**Effective June 5, 2025 Revisions to the Code of Ethics and Standards of Practice**

1. **Standard of Practice 1-12, (underscoring indicates additions, strikeouts indicate deletions):**

*When entering into listing contracts, REALTORS® must advise sellers/landlords of:*

1. *the REALTOR®’s company policies regarding cooperation ~~and the amount(s) of any compensation that will be offered to subagents, buyer/tenant agents, and/or brokers acting in legally recognized non-agency capacities~~;*
2. *the fact that broker compensation is not set by law and is fully negotiable;*
3. *The options and amounts of compensation, if any, that may be offered to subagents, buyer/tenant agents, and/or brokers acting in legally recognized non-agency capacities.*

*~~2)~~4) the fact that buyer/tenant agents or brokers, even if compensated by listing brokers, or by sellers/landlords may represent the interests of buyers/tenants; and*

*~~3)~~5) any potential for listing brokers to act as disclosed dual agents, e.g., buyer/tenant agents. (Adopted 1/93, Renumbered 1/98, Amended 1/03)*

*Rationale:* The amendments to Standards of Practice 1-12 and 1-13 reiterate the commitments agreed to in the settlement agreement regarding cooperative compensation and plainly and clearly reaffirm the fact that broker compensation remains fully negotiable.

1. **Standard of Practice 1-13, (underscoring indicates additions, strikeouts indicate deletions):**

*When entering into buyer/tenant agreements, Realtors® must advise potential clients of:*

1. *the Realtor® ’s company policies regarding cooperation;*
2. *the fact that broker compensation is not set by law and is fully negotiable;*
3. *the amount of compensation to be paid by the client, if any;*
4. *the potential for additional or offsetting compensation from other brokers, from the seller or landlord, or from other parties;*
5. *any potential for the buyer/tenant representative to act as a disclosed dual agent, e.g., listing broker, subagent, landlord’s agent, etc.; and*
6. *the possibility that sellers or sellers’ representatives may not treat the existence, terms, or conditions of offers as confidential unless confidentiality is required by law, regulation, or by any confidentiality agreement between the parties. (Adopted 1/93, Renumbered 1/98, Amended 1/06)*

*Rationale:* The amendments to Standards of Practice 1-12 and 1-13 reiterate the commitments agreed to in the settlement agreement regarding cooperative compensation and plainly and clearly reaffirm the fact that broker compensation remains fully negotiable.

1. **Standard of Practice 1-16, (underscoring indicates additions, strikeouts indicate deletions):**

*When acting as a listing broker or property manager, REALTORS® shall not access or use, or permit or enable others to access or use, ~~listed or managed~~ property on terms or conditions other than those ~~authorized~~ established by the owner or seller.*

*Rationale:* This amendment clarifies the difference between two similar and often confusing Standards of Practice, plainly stating that Standard of Practice 1-16 applies to those acting as listing brokers or property managers, while Standard of Practice 3-9 applies to those acting as cooperating brokers or in capacities other than listing brokers or property managers.

1. **Standard of Practice 3-1, (underscoring indicates additions, strikeouts indicate deletions):**

*~~REALTORS®,~~ When acting as exclusive agents or brokers of sellers/ landlords, REALTORS® will work with sellers/landlords to establish the terms and conditions of offers to cooperate. Unless expressly indicated in offers to cooperate, cooperating brokers may not assume that the offer of cooperation includes an offer of compensation. ~~Terms of compensation, if any, shall be ascertained by cooperating brokers before beginning efforts to accept the offer of cooperation.~~ (Amended 1/99)*

*Rationale:* With offers of cooperative compensation no longer being communicated through the MLS, these amendments reflect the post-settlement reality that offers of compensation may be more difficult to ascertain in a timely fashion, especially in fast-moving transactions. These amendments allow for necessary flexibility while maintaining the ethical obligation for cooperating brokers to work with sellers and landlords to establish the terms of offers to cooperate.

1. **Standard of Practice 3-2, (underscoring indicates additions, strikeouts indicate deletions):**

*If compensation is offered or advertised by the listing broker, any change in offered compensation ~~offered for cooperative services~~ must be communicated ~~prior to the time that REALTOR® submits an offer to purchase/lease the property~~ as soon as practical. After a REALTOR® has submitted an offer to purchase or lease property, the listing broker may not ~~attempt to~~ unilaterally modify the offered compensation ~~with respect to that cooperative transaction~~.*

*REALTORS® are prohibited from delaying or withholding delivery of a buyer’s/tenant’s offer while attempting to negotiate compensation. These ethical obligations in no way restrict the REALTORS®' or clients' ability to negotiate compensation in the clients' best interest, including in offers to purchase or lease.*

*Rationale:* Standard of Practice 16-16 remains one of the most misunderstood areas of the Code of Ethics, with many individuals wrongly assuming it prohibits negotiation of compensation at a certain point in a transaction. These amendments retain Standard of Practice 16-16’s ethical duty that prohibits delaying or withholding an offer while negotiating compensation and move these obligations to Standard of Practice 3-2, which similarly addresses negotiation of compensation. Additionally, with the settlement agreement’s requirements for written agreements and conspicuous language disclosing offers and amounts of compensation on both sides of a transaction, the specific situation that Standard of Practice 16-16 prohibits (a buyer representative using a purchase offer to attempt to modify the terms of a listing broker’s agreement with their client) is now extremely unlikely to happen.

