

Code of Ethics and Standards of Practice

of the
NATIONAL ASSOCIATION OF REALTORS®

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.

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.

Articles 1 through 5 are aspirational and establish ideals the REALTOR® should strive to attain.

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

The REALTOR® 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. (Revised 11/87)

ARTICLE 4

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. (Revised 11/87)

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.

Articles 6 through 23 establish specific obligations. Failure to observe these requirements subjects the REALTOR® to disciplinary action.

ARTICLE 6

The REALTOR® shall seek no unfair advantage over other REALTORS® and shall conduct his business so as to avoid controversies with other REALTORS®. (Revised 11/87)

• Standard of Practice 6-1

"The REALTOR® shall not misrepresent the availability of access to show or inspect a listed property. (Cross-reference Article 22.)" (Revised 11/87)

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.

• Standard of Practice 7-1

"Unless precluded by law, government rule or regulation, or agreed otherwise in writing, the REALTOR® shall submit to the seller all offers until closing. Unless the REALTOR® and the seller agree otherwise, the REALTOR® shall not be obligated to continue to market the property after an offer has been accepted. Unless the subsequent offer is contingent upon the termination of an existing contract, the REALTOR® shall recommend that the seller obtain the advice of legal counsel prior to acceptance. (Cross-reference Article 17.)" (Revised 5/87)

• 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."

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 relating to the property or the transaction. The REALTOR® shall not, however, be obligated to discover latent defects in the property or to advise on matters outside the scope of his real estate license.

• **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**

(Refer to Standard of Practice 21-3, which also relates to Article 9, Code of Ethics.)

• **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 9-7**

“The offering of premiums, prizes, merchandise discounts or other inducements to list or sell is not, in itself, unethical even if receipt of the benefit is contingent on listing or purchasing through the REALTOR® making the offer. However, the REALTOR® must exercise care and candor in any such advertising or other public or private representations so that any party interested in receiving or otherwise benefiting from the REALTOR®’s offer will have clear, thorough, advance understanding of all the terms and conditions of the offer. The offering of any inducements to do business is subject to the limitations and restrictions of state law and the ethical obligations established by Article 9, as interpreted by any applicable Standard of Practice.”

• **Standard of Practice 9-8**

“The REALTOR® shall be obligated to discover and disclose adverse factors reasonably apparent to someone with expertise in only those areas required by their real estate licensing authority. Article 9 does not impose upon the REALTOR® the obligation of expertise in other professional or technical disciplines. (Cross-reference Article 11.)”

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®.

• **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.”

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.

• **Standard of Practice 12-1**

(Refer to Standards of Practice 9-4 and 16-1, which also relate to Article 12, Code of Ethics.)

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.

• **Standard of Practice 13-1**

“For the protection of all parties, the disclosures required by Article 13 shall be in writing and provided by the REALTOR® prior to the signing of any contract.”

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.

• **Standard of Practice 14-1**

“The filing of litigation and refusal to withdraw from it by a REALTOR® in an arbitrable matter constitutes a refusal to arbitrate.”

• **Standard of Practice 14-2**

"The obligation to arbitrate mandated by Article 14 includes arbitration requests initiated by the REALTOR®'s client."

• **Standard of Practice 14-3**

"Article 14 does not require a REALTOR® to arbitrate in those circumstances when all parties to the dispute advise the Board in writing that they choose not to arbitrate before the Board." (Approved 5/88)

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.

• **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 15-2**

"The REALTOR® shall not make any unauthorized disclosure or dissemination of the allegations, findings, or decision developed in connection with an ethics hearing or appeal."

• **Standard of Practice 15-3**

"The REALTOR® shall not obstruct the Board's investigative or disciplinary proceedings by instituting or threatening to institute actions for libel, slander or defamation against any party to a professional standards proceeding or their witnesses." (Approved 11/87).

• **Standard of Practice 15-4**

"The REALTOR® shall not intentionally impede the Board's investigative or disciplinary proceedings by filing multiple ethics complaints based on the same event or transaction." (Adopted 11/88)

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.

• **Standard of Practice 16-1**

"The REALTOR® shall not recommend or suggest to a client 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." (Revised 5/88)

• **Standard of Practice 16-2**

"When acting as an agent or subagent, the REALTOR® shall disclose to a client or customer if there is any financial benefit or fee the REALTOR® or the REALTOR®'s firm may receive as a direct result of having recommended real estate products or services (e.g., homeowner's insurance, warranty programs, mortgage financing, title insurance, etc.) other than real estate referral fees." (Approved 5/88)

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. The REALTOR® shall also ensure that his status as a broker or a REALTOR® is clearly identifiable in any such advertising.

• **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 19-3**

"The REALTOR®, when advertising unlisted real property for sale in which he has an ownership interest, shall disclose his status as both an owner and as a REALTOR® or real estate licensee."

• **Standard of Practice 19-4**

"The REALTOR® shall not advertise nor permit any person employed by or affiliated with him to advertise listed property without disclosing the name of the firm."

