

ETHICS IN REAL ESTATE



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Ethics In Real Estate

Look up “ethics,” and you’ll find this: “moral principles that govern a person’s behavior or the conduct of an activity.” But are morals and ethics the same thing? Dig a little deeper, and you’ll find that the word is derived from the Greek word *ethos*, a core concept that pertains to character or disposition, but it can also relate to habits or customs. To carry it further, ethics may differ from one culture to another.

Philosophers and sociologists break down the definition a little differently, noting that there are three “schools” of ethics: virtue ethics, consequentialist ethics, and deontological or duty-based ethics.

While there can be much debate about ethical principles, their universality, exclusivity, or application in the real estate field, a much narrower definition is typically applied. Real estate ethical guidelines apply to all the business relationships and dealings of licensed real estate professionals and represent the standards that define all real estate transactions and govern every action of those in the field.

The Importance of Ethics in Real Estate Transactions

The ethics guidelines constitute the rules under which real estate professionals can operate. They are based on the principles of fairness and assure that client interests are well-served. Not all licensed real estate professionals are members of the National Association of REALTORS® and are, therefore, not bound by the Code of Ethics. However, those principles are vitally important to maintain public trust.



Ethics and Communications

Imagine building a puzzle without seeing the picture it's supposed to form. That's how important communication is in our lives - it puts together the pieces so we can see the full image. One big part of our community and school life where we need clear communication is making ethical choices, meaning determining right and wrong. Good communication helps us in several ways: it makes rules clear, allows us to talk openly about tough choices, includes everyone's opinions, keeps us responsible for our actions, teaches us right and wrong, and builds trust.

First off, knowing the rules is essential. Like in a game, we must understand what we can and cannot do. In life, schools, or other groups, we have ethical rules. Good communication means these guidelines are spelled out clearly. Nobody is confused about what's okay and what's not, and this helps everyone make better choices.

Next, being able to talk about hard decisions is super important. Sometimes, we face situations where the right answer could be clearer. When we're encouraged to talk about these things - at home, with friends, or in a class discussion - we can figure out solutions together. If we don't talk about these tricky spots, minor problems can turn into significant issues before we know it.

Also, everyone deserves to have their voice heard. When communication is good, everyone gets to share their thoughts. This is important when decisions affect a lot of people. By listening to different views, we ensure the choice is fair for everyone involved.

Being held accountable is another key part. When we know someone is watching and we're responsible for our choices, we're more likely to think twice and do the right thing.

Clear communication means everyone knows what's expected and who's responsible for what. This way, it's harder for unethical stuff to happen because we know someone's paying attention.

Learning about ethics should continue. Through classes, discussions, and even online media, we keep learning about what's ethical. This isn't a one-time lesson; it's like a never-ending school subject. The world changes, new problems pop up, and we must keep learning how to handle them.

Last but not least, trust is enormous. When we talk openly and honestly with each other, it builds trust. That trust makes a big difference in whether we decide to follow the rules. When we trust each other and the people in charge, following ethical guidelines feels like being part of a team, not just following orders.

Good communication isn't a magic wand that makes every problem disappear, but it's a tool that can make things a lot better. By helping us understand the rules, talk about difficult stuff, hear everyone out, stay accountable, keep learning, and build trust, good communication sets the stage for us to make ethical choices. But it's not just about talking and listening. The place we're in, the people around us, and society's thoughts also shape our decisions. So, clear communication might only solve some things, but with it, we're way more likely to trip up and make bad calls. That's why, in our schools, families, and communities, we need to keep the lines of communication wide open.

National Association of REALTORS® Code of Ethics

While the National Association of REALTORS® (NAR) first adopted a code of ethics in 1913, the standards have continued to evolve. These basic tenets of the real estate profession are grounded in the original NAR principles of integrity, competency, and accountability.

What Is Contained in the Code of Ethics?

Essentially, they constitute the rules under which licensed professionals operate to assure that client interests are well-served and that the real estate business is conducted with decorum and professionalism. Fairness, accuracy, and honesty are vital components.



