



CODE OF ETHICS

NATIONAL ASSOCIATION OF REAL ESTATE BOARDS

Preamble

UNDER all is the land. Upon its wise utilization and widespread ownership depend the advancement of national well-being and the perpetuation of the free institutions that go to make the American way of life.

The Realtor has husbanded and developed the land resource of the nation and, with his help, ownership has attained its widest distribution—a distinguishing mark that differentiates this from other civilizations and provides the real safeguard against radical impenetrations.

The Realtor is a creator of homes, both urban and rural, and by his activities helps mold the form of his future community, not only in the living of its people, but in its commercial and industrial aspects.

Such functions impose obligations beyond those of ordinary business; they impose grave social responsibilities which the Realtor can meet only by diligent preparation and by dedicating himself as a civic duty to their fulfillment.

The Realtor therefore must be zealous to maintain and continually improve the professional standards of his calling. He shares with his fellow-Realtors a common responsibility for the integrity and honor of that calling. In the interpretation of his obligations, he can take no safer guide than that which has been handed down through twenty centuries, embodied in the Golden Rule, in substance:

“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 his dealings and to conduct his business in accordance with the following Code of Ethics, adopted by the National Association of Real Estate Boards:

Part I *Relations to the Public*

ARTICLE 1.

The Realtor should keep himself informed as to movements affecting real estate in his community, state, and the nation, so that he may be able to contribute to public thinking on matters of taxation, legislation, land use, city planning, and other questions affecting property interests.

ARTICLE 2.

It is the duty of the Realtor to be well informed on current market conditions in order to be in a position to advise his clients as to the fair market price.

ARTICLE 3.

It is the duty of the Realtor to protect the public against fraud, misrepresentation or unethical practices in the real estate field.

He should endeavor to help stamp out or prevent arising in his community, any practices which could be damaging to the public or to the dignity and integrity of the real estate profession. If there be a board or commission in the state, charged with the duty of regulating the practices of brokers and salesmen, the Realtor should lend every help to such body, cooperate with it, and report violations of proper practice.

ARTICLE 4.

The Realtor should ascertain all pertinent facts concerning every property for which he accepts the agency, so that he may fulfill his obligation to avoid error, exaggeration, misrepresentation, or concealment of pertinent facts.

ARTICLE 5.

The Realtor should not be instrumental in introducing into a neighborhood a character of property or use which will clearly be detrimental to property values in that neighborhood.

ARTICLE 6.

The Realtor should not be a party to the naming of a false consideration in a deed, unless it be the naming of an obviously nominal consideration.

ARTICLE 7.

The Realtor should not engage in activities that constitute the practice of law and should recommend

that title be examined and legal counsel be obtained when the interest of either party requires it.

ARTICLE 8.

The Realtor should keep in a special bank account, separated from his own funds, monies coming into his hands in trust for other persons, such as escrows, trust funds, client's monies and other like items.

ARTICLE 9.

The Realtor in his advertising should be especially careful to present a true picture and should not advertise without disclosing his name or his firm name, nor permit his salesmen to use individual names or telephone numbers, unless the salesman's connection with the Realtor is obvious in the advertisement.

ARTICLE 10.

The Realtor, for the protection of all parties with whom he deals, should see that financial obligations and commitments regarding real estate transactions are in writing, expressing the exact agreement of the parties; and that copies of such agreements, at the time they are executed, are placed in the hands of all parties involved.

Part II *Relations to the Client*

ARTICLE 11.

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 interest is primary, and does not relieve the Realtor from the obligation of dealing fairly with all parties to the transaction.

ARTICLE 12.

In justice to those who place their interests in his hands, the Realtor should endeavor always to be informed regarding the law, proposed legislation, legal orders issued and other essential facts and public policies which affect those interests.

ARTICLE 13.

Since the Realtor is representing one or another party to a transaction, he should not accept compensation from more than one party without the full knowledge of all parties to the transaction.

ARTICLE 14.

The Realtor should not acquire an interest in or buy for himself, his firm or any member thereof, or a corporation in which he has an interest, property listed with him, or his company or firm, without making his true position known to the listing owner. In selling property owned by him, or in which he has some ownership interest, the exact facts should be revealed to the purchaser.

