

# CODE OF ETHICS



*Obsolete*  
*see*  
*1928*

Adopted by the  
National Association of Real Estate Boards  
at its  
SEVENTEENTH ANNUAL CONVENTION  
June 6, 1924

# CODE OF ETHICS

of the

National Association of Real Estate Boards



## *Preamble*

**U**NDER all is the land. Upon its wise utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization. The Realtor is the instrumentality through which the land resource of the nation reaches its highest use and through which land ownership attains its widest distribution. He is a creator of homes, a builder of cities, a developer of industries and productive farms.

Such functions impose obligations beyond those of ordinary commerce; they impose grave social responsibility and a patriotic duty to which the Realtor should dedicate himself, and for which he should be diligent in preparing himself. The Realtor, therefore, is zealous to maintain and improve the standards of his calling and shares with his fellow-Realtors a common responsibility for its integrity and honor.

In the interpretation of his obligations, he can take no safer guide than that which has been handed down through twenty centuries, embodied in the Golden Rule:

“Whatsoever ye would that men should do unto you,  
do ye also unto them.”

Accepting this standard as his own, every Realtor pledges himself to observe its spirit in all his dealings and to conduct his business in accordance with the following Code of Ethics, adopted by the National Association of Real Estate Boards:

*Part I.*  
*Professional Relations*

**ARTICLE 1.**

In the best interest of society, of his associates, and of his own business, the Realtor should be loyal to the real estate board of his community and active in its work; and he should willingly share with his fellow-members the lessons of his experience.

**ARTICLE 2.**

The Realtor should so conduct his business as to avoid controversies with his fellow-Realtors; but in the event of a controversy between Realtors who are members of the same real estate board, such controversy should be submitted for arbitration in accordance with the regulations of their board and not to a suit at law, and the decision in such arbitrations should be accepted as final and binding.

**ARTICLE 3.**

Controversies between Realtors who are not members of the same real estate board should be submitted for arbitration to an arbitration board consisting of one arbitrator chosen by each Realtor from a real estate board to which he belongs and of one other member, or a sufficient number of members to make an odd number, selected by the arbitrators thus chosen.

**ARTICLE 4.**

When a Realtor is charged with unethical practice, he should voluntarily place all pertinent facts before the proper tribunal of the real estate board of which he is a member, for investigation and judgment.

**ARTICLE 5.**

A Realtor should never publicly criticize a competitor; he should never express an opinion of a competitor's transaction unless requested to do so by one of the principals, and his opinion then should be rendered in accordance with strict professional courtesy and integrity.

**ARTICLE 6.**

A Realtor should never seek information about a competitor's transaction to use for the purpose of closing the transaction himself or diverting the customer to another property.

**ARTICLE 7.**

When a Realtor accepts a listing from another broker, the agency of the broker who offers the listing should be respected until it has expired and the property has come to the attention of the accepting Realtor from a different source, or until the owner, without solicitation, offers to list with the accepting Realtor; furthermore, such a listing should not be passed on to a third broker without the consent of the listing broker.

**ARTICLE 8.**

Negotiations concerning property which is listed with one Realtor exclusively should be carried on with the listing broker, not with the owner.

**ARTICLE 9.**

The schedules of fees established by the various real estate boards are believed to represent fair compensation for services rendered in their communities and should be observed by every Realtor.

**ARTICLE 10.**

A Realtor should not solicit the services of any employee in the organization of a fellow-Realtor without the knowledge of the employer.

**ARTICLE 11.**

No sign should ever be placed on any property by a Realtor without the consent of the owner.

*Part II.*

*Relations to Clients*

**ARTICLE 12.**

In justice to those who place their interests in his hands, the Realtor should endeavor always to be informed regarding the law, proposed legislation, and other essential facts and public policies which affect those interests.

**ARTICLE 13.**

In accepting the agency for property, the Realtor pledges himself to be fair to purchaser or tenant, as well as to the owner whom he represents and whose interests he should protect and promote as he would his own.

**ARTICLE 14.**

A Realtor should not buy for himself property listed with him, nor should he acquire any interest therein, without first making his true position clearly known to the listing owner.

**ARTICLE 15.**

When asked for an appraisal of real property or an opinion on a real estate problem, the Realtor should never give an unconsidered answer; his counsel constitutes a professional service which he should render only after having ascertained and weighed the facts, and for which he should make a fair charge.

**ARTICLE 16.**

The Realtor should encourage the naming of the actual or an obviously nominal consideration in a deed.

ARTICLE 17.

When acting as agent in the management of property, a Realtor should not accept any commission, rebate, or profit on expenditures made for the owner, without his full knowledge and consent.