Ethics In Real Estate

While a perceived violation of the Code of Ethics may not be strictly illegal, any such violation, if substantiated, can result in a fine or other punitive assessment. To protect one's reputation and livelihood, a licensed real estate agent or broker should become familiar with the ethical duties outlined in the NAR Code of Ethics.

There are three main sections of the Code:

Duties to Clients and Customers

A real estate agent's primary responsibility is to the client, and acting as an agent in any transaction involves not only a fiduciary responsibility but a commitment to transact business in a fair, transparent, and equitable manner. The NAR Code of Conduct establishes reasonable requirements prohibiting concealment, exaggeration, and misinterpretation of the facts and details surrounding a property listing or transaction.

Those obligations against disclosure of confidential information also make it clear that offering advice outside the scope of your license is to be avoided. It is not the agent's responsibility to discover past problems or latent property defects.

Duties to the Public

Honesty and truth are the two pillars of responsibility when real estate agents publicly claim a property. When dealing with the public, whether marketing a home for sale on behalf of a seller, or dealing with a prospective buyer, an agent must always adhere to legal requirements against discrimination, in addition to presenting pertinent and verifiable data.

Every licensed real estate professional must be thoroughly versed in both federal and local fair housing restrictions and must avoid any charge of discrimination based on color, race, religion, gender identity, sex handicap, national origin, or family status.

Marketing, advertising and personal promotional materials must be fair, truthful, and must not represent any property in a way that is misleading or that could be construed as discriminatory.



Duties to REALTORS®

The Code of Ethics also cautions real estate agents against making false misleading, or disparaging comments about other agents, brokers, or real estate businesses. When acting as an agent for a buyer or seller, every real estate professional has a duty to cooperate with other agents involved in the transaction, and to maintain the professional relationships as defined by any agency agreement that exists.

There is a related responsibility to negotiate in good faith for the benefit of your client, to attempt to settle any potential disagreements or disputes reasonably through mediation or third-party intervention, and to uphold the standards of the real estate profession as subscribed to by your broker and the NAR Code of Ethics.

Why is it important?

Avoiding an ethical misstep that could jeopardize your personal real estate career is certainly a reason to become familiar with the current NAR Code of Ethics. Beyond that, however, the ethical code constitutes a safeguard against fraudulent practice that serves to protect not only those involved in the business of real estate, but ultimately, the entire realm of society.

Property rights, home ownership, and the lasting economic health of every community and the nation as a whole are at the heart of the effort to maintain high ethical standards on the part of everyone involved in real estate transactions.

Putting Ethics into Practice

Despite the detailed provisions outlined by the Code of Ethics, there can still be situations where the proper or ethical decision may take time to be obvious. In addition, because real estate professionals deal with members of the public who may need more understanding of the background of a specific requirement, or the reasons for a certain prohibition, there can be misunderstandings and occasional misinterpretations.

If you are familiar with not only the broad intent of the Code of Ethics, but also can explain the reasons for specific provisions, you will be better able to serve your clients.

The Code of Ethics is a broad guideline that cannot anticipate every situation. For that reason alone, there are provisions in the Code for reporting or charging an ethics violation, for the thorough investigation of such complaints, and for the resolution of any alleged or actual violations. Discussion of the Code of Ethics can be an ongoing learning experience and should be viewed as such. For this reason, it is vital to understand the principles that underlie each section of the NAR Code of Ethics, and to be aware of any updates to that code.

Ethics vs. Legality

In the ideal society, it might be argued that all laws would be based on ethical principles that have widespread agreement, and that there would be no differentiation between what is allowed and what is considered ethical or moral. However, we do not live in that world, and there are often differences of opinion that can lead to serious disputes.

The concept of ethical behavior is that which benefits “the common good,” or that is advantageous to the greatest number of citizens, is widely accepted. However, as is all too obvious in a free and democratic society, there are sometimes wide variances of opinion. In today’s world, there is great disparity about “the common good” -- and, in many cases, it matters little whether it’s on the scale of national politics, community standards or family harmony.