Lastly, the amendments to Standard of Practice 3-2 reflect the fact that there are no longer unilateral offers of compensation communicated through the MLS while retaining an ethical obligation to communicate any change in compensation that was previously offered as promptly as possible.

1. **Standard of Practice 3-9, (underscoring indicates additions, strikeouts indicate deletions):**

*When acting as a cooperating broker, or in a capacity other than as a listing broker or property manager, REALTORS® shall not ~~provide access to listed~~ access or use, or permit or enable others to access or use, property on terms or conditions other than those established by the owner or the seller.*

*Rationale:* This amendment clarifies the difference between two similar and often confusing Standards of Practice, plainly stating that Standard of Practice 1-16 applies to those acting as listing brokers or property managers, while Standard of Practice 3-9 applies to those acting as cooperating brokers or in capacities other than listing brokers or property managers.

1. **Standard of Practice 9-2, (underscoring indicates additions, strikeouts indicate deletions):**

*When assisting or enabling a client or customer in establishing a contractual relationship (e.g., listing and representation agreements, purchase agreements, leases, etc.) in person, electronically or through any other means, REALTORS® shall make reasonable efforts to explain the nature and disclose the specific terms of the contractual relationship being established prior to it being agreed to by a contracting party.*

*Rationale:* Standard of Practice 9-2 was adopted in 2007 to address ethical concerns with doing business electronically, which was a relatively new practice at the time. These amendments clarify that a REALTOR®’s ethical duty to make reasonable efforts to explain and disclose terms of a contractual relationship applies regardless of whether business is handled electronically or otherwise.

1. **Standard of Practice 10-1, (underlining indicates additions, strikeouts indicate deletions):**

*When involved in the sale or lease of a residence, REALTORS® shall not volunteer information regarding the racial, religious or ethnic composition of any neighborhood, however, REALTORS® may provide other demographic information. ~~nor~~ REALTORS® shall ~~they~~ not engage in any activity which may result in panic selling or steering~~, however, REALTORS® may provide other demographic information~~.*

*Rationale:* While Article 10 has always implicitly prohibited steering under the ethical duty to provide equal professional services, this amendment to Standard of Practice 10-1 states this clearly and explicitly.

1. **Standard of Practice 10-5, (underscoring indicates additions, strikeouts indicate deletions):**

*REALTORS®, in their capacity as real estate professionals, in association with their real estate businesses, or in their real estate-related activities, ~~must~~ shall not ~~use harassing speech, hate speech, epithets, or slurs~~ harass any person or persons based on race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity.*

*As used in this Code of Ethics, harassment is unwelcome behavior directed at an individual or group based on one or more of the above protected characteristics where the purpose or effect of the behavior is to create a hostile, abusive, or intimidating environment which adversely affects their ability to access equal professional services or employment opportunity.*

*Rationale:* In its current form, Standard of Practice 10-5 presents a confusing application to Article 10 because Standard of Practice 10-5 is broadly written with language not otherwise defined in the Code of Ethics. This has resulted in legal challenges across the country challenging both the language and application of Standard of Practice 10-5 to Article 10. The changes being considered create a more specific definition of “harassment,” which aligns with the definition in the NAR Member Code of Conduct and focus Article 10’s application on instances in which REALTORS® are operating in their professional capacity. The proposed changes provide much needed clarity to members so that they can better understand and comply with Article 10, bring Article 10 in line with similar ethical requirements applied by other large trade associations across the country, and reduce risk to state and local associations and their volunteer leadership who administer and enforce Article 10.

1. **Standard of Practice 16-11, (underscoring indicates additions, strikeouts indicate deletions):**

*On unlisted property, Realtors® acting as buyer/tenant representatives or brokers shall disclose that relationship to the seller/landlord at first contact for that buyer/tenant and shall provide written confirmation of such disclosure to the seller/landlord not later than execution of any purchase or lease agreement. (Amended 1/04)*

*Realtors® shall make any request for anticipated compensation from the seller/landlord at first contact. (Amended 1/98)*

*This ethical obligation in no way impacts REALTORS® or consumers’ ability to negotiate compensation.*

*Rationale:* The amendments to Standards of Practice 1-12, 1-13, and 16-11 reiterate the commitments agreed to in the settlement agreement regarding cooperative compensation while plainly and clearly reaffirming the fact that broker compensation remains fully negotiable.

1. **Delete Standard of Practice 16-16**

*Rationale:* Standard of Practice 16-16 remains one of the most misunderstood areas of the Code of Ethics, with many individuals wrongly assuming it prohibits negotiation of compensation at a certain point in a transaction. These amendments retain Standard of Practice 16-16’s ethical duty that prohibits delaying or withholding an offer while negotiating compensation and move these obligations to Standard of Practice 3-2, which similarly addresses negotiation of compensation. Additionally, with the settlement agreement’s requirements for written agreements and conspicuous language disclosing offers and amounts of compensation on both sides of a transaction, the specific situation that Standard of Practice 16-16 prohibits (a buyer representative using a purchase offer to attempt to modify the terms of a listing broker’s agreement with their client) is now extremely unlikely to happen.

Lastly, the amendments to Standard of Practice 3-2 reflect the fact that there are no longer unilateral offers of compensation communicated through the MLS while retaining an ethical obligation to communicate any change in compensation that was previously offered as promptly as possible.

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