

NATIONAL ASSOCIATION OF REALTORS®
Code of Ethics Video Series

From Professionalism in Real Estate Practice

**Aspirational Objectives in the Preamble
to the Code of Ethics**

• Becoming and remaining informed.

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The amount of information a REALTOR® may have can vary at different states of the REALTOR®'s professional life. The REALTOR® should strive to: (1) become informed as rapidly and thoroughly as feasible about laws, proposed legislation, government regulations, public policies, and current market conditions; and (2) seek reliable information on matters that depend, in whole or in part, upon information or knowledge the REALTOR® may provide to clients and customers.

REALTORS® will find it difficult to advise clients and customers properly if they do not know the requirements and limitations imposed by laws impacting upon a property or its owner. REALTORS® must provide accurate information, but must refrain from the unauthorized practice of law. REALTORS® should avoid engaging in activities where they lack sufficient knowledge or when the activity is beyond the scope of their licensure.

An important corollary is to admit any lack of pertinent knowledge and recommend that information be sought from others who are adequately informed. Intelligence and integrity are measured in part by the awareness an individual has as to that which the individual does not know.

REALTORS® cannot be fully informed on all matters at all times, but must always be honest and forthright and should constantly increase their knowledge and expertise consistent with the reasonable expectations of clients and customers.

Only informed REALTORS® can contribute responsibly to public thinking. With so many issues affecting the practice of real estate and the rights of property owners, it is recommended that REALTORS® be informed and contribute responsibly to debate and decision as best they can.

• Requests for opinions and unsolicited criticism.

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A REALTOR® is not precluded from responding to a request for an opinion as to a competitor's business practices in general, or a real estate transaction in particular. If the REALTOR® deems it appropriate to respond, the REALTOR® should provide the opinion with strict professional integrity and courtesy (i.e., provide objective, reliable information in a professional manner). This requires careful language and a thoughtful and analytical approach based on facts. REALTORS® can always refrain from comment if they choose.

Nothing is gained and much may be lost by “sounding off” in public. Uninvited criticism is counterproductive, impairs cooperative efforts, and diminishes the public’s appreciation for the valuable services provided by REALTORS®.

Stress the value and merit of your own work rather than criticizing or making derogatory comments about the efforts of other REALTORS®.

• Active participation in enforcement of law, regulations, and the Code of Ethics.

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If the REALTOR® becomes aware of any practice damaging to the public or which may bring discredit upon the real estate profession, the Preamble encourages the REALTOR® to bring such actions to the attention of the State Real Estate Commission.

Such reports should not be prompted by personal whim, preference or spite, but should be a manifestation of respect for the law and the Code of Ethics.

Reports should never be made for the purpose of restraining a competitor who provides new or different services. Any challenge of a competitor’s practice must be based solely upon an unbiased and disinterested analysis of the practice or service itself and whether it damages the public or brings discredit upon the real estate profession.

REALTORS® should be aware that they must arbitrate certain business disputes with other Members rather than resorting to litigation. However, the obligation to arbitrate does not obviate the obligation to report any potential violations of the law to the governmental agency charged with regulating the practices of brokers and salespeople in the state.

REALTORS® having direct personal knowledge of conduct that may violate the Code of Ethics involving misappropriation of client or customer funds or property, wilful discrimination, or fraud resulting in substantial economic harm, should bring such matters to the attention of the appropriate Board or Association of REALTORS®.

• Exclusive representation of clients.

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REALTORS® should urge the exclusive listing of property unless contrary to the best interest of the owner. This prevents dissension and misunderstanding and assures better service to the owners and lessors.

The exclusive listing includes both exclusive right to sell and exclusive agency agreements which benefit sellers and lessors since they establish a clear line of responsibility on the part of the seller or lessor and the listing broker. Listing brokers know they will not be paid unless they meet the specific terms and conditions of the listing, but are assured of payment if they do perform. Sellers and lessors know they will incur an obligation to pay only one commission. Sellers and lessors are assured that property will be shown only to bona-fide, pre-qualified prospective buyers or tenants. Such certainties, established by the exclusive listing agreement, minimize dissension and misunderstanding and sellers and lessors are assured of the best efforts of listing brokers and cooperating brokers.

• Sharing knowledge and experience.

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This concept encourages a high standard rarely established by business and professional groups. As a general rule, business competitors do not share the lessons of their experience with each other for the benefit of the public. Rather, such experience is zealously guarded lest it fall into the hands of competitors. But REALTORS[®], although intensely competitive with each other, at the same time cooperate with each other in the best interest of clients and customers. In cooperative transactions, it is desirable that the combined professional abilities and talents, as well as the shared commitment to high standards of conduct, prevail. This cooperation benefits clients and customers.

Programs offered by Boards provide opportunities to share information on public policy, politics, and legislation affecting private ownership of real property and the practice of real estate; technology to improve service and maintain competency; methods of financing real estate transactions; and standards of professional conduct. They also provide opportunities to share information on better methods of selling, buying, leasing, managing, counseling, appraising, developing, and syndicating.

REALTORS[®] should share their knowledge and expertise with other REALTORS[®] for the benefit of their clients and customers.

• Avoidance of unfair advantage.

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If disagreements did not arise between Members, there would be little need for ethics or arbitration hearings. REALTORS[®] should strive to minimize the likelihood of disagreements through professional practice, including adherence to the Code of Ethics, understanding and respect for the law, and general competence in all transactions undertaken. A REALTOR[®] cannot guarantee that disagreements will never arise, but should always seek to avoid even the appearance of impropriety.

Perhaps unfair advantage can be best avoided by caring, consideration, and communication. REALTORS[®] who care for the interests of every individual involved in a real estate transaction are not apt to take any unfair advantage. REALTORS[®] who consider all points of view are not likely to take unfair advantage. Good relationships and good results in real estate matters are commensurate with good communication between principals, agents, and cooperating brokers.

The phrase “unfair advantage” is not intended to discourage aggressive competition. Rather, it is intended to discourage, among other things, misrepresentation of law or fact; misleading clients and customers with respect to the competence, honesty, or loyalty of other REALTORS[®]; resorting to technicalities to justify questionable actions; and attempts to induce a breach of contract. It is not inappropriate to list or sell aggressively, or to work harder and longer than others. Ultimately, unfairness works to the disadvantage of clients and customers since it limits their power of choice; exposes them to possible litigation; and deprives them of the full benefits of an open and cooperative relationship.