

# CODE OF ETHICS AND STANDARDS OF PRACTICE

## National Association of REALTORS®

### 100 Years Since Adoption

Land is the foundation of everything. The survival and development of free institutions and our civilization depend upon the wise use of land and the rational distribution of land ownership. REALTORS® must recognize that the interests of the nation and its citizens require the best and most efficient use of land and broad access to land ownership. This requires the creation of adequate housing conditions, the development of functional cities, the growth of industry and agriculture, and the preservation of a healthy environment.

Such interests give rise to obligations that extend beyond ordinary business transactions. They carry significant social responsibility and a patriotic duty to which REALTORS® must dedicate themselves and for which they must properly prepare.

For this reason, REALTORS® diligently strive to maintain and improve the standards of their profession and, together with their colleagues, share a common responsibility for its integrity and reputation. In recognition of and respect for their responsibilities toward clients, customers, the public, and one another, REALTORS® continuously seek to remain informed about real estate matters and, as knowledgeable professionals, willingly share their experience and knowledge with others.

Through enforcement of this Code of Ethics and cooperation with the appropriate regulatory authorities, REALTORS® identify and take steps to eliminate practices that may harm the public or insult, undermine, or discredit the REALTOR® profession.

REALTORS® who have direct knowledge of conduct that may violate the Code of Ethics—particularly the unlawful misappropriation of a client's property or funds, or fraud resulting in significant economic harm—shall report such conduct to the appropriate association or board of REALTORS®.

Recognizing that cooperation with other professionals in the real estate industry serves the best interests of consumers who use their services, REALTORS® insist upon exclusive representation of clients; do not seek an unfair advantage over their competitors; and refrain from making unwarranted comments about other professionals.

When asked for an opinion, or when REALTORS® believe that a comment is necessary, their opinion shall be presented in an objective and professional manner and shall not be influenced by personal motives or potential advantage or benefit.

The term REALTOR® signifies competence, fairness, and integrity resulting from adherence to high ideals of moral conduct in business relationships. Neither the desire for profit nor instructions from clients can ever justify a departure from these ideals.

In interpreting this obligation, REALTORS® have no more reliable guide than the principle that has been passed down through the centuries and has become known as the Golden Rule:

**“Treat others as you would like them to treat you.”**

By adopting this standard as their guiding principle, REALTORS® undertake to uphold its true meaning in all actions carried out personally, through partners or others, or through technological means, and to conduct their business in accordance with the principles set forth above.

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## **Article 1**

When representing a buyer, seller, landlord, tenant, or any other client, REALTORS® undertake to protect the interests of the client.

The obligation assumed toward the client is of primary importance; however, it does not relieve REALTORS® of their obligation to treat all parties fairly and honestly.

When providing services to a buyer, seller, landlord, tenant, or other client who is not represented by an agent, REALTORS® are obligated to treat all parties fairly and honestly.

## **Article 2**

REALTORS® shall avoid exaggeration, misrepresentation, or concealment of facts relating to the property or the transaction itself.

REALTORS® are not obligated to discover hidden defects in a property, provide advice on matters outside the scope of their license, or disclose facts that are confidential information within the scope of agency or non-agency relationships, as defined by law.

## **Article 3**

REALTORS® shall cooperate with other brokers, except when such cooperation is contrary to the best interests of the client.

The obligation to cooperate does not include the obligation to share commissions, fees, or provide any form of compensation to another broker.

## **Article 4**

REALTORS® shall not have a personal interest in the purchase of any real estate, nor submit an offer on behalf of themselves, their family members, their company or its employees, or any legal entity in which they directly or indirectly hold an ownership interest, without disclosing their true intentions to the owner or the owner's agent/broker.

When selling real estate in which they have full or partial ownership, REALTORS® shall provide written disclosure to the buyer or the buyer's representative.

## **Article 5**

REALTORS® shall not provide professional services concerning a property or its valuation in which they have a personal interest, except where that interest has been disclosed to all interested parties.

## **Article 6**

REALTORS® shall not accept commissions, discounts, or compensation for expenses incurred on behalf of clients without the client's knowledge and consent.

When recommending real estate or related services—for example, homeowners' insurance, warranty programs, mortgage loans, title insurance, and similar services—REALTORS® shall disclose to the client receiving the service any financial benefit or compensation, other than a real estate search fee, that the REALTOR® or real estate company may receive as a direct result of such recommendation.

