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Code of Ethics

of the
NATIONAL ASSOCIATION
OF REALTORS®

REVISED AND APPROVED BY THE DELEGATE BODY
OF THE ASSOCIATION AT ITS 75TH ANNUAL CONVENTION
NOVEMBER 15, 1982

Preamble...

Under 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® should recognize that the interests of the nation and its citizens require the highest and best use of the land and the widest distribution of land ownership. They require the creation of adequate housing, the building of functioning cities, the development of productive industries and farms, and the preservation of a healthful environment.

Such interests 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. The term REALTOR® has come to connote competency, fairness, and high integrity resulting from adherence to a lofty ideal of moral conduct in business relations. No inducement of profit and no instruction from clients ever can justify departure from this ideal.

In the interpretation of this obligation, a REALTOR® can take no safer guide than that which has been handed down through the centuries, embodied in the Golden Rule, "Whatsoever ye would that men should do to you, do ye even so to them."

Accepting this standard as his own, every REALTOR® pledges himself to observe its spirit in all of his activities and to conduct his business in accordance with the tenets set forth below.

Article 1

The REALTOR® should keep himself informed on matters affecting real estate in his community, the state, and nation so that he may be able to contribute responsibly to public thinking on such matters.

Article 2

In justice to those who place their interests in his care, the REALTOR® should endeavor always to be informed regarding laws, proposed legislation, governmental regulations, public policies, and current market conditions in order to be in a position to advise his clients properly.

Article 3

It is the duty of the REALTOR® to protect the public against fraud, misrepresentation, and unethical practices in real estate transactions. He should endeavor to eliminate in his community any practices which could be damaging to the public or bring discredit to the real estate profession. The REALTOR® should assist the governmental agency charged with regulating the practices of brokers and salesmen in his state.

Article 4

The REALTOR® should seek no unfair advantage over other REALTORS® and should conduct his business so as to avoid controversies with other REALTORS®.

Article 5

In the best interests of society, of his associates, and his own business, the REALTOR® should willingly share with other REALTORS® the lessons of his experience and study for the benefit of the public, and should be loyal to the Board of REALTORS® of his community and active in its work.

Article 6

To prevent dissension and misunderstanding and to assure better service to the owner, the REALTOR® should urge the exclusive listing of property unless contrary to the best interest of the owner.

Article 7

In accepting employment as an agent, the REALTOR® pledges himself to protect and promote the interests of the client. This obligation of absolute fidelity to the client's interests is primary, but it does not relieve the REALTOR® of the obligation to treat fairly all parties to the transaction.

Article 8

The REALTOR® shall not accept compensation from more than one party, even if permitted by law, without the full knowledge of all parties to the transaction.

Article 9

The REALTOR® shall avoid exaggeration, misrepresentation, or concealment of pertinent facts. He has an affirmative obligation to discover adverse factors that a reasonably competent and diligent investigation would disclose.

Article 10

The REALTOR® shall not deny equal professional services to any person for reasons of race, creed, sex, or country of national origin. The REALTOR® shall not be party to any plan or agreement to discriminate against a person or persons on the basis of race, creed, sex, or country of national origin.

Article 11

A REALTOR® is expected to provide a level of competent service in keeping with the standards of practice in those fields in which the REALTOR® customarily engages.

The REALTOR® shall not undertake to provide specialized professional services concerning a type of property or service that is outside his field of competence unless he engages the assistance of one who is competent on such types of property or service, or unless the facts are fully disclosed to the client. Any person engaged to provide such assistance shall be so identified to the client and his contribution to the assignment should be set forth.

The REALTOR® shall refer to the Standards of Practice of the National Association as to the degree of competence that a client has a right to expect the REALTOR® to possess, taking into consideration the complexity of the problem, the availability of expert assistance, and the opportunities for experience available to the REALTOR®.

Article 12

The REALTOR® shall not undertake to provide professional services concerning a property or its value where he has a present or contemplated interest unless such interest is specifically disclosed to all affected parties.

Article 13

The REALTOR® shall not acquire an interest in or buy for himself, any member of his immediate family, his firm or any member

thereof, or any entity in which he has a substantial ownership interest, property listed with him, without making the true position known to the listing owner. In selling property owned by himself, or in which he has any interest, the REALTOR® shall reveal the facts of his ownership or interest to the purchaser.

Article 14

In the event of a controversy between REALTORS® associated with different firms, arising out of their relationship as REALTORS®, the REALTORS® shall submit the dispute to arbitration in accordance with the regulations of their board or boards rather than litigate the matter.

Article 15

If a REALTOR® is charged with unethical practice or is asked to present evidence in any disciplinary proceeding or investigation, he shall place all pertinent facts before the proper tribunal of the member board or affiliated institute, society, or council of which he is a member.