One commonly-accepted definition is that ethical behavior strives to define “right and wrong,” while the law codifies what is enforceable. It also defines prohibitions against actions that might cause harm to other people, property, reputations, or livelihood, and stipulates certain actions that can be taken against those who violate an agreed-upon set of standards. In all discussions about ethical standards, specific consequences or punishments exist to deal with violations.



In the context of real estate, the distinction between ethics and legality becomes apparent through various scenarios where what is “legal” does not always align with what is “ethical.” Here are a few examples to illustrate this concept:

- **Disclosure of Property Flaws:**
 - **Legality:** A seller may disclose only known structural defects as required by law, omitting issues that aren’t legally obliged to be shared, such as a pest infestation or known criminal activity nearby.
 - **Ethics:** An ethical real estate agent would encourage full disclosure to potential buyers, ensuring they are making the most informed decision possible, even if this level of honesty isn’t explicitly stipulated by law.
- **Dual Agency:**
 - **Legality:** In some regions, dual agency is legal, where an agent represents both the buyer and the seller in a transaction. This situation can lead to conflicts of interest since the agent might struggle to advocate for both parties’ best interests.
 - **Ethics:** Ethical considerations would urge an agent to avoid dual agency scenarios due to the inherent conflict of interest, promoting full dedication to the needs of one client to ensure fair and devoted representation.
- **High-pressure Sales Tactics:**
 - **Legality:** An agent might use aggressive sales strategies to secure a quick sale. These tactics don’t necessarily break any laws, especially if the information presented to clients isn’t false.
 - **Ethics:** However, it is considered unethical to pressure clients into making decisions that may not be in their best interest. An ethical agent would provide all information, both positive and negative, and allow the client to make an unhurried, informed decision.

- **Fair Housing and Discrimination:**
 - **Legality:** While laws strictly prohibit discrimination based on factors like race, religion, or family status, subtle forms of discrimination can occur without overtly breaking the law, such as steering clients away from certain neighborhoods.
 - **Ethics:** Ethical practice requires agents to treat all clients equally, supporting a diverse client base, and offering all available options based on the client's needs and desires, not on personal biases or societal stereotypes.

In each case, the legal path represents the minimum standard, while the ethical path calls for a higher standard of conduct, focused on honesty, fairness, and the client's genuine best interests. These examples underscore the notion that while an action can be legal, it doesn't always mean it's ethical. Real estate professionals must navigate these nuances and strive to uphold the highest ethical standards.

Misrepresentation

Misrepresentation, in simple terms, happens when someone tells a lie or doesn't share the whole truth, and someone else suffers because they believed that incomplete or false information. It's like selling a house and not mentioning that the basement always floods in the rain, causing problems for the new owners.

In the past, you'd only be responsible if you knew for sure that what you were saying was false. But now, the rules are stricter, especially for people working in real estate. They need to double-check their facts because they can be in trouble for sharing something untrue, even if they thought it was right at the time. This is because they're expected to know their stuff and are trusted to give honest, accurate information.

Real estate agents in California have specific rules to follow, outlined by the REALTOR® Code of Ethics and other official regulations. These rules are there to prevent agents from misleading or making false promises to people who want to buy or sell properties.



What's interesting is that these California laws don't spell out every single thing you shouldn't do. Instead, they use broad language to make it clear that all forms of dishonesty are off-limits. This includes making up things that aren't true, leaving out important facts, or making promises you have no plan to keep.

Things get even more serious if these misrepresentations are part of a bigger pattern of lying or if they're so severe that they're considered fraud. When that happens, the person who was lied to might go to court, accusing the agent or seller of fraud. This is because they made decisions based on lies, which had negative consequences, like spending money on a property that wasn't what they believed it to be.

The rules also point out that sometimes, people can be dishonest without meaning to deceive others. This "constructive fraud" can happen if someone gains an advantage because they weren't completely open and honest, even if they didn't plan to trick anyone.