ARTICLE 18.

The exclusive listing of property should be urged and practiced by a Realtor as a means of eliminating misunderstanding and dissensions and assuring better service to the owner.

ARTICLE 19.

The acceptance by a Realtor of an exclusive listing imposes the obligation of rendering skilled and conscientious service; when a Realtor is unable to render such services either himself or with the aid of his fellow-Realtors, he should not accept the listing.

ARTICLE 20.

Before offering a property listed with him by the owner, it is the Realtor's duty to advise the owner honestly and intelligently regarding its fair market value.

### *Part III.*

#### *Relations to Customers and the Public*

ARTICLE 21.

It is the duty of every Realtor to protect the public against fraud, misrepresentation, or unethical practices in connection with real estate transactions.

ARTICLE 22.

Property should be offered by a Realtor solely on its merit without exaggeration, concealment, or any form of deception or misleading representation.

ARTICLE 23.

It is the duty of a Realtor to ascertain all pertinent facts concerning every property for which he accepts the agency, so that in offering the property he may avoid error, exaggeration, and misrepresentation.

ARTICLE 24.

A Realtor should never offer a property without the authorization of the owner.

ARTICLE 25.

The price at which a Realtor offers a property should not be higher than that which the owner has openly agreed to take.

**ARTICLE 26.**

Before a Realtor buys for a client property in the ownership of which the Realtor has an interest, he should disclose his interest to all parties to the transaction.

**ARTICLE 27.**

Before a Realtor sells property in the ownership of which he is interested, he should make it clear to the purchaser that he is acting solely for the owner.

**ARTICLE 28.**

A Realtor when acting as a broker should make it clear for which party he is acting, and he should not receive compensation from more than one party except with the full knowledge and consent of all parties to the transaction.

**ARTICLE 29.**

Under no circumstances should a Realtor permit any property in his charge to be used for illegal or immoral purposes.

**ARTICLE 30.**

In closing transactions, the Realtor should advise the use of legal counsel when the interest of any party to the transactions appears to require it; and in all cases he should exercise care in the preparation of documents so that they shall embody the exact agreements reached.

**ARTICLE 31.**

At the time the agreement is reached as to the terms of a transaction the Realtor should fully inform each party regarding commissions and other expenses to which each is respectively liable.

**ARTICLE 32.**

Before the closing of a transaction, the Realtor should recommend the examination of title and conveyancing papers.

**ARTICLE 33.**

All contracts and agreements to which a Realtor is a party should be made in writing and should be complete and exact.

**ARTICLE 34.**

A Realtor should never be instrumental in introducing into a neighborhood a character of property or occupancy, members of any race or nationality, or any individuals whose presence will clearly be detrimental to property values in that neighborhood.

**ARTICLE 35.**

No instructions nor inducements from any client or customer relieve the Realtor from his responsibility strictly to observe this Code of Ethics.

## *Addenda*

### I.

#### SUGGESTIONS TO THE PUBLIC

(The following suggestions are made, not as a part of this Code of Ethics, but to indicate to the public how they can co-operate with Realtors so as to secure the best service.)

- (1) Your relationship with a real estate broker should be considered confidential; it is unfair to a broker for you to quote to others the terms and properties which he has offered you in confidence.
- (2) Competent counsel in connection with real estate transactions is valuable and proceeds from years of training and study; it should not be expected gratis.
- (3) By retaining the services of a single broker and placing your confidence in him, you enable him to render you more intelligent and satisfactory service.
- (4) Do not injure your property nor your broker's chances of serving you by quoting one price to the broker and another to a prospective purchaser.
- (5) Do not list your property unless you are willing and ready to sell it.
- (6) When you ask a Realtor for an opinion, you should expect it to be rendered in accordance with his best judgment, unbiased by your personal preferences.

### II.

The term *client* is used in this Code to denote one who retains a Realtor to represent his interests in real estate matters.

The term *customer* is used to denote one who transacts business with a Realtor but does not retain his services.

### III.

The By-Laws of the National Association of Real Estate Boards contain the following provisions:

#### ARTICLE IV.

"Section 1. Each Member Board shall adopt the Code of Ethics of the National Association as a part of its rules and regulations for violation of which disciplinary action may be taken.

"Section 2. Any Member Board which shall neglect or refuse to maintain and enforce the Code of Ethics with respect to the business activities of its constituent members may, after due notice and opportunity for hearing, be expelled from membership in the National Association by the Board of Directors."

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*Additional copies of this Code may be obtained from the Executive Secretary, National Association of Real Estate Boards, 310 South Michigan Avenue, Chicago, Illinois.*