Article 16

When acting as agent, the REALTOR® shall not accept any commission, rebate, or profit on expenditures made for his principal-owner, without the principal's knowledge and consent.

Article 17

The REALTOR® shall not engage in activities that constitute the unauthorized practice of law and shall recommend that legal counsel be obtained when the interest of any party to the transaction requires it.

Article 18

The REALTOR® shall keep in a special account in an appropriate financial institution, separated from his own funds, monies coming into his possession in trust for other persons, such as escrows, trust funds, clients' monies, and other like items.

Article 19

The REALTOR® shall be careful at all times to present a true picture in his advertising and representations to the public. He shall neither advertise without disclosing his name nor permit any person associated with him to use individual names or telephone numbers, unless such person's connection with the REALTOR® is obvious in the advertisement.

Article 20

The REALTOR®, for the protection of all parties, shall see that financial obligations and commitments regarding real estate transactions are in writing, expressing the exact agreement of the parties. A copy of each agreement shall be furnished to each party upon his signing such agreement.

Article 21

The REALTOR® shall not engage in any practice or take any action inconsistent with the agency of another REALTOR®.

Article 22

In the sale of property which is exclusively listed with a REALTOR®, the REALTOR® shall utilize the services of other brokers upon mutually agreed upon terms when it is in the best interests of the client.

Negotiations concerning property which is listed exclusively shall be carried on with the listing broker, not with the owner, except with the consent of the listing broker.

Article 23

The REALTOR® shall not publicly disparage the business practice of a competitor nor volunteer an opinion of a competitor's transaction. If his opinion is sought and if the REALTOR® deems it appropriate to respond, such opinion shall be rendered with strict professional integrity and courtesy.

Where the word REALTOR® is used in this Code and Preamble, it shall be deemed to include REALTOR-ASSOCIATE®. Pronouns shall be considered to include REALTORS® and REALTOR-ASSOCIATE®s of both genders.

The Code of Ethics was adopted in 1913. Amended at the Annual Convention in 1924, 1928, 1950, 1951, 1952, 1955, 1956, 1961, 1962, 1974, and 1982.

Standards of Practice

Relating to

Articles of the Code of Ethics

(Adopted through November 15, 1982)

The Standards of Practice relating to the Code of Ethics are "interpretations" of various Articles of the Code of Ethics and are not a part of the Code itself. The proper relationship between the Standards of Practice and the Code of Ethics is set forth in the following advisory opinion by the Professional Standards Committee, which was approved by the Board of Directors of the National Association:

"In filing a charge of an alleged violation of the Code of Ethics by a REALTOR®, the charge shall read as an alleged violation of one or more Articles of the Code. A Standard of Practice may only be cited in support of the charge."

The Standards of Practice are supplementary to, and do not replace, the "numbered cases" found in *Interpretations of the Code of Ethics*. A Standard of Practice is a statement of general principle related to an Article of the Code of Ethics to guide REALTORS® and REALTOR-ASSOCIATE®s as to the professional conduct required in the specific situation described by the Standard of Practice, whereas each of the "numbered cases" in *Interpretations of the Code of Ethics* presents a set of particular facts alleging a violation of the Code of Ethics, and describes the conclusion determined on merit by the Professional Standards Committee as related to the particular facts of the case.

As additional Standards of Practice are adopted, Member Boards and Board Members will be advised of their adoption.

Standard of Practice 4-1

"The REALTOR® shall not misrepresent the availability of access to show or inspect a listed property."

Standard of Practice 7-1

"The REALTOR® shall receive and shall transmit all offers on a specified property to the owner for his decision, whether such offers are received from a prospective purchaser or another broker."

Standard of Practice 7-2

"The REALTOR®, acting as listing broker, shall submit all offers to the seller as quickly as possible."

Standard of Practice 7-3

"The REALTOR®, in attempting to secure a listing, shall not deliberately mislead the owner as to market value."

Standard of Practice 7-4

(Refer to Standard of Practice 22-1, which also relates to Article 7, Code of Ethics.)

Standard of Practice 7-5

(Refer to Standard of Practice 22-2, which also relates to Article 7, Code of Ethics.)

Standard of Practice 7-6

The REALTOR®, when acting as a principal in a real estate transaction, cannot avoid his responsibilities under the Code of Ethics.

Standard of Practice 9-1

"The REALTOR® shall not be a party to the naming of a false consideration in any document, unless it be the naming of an obviously nominal consideration."

Standard of Practice 9-2

"The REALTOR®, when asked by another REALTOR®, shall disclose the nature of his listing, i.e., an exclusive right to sell, an exclusive agency, open listing, or other form of contractual agreement between the REALTOR® and his client."

Standard of Practice 9-3

(Refer to Standard of Practice 7-3, which also relates to Article 9, Code of Ethics.)