## **Article 7**

In connection with a specific transaction, REALTORS® shall not accept compensation from more than one party, even if permitted by law, without disclosure to all parties and the consent of the client(s).

## **Article 8**

REALTORS® shall maintain, in a separate account at an appropriate financial institution and separately from their own funds, monies received from other persons in trust, including, for example, escrow funds, designated funds, client funds, and similar monies.

## **Article 9**

For the protection of all parties, REALTORS® shall ensure that all agreements relating to real estate transactions—including listing agreements, representation agreements, purchase and sale agreements, and lease agreements—are in writing, clearly and understandably worded, and contain the specific terms and obligations of the parties.

A copy of each agreement shall be provided to all parties after it has been signed.

## **Obligations to Clients**

### **Article 10**

REALTORS® shall not deny equal professional services to any person on the basis of race, color, religion, sex, physical or mental disability, marital status, nationality, sexual orientation, or gender identity.

A REALTOR® shall not participate in any transaction or plan that involves discrimination against another person on the basis of race, color, religion, sex, physical or mental disability, marital status, nationality, sexual orientation, or gender identity.

In conducting their activities in the real estate field, REALTORS® shall not engage in discrimination against any person or group of persons on the basis of race, color, religion, sex, physical or mental disability, marital status, origin, sexual orientation, or gender identity.

### **Article 11**

The services REALTORS® provide to clients shall comply with the standards of practice and competence appropriate to the specific area of real estate in which they operate, including:

- residential real estate brokerage;
- real estate management;
- commercial and industrial real estate brokerage;
- land brokerage;
- real estate appraisal;
- real estate consulting;
- real estate consortiums;
- auctions; and
- international real estate.

REALTORS® shall not provide specialized professional services relating to types of real estate or services that fall outside the scope of their competence, except when they engage a professional who is competent in the specific real estate or service area concerned.

Such involvement must be fully disclosed to the client. Any person engaged to provide such services must be identified to the client, and their role and contribution to the matter must be clearly defined.

### **Article 12**

REALTORS® shall be honest and truthful in their communications with clients and shall always accurately represent the actual circumstances in advertising, marketing, and other presentations.

REALTORS® shall ensure that their status as real estate professionals is clearly presented in advertising, marketing, and other forms of presentation, so that all persons participating in the communication are aware that they are dealing with a professional working in the real estate industry.

## **Article 13**

REALTORS® shall not engage in activities that are prohibited by law and shall, where appropriate, recommend that the parties to a transaction seek the services of a lawyer.

## **Article 14**

If REALTORS® are accused of unethical conduct, or if, during any professional ethics proceeding or investigation, they are requested to provide evidence or cooperate in any other form, REALTORS® shall present all relevant facts to the governing board, court, or associated institutions, associations, or boards of which they are members, and shall not take any action that would obstruct or impede such proceedings.

## **Article 15**

REALTORS® shall not knowingly or negligently make false or misleading statements concerning other professionals working in the real estate industry, their businesses, or their business practices.

## **Article 16**

REALTORS® shall not engage in any activity or make any decision that violates exclusive representation or exclusive brokerage agreements entered into between other REALTORS® and their clients.

## **Article 17**

In cases involving specific contractual or non-contractual disputes as defined in Section 17-4 of the Standards of Practice, arising between REALTORS® (principals) associated with different companies and resulting from their relationships as REALTORS®, the REALTORS® shall submit the dispute to arbitration in accordance with the rules of the board or boards, rather than to court.

Where REALTOR® clients wish to resolve through arbitration a dispute arising from a transaction, REALTORS® shall submit the dispute to arbitration in accordance with the board's rules, provided that the client agrees to abide by the decision made by the board.

Where clients wish to resolve disputes arising from real estate transactions through mediation or arbitration, REALTORS® shall resolve such disputes through mediation or arbitration in accordance with the policies of the board, provided that the clients agree to comply with the applicable agreement or decision.

The obligation to participate in arbitration proceedings established by this Article includes the obligation of REALTORS® (principals) to bring their respective companies into the arbitration proceedings and to comply with all decisions rendered.

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## **Obligations to the Public**

### **Obligations to REALTORS®**

**Effective January 1, 2020.**