

**NATIONAL ASSOCIATION OF REALTORS®**  
**Code of Ethics Video Series**

**From *Professionalism in Real Estate Practice* – Article 2**

(A narrative explanation of Article 2 with synthesis of related Standards of Practice and Case Interpretations)

**Article 2**

REALTORS® shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. REALTORS® shall not, however, be obligated to discover latent defects in the property or to advise on matters outside the scope of their real estate license or disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law.

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Article 2 guarantees faithful service to both clients and customers as consumers of real estate services.

Article 2 protects the consumer by ensuring that the REALTOR® provides accurate, factual information without exaggeration; that the REALTOR® communicates truthfully and does not misrepresent the facts; and that the REALTOR® does not remain silent concerning pertinent facts including adverse factors affecting the property. As a real estate professional, the REALTOR® is obligated to discover and disclose adverse factors apparent to someone with the REALTOR®'s level of expertise, but is not required to discover and disclose latent (hidden) defects in property or to advise clients or customers on matters requiring specialized knowledge and training not required by the state licensing authority or in the REALTOR®'s area of expertise. The REALTOR® is not expected to possess knowledge or skills generally attributable to specialists in other fields such as architects, structural engineers, soils experts, etc. Nor is the REALTOR® obligated to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law. The necessity to safeguard the confidence of clients must be respected unless there is some superseding ethical obligation or legal duty.

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Remember that you are obligated to discover and disclose adverse factors reasonably apparent to someone with expertise in the real estate profession, but that you are not required to provide expert advice on matters involving specialized knowledge or training outside the scope of your real estate license. In such cases, advise your clients and customers to use the services of appropriate experts. (Refer to Standard of Practice 2-1)

Avoid naming a false consideration in any document unless it is an obviously nominal consideration. (Refer to Standard of Practice 2-4 and Case Interpretations #2-10 and #2-11)

Factors defined or expressly referenced in law or regulation as “non-material” or as not being subject to disclosure are not considered “pertinent” for purposes of Article 2. (Refer to Standard of Practice 2-5)

Be truthful and accurate concerning property for which you are responsible. If any inaccuracy occurs, act promptly to remedy the matter to the best of your ability. (Refer to Case Interpretation #2-1)

Remember that you are responsible for the statements and actions of those licensed with you. (Refer to Case Interpretations #2-2 and #2-9)

When acting as the listing broker, faithfully represent to prospective purchasers information provided by the sellers, unless you have reason to suspect that the information is not accurate. (Refer to Case Interpretations #2-3 and #2-4)

Be familiar with the requirements of law and regulations that may affect a purchaser’s use of property and suggest that the advice of experts be sought, if the situation warrants. (Refer to Case Interpretation #2-5)

Make no guarantees regarding the future value of property unless you are prepared to make good your guarantee. (Refer to Case Interpretation #2-6)

Remember that the public relies on your superior knowledge of the real estate market. Avoid “guesses” which may be misconstrued as facts by those relying on you. (Refer to Case Interpretation #2-7)

Failure to accurately disclose pertinent information cannot be excused by the use of a “disclaimer of accuracy.” (Refer to Case Interpretation #2-8)

REALTORS<sup>®</sup> remain bound by the obligations of the Code of Ethics even when dealing among themselves as principals. (Refer to Case Interpretation #2-13)

Promptly communicate any change in the amount of cooperating broker compensation being offered prior to the time the cooperating broker has a signed offer to purchase in hand. (Refer to Case Interpretation #2-14)

The obligation to “avoid misrepresentation or concealment of pertinent facts” also requires REALTORS<sup>®</sup> to provide tribunals of their Board with information on the activities of other REALTORS<sup>®</sup> which may have violated Article 2. (Refer to Case Interpretation #2-15)

Avoid falsifying credit information. (Refer to Case Interpretation #2-16)

Inform buyers of pertinent and relevant facts that may affect their decision to purchase. (Refer to Case Interpretation #2-18)

Be sure information in MLS compilations is truthful and accurate. (Refer to Case Interpretation #2-19)