Standard of Practice 9-4

"The REALTOR® shall not offer a service described as 'free of charge' when the rendering of a service is contingent on the obtaining of a benefit such as a listing or commission."

Standard of Practice 9-5

"The REALTOR® shall, with respect to the subagency of another REALTOR®, timely communicate any change of compensation for subagency services to the other REALTOR® prior to the time such REALTOR® produces a prospective buyer who has signed an offer to purchase the property for which the subagency has been offered through MLS or otherwise by the listing agency."

Standard of Practice 9-6

REALTORS® shall disclose their REALTOR® status when seeking information from another REALTOR® concerning real property for which the other REALTOR® is an agent or subagent.

Standard of Practice 11-1

"Whenever a REALTOR® submits an oral or written opinion of the value of real property for a fee, his opinion shall be supported by a memorandum in his file or an appraisal report, either of which shall include as a minimum the following:

1. Limiting conditions
2. Any existing or contemplated interest
3. Defined value
4. Date applicable
5. The estate appraised
6. A description of the property
7. The basis of the reasoning including applicable market data and/or capitalization computation

"This report or memorandum shall be available to the Professional Standards Committee for a period of at least two years (beginning subsequent to final determination of the court if the appraisal is involved in litigation) to ensure compliance with Article 11 of the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®."

Standard of Practice 11-2

"The REALTOR® shall not undertake to make an appraisal when his employment or fee is contingent upon the amount of appraisal."

Standard of Practice 11-3

"REALTORS® engaged in real estate securities and syndications transactions are engaged in an activity subject to regulations beyond those governing real estate transactions generally, and therefore have the affirmative obligation to be informed of applicable federal and state laws, and rules and regulations regarding these types of transactions."

Standard of Practice 12-1

(Refer to Standard of Practice 9-4, which also relates to Article 12, Code of Ethics.)

Standard of Practice 15-1

"The REALTOR® shall not be subject to disciplinary proceedings in more than one Board of REALTORS® with respect to alleged violations of the Code of Ethics relating to the same transaction."

Standard of Practice 16-1

"The REALTOR® shall not recommend or suggest to a principal or a customer the use of services of another organization or business entity in which he has a direct interest without disclosing such interest at the time of the recommendation or suggestion."

Standard of Practice 19-1

"The REALTOR® shall not submit or advertise property without authority, and in any offering, the price quoted shall not be other than that agreed upon with the owners."

Standard of Practice 19-2

(Refer to Standard of Practice 9-4, which also relates to Article 19, Code of Ethics.)

Standard of Practice 21-1

"Signs giving notice of property for sale, rent, lease, or exchange shall not be placed on property without the consent of the owner."

Standard of Practice 21-2

"The REALTOR® obtaining information from a listing broker about a specific property shall not convey this information to, nor invite the cooperation of a third party broker without the consent of the listing broker."

Standard of Practice 21-3

"The REALTOR® shall not solicit a listing which is currently listed exclusively with another broker unless the listing broker, when asked by the REALTOR®, refuses to disclose the nature and current status of such listing; i.e., an exclusive right to sell, an exclusive agency, open listing, or other form of contractual agreement between the REALTOR® and his client."

Standard of Practice 21-4

"The REALTOR® shall not use information obtained by him from the listing broker, through offers to cooperate received through Multiple Listing Services or other sources authorized by the listing broker, for the purpose of creating a referral prospect to a third broker, or for creating a buyer prospect unless such use is authorized by the listing broker."

Standard of Practice 21-5

"The fact that a property has been listed exclusively with a REALTOR® shall not preclude or inhibit any other REALTOR® from soliciting such listing after its expiration."

Standard of Practice 21-6

"The fact that a property owner has retained a REALTOR® as his exclusive agent in respect of one or more past transactions creates no interest or agency which precludes or inhibits other REALTORS® from seeking such owner's future business."

Standard of Practice 21-7

"The REALTOR® shall be free to solicit a listing in respect to any property which is 'open listed' at any time."

Standard of Practice 21-8

"Unless otherwise precluded by law, the REALTOR® may discuss with an owner of a property which is exclusively listed with another REALTOR® the terms upon which he would accept a future listing upon the expiration of the present listing provided the owner initiates the discussion and provided the REALTOR® has not directly or indirectly solicited such discussion."

Standard of Practice 21-9

"In cooperative transactions a REALTOR® shall compensate the cooperating REALTOR® (principal broker) and shall not compensate nor offer to compensate, directly or indirectly, any of the sales licensees employed by or affiliated with another REALTOR® without the prior express knowledge and consent of the cooperating broker."

Standard of Practice 22-1

"It is the obligation of the selling broker as subagent of the listing broker to disclose immediately all pertinent facts to the listing broker prior to as well as after the contract is executed."

Standard of Practice 22-2

"The REALTOR®, when submitting offers to the seller, shall present each in an objective and unbiased manner."

