



1962

# CODE OF ETHICS

## NATIONAL ASSOCIATION OF REAL ESTATE BOARDS

### *Preamble*

**U**NDER all is the land. Upon its wise utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization. The Realtor is the instrumentality through which the land resource of the nation reaches its highest use and through which land ownership attains its widest distribution. He is a creator of homes, a builder of cities, a developer of industries and productive farms.

Such functions impose obligations beyond those of ordinary commerce. They impose grave social responsibility and a patriotic duty to which the Realtor should dedicate himself, and for which he should be diligent in preparing himself. The Realtor, therefore, is zealous to maintain and improve the standards of his calling and shares with his fellow-Realtors a common responsibility for its integrity and honor.

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:

"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 activities and to conduct his business in accordance with the following Code of Ethics:

### **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 eliminate in his community any practices which could be damaging to the public or to the dignity and integrity of the real estate profession. The Realtor should assist the board or commission charged with regulating the practices of brokers and salesmen in his state.

#### **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 any document, 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 possession 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 neither advertise without disclosing his 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, but it 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 care, the Realtor should endeavor always to be in-

formed regarding laws, proposed legislation, governmental orders, and other essential information 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, any member of his immediate family, his firm or any member thereof, or any entity in which he has a substantial ownership interest, property listed with him, or his firm, without making the true position known to the listing owner, and in selling property owned by him, or in which he has such interest, the 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 not undertake to make an appraisal that is outside the field of his experience unless he obtains the assistance of an authority on such types of property, or unless the facts are fully disclosed to the client. In such circumstances the authority so engaged should be so identified and his contribution to the assignment should be clearly set forth.

**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.

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.

**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 written offer on a specific property is made before the owner has accepted an offer, any other formal written offer presented to the Realtor, whether by a prospective purchaser or another broker, should be transmitted 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. In the event of a controversy between Realtors who are members of the same local board, such controversy should be arbitrated in accordance with regulations of their board rather than litigated.

**ARTICLE 23.**

Controversies between Realtors who are not members of the same local 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 or chosen in accordance with the regulations of the respective boards. 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 place all pertinent facts before the proper tribunal of the member board of which he is a member, for investigation and judgment.

**ARTICLE 25.**

The Realtor should not voluntarily disparage the business practice of 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.**

The agency of a Realtor who holds an exclusive listing should be respected. A Realtor cooperating with a listing broker should not invite the cooperation of a third broker without the consent of the listing broker.

**ARTICLE 27.**

The Realtor should cooperate with other brokers on property listed by him exclusively whenever it is in the interest of the client, sharing commissions on a previously agreed basis. Negotiations concerning property listed exclusively with one broker should be carried on with the listing broker, not with the owner, except with the consent of the listing broker.

**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.

The Code of Ethics was adopted in 1913. Amended at the Annual Convention in 1924, 1928, 1950, 1951, 1952, 1955, 1956, 1961, and 1962.