

NATIONAL ASSOCIATION OF REALTORS®
Code of Ethics Video Series

From *Professionalism in Real Estate Practice* – Article 3

(A narrative explanation of Article 3 with synthesis of related Standards of Practice and Case Interpretations)

Article 3

REALTORS® shall cooperate with other brokers except when cooperation is not in the client's best interest. The obligation to cooperate does not include the obligation to share commissions, fees, or to otherwise compensate another broker.

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Article 3 obligates REALTORS® to cooperate with their competitors on mutually agreed upon terms when it is in the best interest of the client. This obligation promotes harmonious teamwork by competitors to the benefit of buyers/tenants and sellers/lessors. The real estate market is best served when individuals with a variety of skills and resources work together. Cooperation optimizes the benefits available to clients and customers, as well as agents and their subagents. Cooperation ensures sellers and lessors of the broadest possible market exposure. Through cooperation, brokers are able to enhance the market exposure of listed property and their ability to serve the needs of prospective purchasers and tenants.

Compensation in cooperative transactions should be agreed upon by the listing and cooperating brokers prior to the time the cooperating broker begins efforts to accept the offer of cooperation. (Refer to Standard of Practice 3-1)

Any change in the amount of compensation being offered must be communicated prior to the time the cooperating broker submits an offer to purchase or lease the property. 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. (Refer to Standard of Practice 3-2 and Case Interpretation #2-14)

Listing brokers and cooperating brokers may enter into an agreement to change the cooperative compensation after the cooperating broker produces an offer to purchase or lease the property if both REALTORS® agree to the change. (Refer to Standard of Practice 3-3)

As a listing broker, as soon as practical, disclose the existence of a dual or variable rate commission arrangement. As the buyer/tenant representative, disclose such information to your client before the client makes an offer to purchase or lease. (Refer to Standard of Practice 3-4)

Where a dual commission arrangement exists, the REALTOR[®], as listing broker, must disclose the existence of the “special arrangement,” and must indicate, in response to an inquiry from a potential cooperating broker, the differential that would result in the total commission in a cooperative transaction or in a sale that results through the efforts of the seller. (Refer to Standard of Practice 3-4 and Case Interpretations #1-30, #3-8 and #3-9)

As a subagent, immediately advise the listing broker of all pertinent facts you discover concerning a property or prospective purchaser either before or after a contract is executed. (Refer to Standard of Practice 3-5)

Disclose the existence of accepted offers, including offers with unresolved contingencies, to brokers seeking to cooperate on your listing. (Refer to Standard of Practice 3-6 and Case Interpretation #3-10)

Disclose your REALTOR[®] or licensed status when seeking information about a property from another REALTOR[®] concerning property under a management or listing agreement. (Refer to Standard of Practice 3-7)

Avoid misrepresenting the availability of property listed with your firm. (Refer to Standard of Practice 3-8)

Avoid providing access to listed property on terms other than those established by the owner or the listing broker. (Refer to Standard of Practice 3-9)

Share information on property you have listed/leased, and make property available to show when in the seller’s/lessor’s best interests. (Refer to Standard of Practice 3-10)

Recognize the agency of listing brokers and make all arrangements to show property through them unless they grant you specific authority to deal directly with their clients. (Refer to Case Interpretation #3-1)

Cooperate in the sale of listed property unless you have valid reason for believing that cooperation would not further the best interests of your client or the client instructs you to withhold cooperation. Be prepared to justify your refusal to cooperate if you are charged with an arbitrary refusal to cooperate. (Refer to Case Interpretations #3-3 and #3-4)

Realize that under certain circumstances a REALTOR[®] may legitimately withhold cooperation when it is not in the client’s best interest or when the REALTOR[®] is dealing as a principal. (Refer to Case Interpretations #3-4 and #3-5)

Promptly communicate any change in the amount of cooperating broker compensation being offered prior to the time the cooperating broker has submitted an offer. (Refer to Case Interpretation #3-7)

Recognize that listing brokers must disclose the existence of dual and variable commission arrangements and must, in response to questions from cooperating brokers,

disclose the compensation differential resulting from a cooperative transaction versus one brought about through the listing broker's efforts. (Refer to Case Interpretation #3-8)

Recognize that "special" or "side" deals may be dual or variable commission arrangements that must be disclosed pursuant to Standard of Practice 3-4. (Refer to Case Interpretation #3-9)

(revised February 2014)