• **Standard of Practice 19-5**

"The REALTOR®, when acting as listing broker, retains the exclusive right to represent that he has 'sold' the property, even if the sale resulted through the cooperative efforts of another broker. However, after the transaction has been consummated, the listing broker may not prohibit a successful cooperating broker from advertising his 'participation' or 'assistance' in the transaction, or from making similar representations provided that any such representation does not create the impression that the cooperating broker had listed or sold the property. (Cross-reference Article 21.)" (Approved 5/87)

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.

• **Standard of Practice 20-1**

"At the time of signing or initialing, the REALTOR® shall furnish to the party a copy of any document signed or initialed."

• **Standard of Practice 20-2**

"For the protection of all parties, the REALTOR® shall use reasonable care to ensure that documents pertaining to the purchase and sale of real estate are kept current through the use of written extensions or amendments."

ARTICLE 21

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

• **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. However, if the listing broker, when asked by the REALTOR®, refuses to disclose the expiration date and nature of such listing; i.e., an exclusive right to sell, an exclusive agency, open listing, or other form of contractual agreement between the listing broker and his client, the REALTOR®, unless precluded by law, may contact the owner to secure such information and may discuss the terms upon which he might take a future listing or, alternatively, may take a listing to become effective upon expiration of any existing exclusive listing."

• **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 list property which is ‘open listed’ at any time, but shall not knowingly obligate the seller to pay more than one commission except with the seller’s knowledgeable consent. (Cross-reference Article 7.)” (Revised 5/88)

• **Standard of Practice 21-8**

“When a REALTOR® is contacted by an owner regarding the sale of property that is exclusively listed with another broker, and the REALTOR® has not directly or indirectly initiated the discussion, unless precluded by law, the REALTOR® may discuss the terms upon which he might take a future listing or, alternatively, may take a listing to become effective upon expiration of any existing exclusive listing.”

• **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 21-10**

“Article 21 does not preclude REALTORS® from making general announcements to property owners describing their services and the terms of their availability even though some recipients may have exclusively listed their property for sale or lease with another REALTOR®. A general telephone canvass, general mailing or distribution addressed to all property owners in a given geographical area or in a given profession, business, club, or organization, or other classification or group is deemed ‘general’ for purposes of this standard.

Article 21 is intended to recognize as unethical two basic types of solicitation:

First, telephone or personal solicitations of property owners who have been identified by a real estate sign, multiple listing compilation, or other information service as having exclusively listed their property with another REALTOR®; and

Second, mail or other forms of written solicitations of property owners whose properties are exclusively listed with another REALTOR® when such solicitations are not part of a general mailing but are directed specifically to property owners identified through compilations of current listings, ‘for sale’ signs, or other sources of information required by Article 22 and Multiple Listing Service rules to be made available to other REALTORS® under offers of subagency or cooperation.”

• **Standard of Practice 21-11**

“The REALTOR®, prior to accepting a listing, has an affirmative obligation to make reasonable efforts to determine whether the property is subject to a current, valid exclusive listing agreement.”

• **Standard of Practice 21-12**

“The REALTOR®, acting as the agent of the buyer, shall disclose that relationship to the seller’s agent at first contact. (Cross-reference Article 7.)” (Approved 5/88)

• **Standard of Practice 21-13**

“On unlisted property, the REALTOR®, acting as the agent of a buyer, shall disclose that relationship to the seller at first contact. (Cross-reference Article 7.)” (Approved 5/88)

• **Standard of Practice 21-14**

“The REALTOR®, acting as agent of the seller or as subagent of the listing broker, shall disclose that relationship to buyers as soon as practicable.” (Approved 5/88)

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.

• **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.”

• **Standard of Practice 22-3**

“The REALTOR® shall disclose the existence of an accepted offer to any broker seeking cooperation.”

• **Standard of Practice 22-4**

“The REALTOR®, acting as exclusive agent of the seller, establishes the terms and conditions of offers to cooperate. Unless expressly indicated in offers to cooperate made through MLS or otherwise, a cooperating broker may not assume that the offer of cooperation includes an offer of compensation. Entitlement to compensation in a cooperative transaction must be agreed upon between a listing and cooperating broker prior to the time an offer to purchase the property is produced.” (Adopted 11/88)

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.

The Code of Ethics was adopted in 1913. Amended at the Annual Convention in 1924, 1928, 1950, 1951, 1952, 1955, 1956, 1961, 1962, 1974, 1982, 1986, and 1987.

EXPLANATORY NOTES (Revised 11/88)

The reader should be aware of the following policies which have been 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 not an integral part of the Code but rather serve to clarify the ethical obligations imposed by the various Articles. The Standards of Practice supplement, and do not substitute for, the Case Interpretations in *Interpretations of the Code of Ethics*.

Modifications to existing Standards of Practice and additional new Standards of Practice are approved from time to time. The reader is cautioned to ensure that the most recent publications are utilized.

Articles 1 through 5 are aspirational and establish ideals that a REALTOR® should strive to attain. Recognizing their subjective nature, these Articles shall not be used as the bases for charges of alleged unethical conduct or as the bases for disciplinary action.

