

NATIONAL ASSOCIATION OF REALTORS®
Code of Ethics Video Series

From *Professionalism in Real Estate Practice* – Article 4

(A narrative explanation of Article 4 with synthesis of related Standards of Practice and Case Interpretations)

Article 4

REALTORS® shall not acquire an interest in or buy or present offers from themselves, any member of their immediate families, their firms or any member thereof, or any entities in which they have any ownership interest, any real property, without making their true position known to the owner or the owner’s agent or broker. In selling property they own, or in which they have any interest, REALTORS® shall reveal their ownership or interest in writing to the purchaser or the purchaser’s representative.

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Article 4 prohibits the REALTOR® from buying, presenting offers, or selling property owned by the REALTOR®, or in which the REALTOR® has any interest, without making full disclosure of the ownership or interest to the buyer or seller or their agent or representative.

This prohibition applies not only to buying and selling by the REALTOR®, but also any member of the REALTOR®’s immediate family, firm, or any entity in which the REALTOR® has any ownership interest.

“Immediate family” includes “in-laws” because, at least in some instances, the transaction may benefit the REALTOR® in the future. A purchase or sale for the REALTOR®’s firm or any member thereof must be disclosed because it can be reasonably presumed that an individual will tend to favor the interests of business colleagues over the interests of strangers. Any entity in which the REALTOR® has any ownership interest is included to ensure that the buyer or seller or respective agents will be fully informed, in advance, of the REALTOR®’s position and interest in the transaction.

Article 4 protects the public by ensuring their full awareness of any direct or indirect personal interest of the REALTOR® in a real estate transaction involving property owned by the REALTOR® or property the REALTOR® is interested in acquiring. If the seller or buyer knows of the REALTOR®’s interest in a real estate transaction, in advance, they can make knowledgeable decisions, secure competent assistance, if necessary, and deal with the REALTOR® in an arm’s length transaction.

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Written disclosure of any present or contemplated interest, direct or indirect, that you have in a property must be given to buyers and sellers or their respective agents before entering into any contracts involving the property. (Refer to Standard of Practice 4-1 and Case Interpretation #4-6)

Be sure your client (seller) understands your position when you intend to acquire any interest in listed property. (Refer to Case Interpretation #4-1)

Even when the need to disclose a remote “indirect” interest is questionable, full disclosure is preferable since it avoids possible appearance of impropriety. (Refer to Case Interpretation #4-2)

Disclose in writing the fact that an offer is being presented on behalf of a family member, including in-laws. (Refer to Case Interpretation #4-3)

Be aware that REALTORS[®] have responsibility for ensuring that individuals licensed with the REALTOR[®] disclose the fact that an offer is being presented on behalf of a family member. (Refer to Case Interpretation #4-4)

As an agent, the best interests of your client must always come before any contemplated interest you may have in the property. (Refer to Case Interpretation #4-5)