowledge of these matters and many others akin thereto being absolutely essential to the equipment of the man who aspires to so faithfully and efficiently perform his duties as to deal justly with his clients and to aid in elevating the real estate business to the dignity of a profession.

10. When appealed to by a client for advice, the agent or broker should never turn the applicant away with ill considered suggestions, merely to save himself time and trouble. He should either decline to advise or take time to familiarize himself with all the essential details of the case, so that he may intelligently guide the applicant to his advantage rather than to his detriment. He should especially avoid giving advice upon legal points with which he is not thoroughly familiar by reason of practical experience, but should instead, earnestly recommend that his client promptly consult a lawyer regarding such matters.

## SECTION II.

### DUTIES OF THE BROKER TO THE PROSPECTIVE BUYER.

1. An invitation to deal with him, extended by the broker to the public, through any sort of medium, should be a guarantee to any one who responds thereto, that he will be dealt with in an honorable straightforward manner, and no duties or responsibilities which the broker has assumed toward the owner, by reason of the acceptance of his property for sale, can justify the broker in dealing with the former in any other manner, as "Duties never conflict."

2. In order to accurately describe the property, its location and surroundings to avoid errors, exaggeration and the possibility of unintentionally causing inconvenience to the prospective purchaser or charges of bad faith, the broker offering it

should if possible, make a personal examination of the property, before presenting it to the customer.

3. The broker should offer each property solely on its merits as to location, convenience, plan, quality and price, calling attention to and giving due credit to every good point he can discover, affording a full opportunity to inspect the property, making no exaggerated or misleading statements, giving only truthful replies to any questions which may be asked by the prospective buyer and not in word, act or in any other manner to become chargeable with deception in his negotiations.

4. When dealing with an unexperienced purchaser, the broker should invariably recommend that the title of the property be examined or an abstract furnished through a reliable examiner and should he observe that any essential points relating to a perfect title are being overlooked by such purchaser, it is surely his duty to not leave him in ignorance of that fact.

5. The sincerely honest and reliable broker will be worthy of the confidence of both seller and buyer. The broker who can uniformly act honorably toward the one, while he is cheating the other, does not exist; therefore the broker who will claim the ability to thus discriminate, must soon, by his own acts, disprove his claim and lose the confidence of both.

### SECTION III.

#### DUTIES OF THE BROKER TO HIS FELLOW BROKERS.

1. In his attitude toward his fellow brokers each broker should endeavor to the best of his ability, to at all times, follow the Golden Rule—"As ye would that men should do to you, do ye also to them likewise." By the use of this quick acting and infallibly accurate computing scale, the ethical quality of any contemplated action may be immediately determined, but should complete success in this endeavor not immediately crown his meritorious efforts compliance with the following suggestions will in the meanwhile be helpful and indicate good progress.

2. A broker worthy of respect and confidence will never indulge in unfair criticisms of or untruthful statements regarding his fellow broker, either for the purpose of securing a personal advantage, at the expense of his fellow brokers repu-

tation, through resentment for past injuries, either real or fancied or for any other reason. The man who maligns his brother, brings the whole family, including himself, into disrepute.

3. Among the duties which we owe to our fellow brokers are the following. To not be prejudiced against him because he is or may become, a competitor. To avoid attributing to him evil designs against us or ulterior motives, in whatever he may do or say, but to train our minds to observe and appreciate all of his good qualities and by both word and manner to indicate to him that we value his friendship and believe in his wisdom, honesty and sincerity of purpose. And "as we sow, so we shall reap."

4. Should a prospective buyer express interest in a property offered by a competitor, the broker addressed should treat the proposition as well as the absent broker and owner with perfect fairness, however anxious he may be to make a sale and however highly he may estimate the merits of the property which he represents.

5. Brokers should recommend and earnestly encourage the granting of exclusive contracts by owners to brokers who make a specialty of the vicinity in which the property offered is located, because of the obvious and decided advantages accruing therefrom to all concerned. The owner thereby secures the services of an expert or specialist and the feeling of sole responsibility for results, will stimulate the self respect, ingenuity and activity of the broker to a degree much more profitable to both, than the old time method. And as this will mean more business between brokers and in the aggregate better business for all, it is evidently one of the duties of the broker to his fellow broker to hasten the establishing of this system.

6. Should a broker desire to offer a property, for which he knows a fellow broker holds the exclusive agency, either under a written contract or otherwise, he should solicit permission to do so, from the latter only and not directly from the owner and the exclusive agent should, at all times, be willing to accept a satisfactory buyer or tenant from the former, provided he has not already in prospect a buyer or tenant, as well as to agree to an equitable division of the commission with the

broker whose customer he accepts. By cooperation in this manner, the yearly earnings of all brokers participating, would doubtless increase quite materially.

7. The unauthorized placing of "To Let" or "For Sale" signs upon properties in charge of a fellow broker should never occur, nor the posting of numerous signs, even if permitted so to do, as these practices handicap the efforts of the owner and every broker represented and awaken the ridicule of the public against the entire real estate fraternity.

8. In addition to its being a dishonorable act, a member of a real estate Board, it being in part a fraternal organization, cannot consistently seek to secure information concerning a deal of a fellow broker or make use of that which may come to his knowledge accidentally, for the purpose of eliminating the man who has begun the deal, in order to close it himself or to endeavor to interest his customer in another property.

9. If the commission which it is usual to charge in the locality in which the broker is operating, is a fair one to the owner and broker alike, each broker owes it to himself, to his other clients as well as to his fellow brokers, to maintain the rate.

10. One of the first duties of real estate brokers toward each other, is to organize local Boards, these becoming in turn members of the National Association. Organization itself, indicating primarily, recognition of the fact that the interests of those thus associated are identical, in a general sense, and the holding of frequent sessions, rapidly demonstrates to the members that the welfare of the individual broker may be greatly enhanced through the discussion of and cooperation in matters of mutual concern, and being attracted and held together by these considerations, they find that the feelings of distrust, jealousy and even antagonism, which formerly separated them, melt rapidly away, being displaced by feelings of respect, confidence, admiration, good fellowship and even affection, as they learn to know and understand each other better.