ARTICLE 15.

The exclusive listing of property should be urged and practiced by the Realtor as a means of preventing dissension and misunderstanding and of assuring better service to the owner.

ARTICLE 16.

When acting as agent in the management of property, the Realtor should not accept any commission, rebate or profit on expenditures made for an owner, without the owner's knowledge and consent.

ARTICLE 17.

The Realtor should charge for his services only such fees as are fair and reasonable, and in accordance with local practice in similar transactions.

ARTICLE 18.

When asked to make a formal appraisal of real property, the Realtor should not render an opinion without careful and thorough analysis and interpretation of all factors affecting the value of the property. His counsel constitutes a professional service for which he should make a fair charge.

The Realtor should not undertake to make an appraisal or render an opinion of value on any property where he has a present or contemplated interest unless such interest is specifically disclosed in the appraisal report. Under no circumstances should he undertake to make a formal appraisal when his employment or fee is contingent upon the amount of his appraisal.

The Realtor should not undertake to make an appraisal that is outside the field of his experience unless he obtains the assistance of a Realtor or appraiser familiar with such types of property, or unless the facts are fully disclosed to the client.

ARTICLE 19.

The Realtor should not submit or advertise property without authority and in any offering, the price quoted should not be other than that agreed upon with the owners as the offering price.

ARTICLE 20.

In the event that more than one formal offer on a specific property is made before the owner has accepted a proposal, all written offers should be presented to the owner for his decision.

Part III Relations to His Fellow-Realtor

ARTICLE 21.

The Realtor should seek no unfair advantage over his fellow-Realtors and should willingly share with them the lessons of his experience and study.

ARTICLE 22.

The Realtor should so conduct his business as to avoid controversies with his fellow-Realtors; but,

in the event of a controversy between Realtors who are members of the same real estate board, such controversy should be submitted for arbitration in accordance with regulations of their board and not to a suit at law. The decision in such arbitration should be accepted as final and binding.

ARTICLE 23.

Controversies between Realtors who are not members of the same real estate board should be submitted to an arbitration board consisting of one arbitrator chosen by each Realtor from the real estate board to which he belongs. One other member, or a sufficient number of members to make an odd number, should be selected by the arbitrators thus chosen.

ARTICLE 24.

When the Realtor is charged with unethical practice, he should voluntarily place all pertinent facts before the proper tribunal of the real estate board of which he is a member, for investigation and judgment.

ARTICLE 25.

The Realtor should never publicly criticize a competitor, nor volunteer an opinion of a competitor's transaction. If his opinion is sought it should be rendered with strict professional integrity and courtesy.

ARTICLE 26.

When the Realtor accepts a listing from another broker, the agency of the broker who offers the listing should be respected until it has expired and the property has come to the attention of the accepting Realtor from a different source, or until the owner, without solicitation, offers to list with the accepting Realtor unless contrary to the rules of the local real estate board; furthermore, such a listing should not be passed on to a third broker without the consent of the listing broker.

ARTICLE 27.

The Realtor should cooperate with other Realtors on property listed, sharing commissions on an agreed basis. Negotiations concerning property listed exclusively with one Realtor should be carried on with the listing broker, not with the owner, except with the consent of the listing Realtor.

ARTICLE 28.

The Realtor should not solicit the services of an employee or salesman in the organization of a fellow-Realtor without the knowledge of the employer.

ARTICLE 29.

Signs giving notice of property for sale, rent, lease or exchange should not be placed on any property by more than one Realtor, and then only if authorized by the owner, except as the property is listed with and authorization given to more than one Realtor.

ARTICLE 30.

In the best interest of society, of his associates and of his own business, the Realtor should be loyal to the real estate board of his community and active in its work.

CONCLUSION

The term Realtor has come to connote competence, fair dealing and high integrity resulting from adherence to a lofty ideal of moral conduct in business relations. No inducement of profit and no instructions from clients ever can justify departure from this ideal, or from the injunctions of this Code.