Lastly, real estate agents have to be really careful in how they do their jobs. If they're careless and their client loses money because of it, that's considered unethical. They're expected to have a high level of knowledge and to use that knowledge carefully and correctly. If they don't, they're not just doing a bad job; they're failing in their responsibilities, and that's a serious matter.

Conflict of Interest

Conflict of interest in real estate can be tricky. Imagine it like this: Real estate agents are like the trusted friends you ask to help you make big decisions, like buying a house. They're supposed to have your back, give you the best advice, and not let their own wants and needs get in the way.

Here's what that means in everyday terms:

- **Secret-Keeping:** If you tell your real estate friend something private (like you're running low on money or you need to sell your house quickly because of a job),

they can't just go and tell others. This personal information is your secret, and it's their job to keep it. They can't use it to rush you or push you into accepting a lower offer, even if it might make things easier for them.

- **Playing Fair:** Let's say your real estate buddy finds a nice house and thinks, "Hmm, I'd like this for myself!" They need to be upfront about it. They can't pretend they're helping you while secretly planning to snap up the property for themselves. And if they own a place you might like, they have to tell you it's theirs before you start talking about buying it.
- **One Team, One Fight:** Real estate agents shouldn't play for two teams at once without letting everyone know. Imagine finding out your friend, who's been giving you advice, has also been helping someone else who wants the same thing but maybe at a price that's not good for you. That's a no-no. Everyone involved deserves to know who's being helped so they can trust the advice they're getting.
- **No Sneaky Business:** If an agent thinks a property is selling for less than it could, they're not allowed to buy it cheaply and sell it for more themselves. They shouldn't compete with you or take advantage of their position. They're there to help you get the best deal, not use what they know to benefit at your expense.

So, in simple terms, real estate agents have to avoid conflicts of interest by being open about their actions, keeping client secrets, and not mixing their wishes with the client's needs. It's all about trust and making sure they're helping you the best they can without hidden agendas.

- **Secret-Keeping:** Breach of Confidentiality
- **Example:** Imagine a couple, John and Sarah, confiding in their agent, Melissa, that they're undergoing a tough financial patch and need to sell their property quickly, potentially even below market value. They stress that this information is confidential. Melissa, however, discusses their situation with a colleague, Greg, mentioning that the sellers might be desperate. Greg then approaches John and Sarah as a buyer, using this insider knowledge to leverage a significantly



lower price. Here, Melissa's failure to keep her client's information private led to a conflict of interest, as it compromised her client's bargaining position and benefited another party.

- **Playing Fair:** Non-Disclosure of Personal Interest
- **Example:** Agent Brian finds a charming property listed for sale and sees lucrative potential in flipping it. Instead of presenting the property to his buying clients, he decides to purchase it himself. However, he hides his intent and doesn't inform the seller that he's a real estate agent acting on his behalf. By concealing his professional identity and interest in the transaction, Brian is in a clear conflict of interest because he's using his position to gain an advantage not accessible to the average buyer.
- **One Team, One Fight:** Undisclosed Dual Agency
- **Example:** Jennifer, a real estate agent, is representing both the buyer and the seller in a property transaction. She knows the buyer, Clara, is willing to go much higher in price, but she also knows the seller, Tim, is willing to accept less due to personal circumstances. Instead of disclosing that she's representing both parties, Jennifer keeps this information secret. She then uses her position to strike a deal quickly, not necessarily in the best interest of either party but one that guarantees her a higher commission. This scenario is a conflict of interest known as dual agency, where the agent's impartiality is compromised because she's representing competing interests.
- **No Sneaky Business:** Competing with a Client
- **Example:** Frank, a seasoned real estate agent, is helping a young couple, the Smiths, find their first home. They come across a highly underpriced listing and express interest. Sensing an opportunity, Frank delays relaying their offer to the seller and instead makes his offer, securing the deal. He plans to renovate and resell the property at a substantial profit. Here, Frank directly competes with his client for personal gain, a stark conflict of interest that breaches his duty to prioritize the client's interests over his.

Misrepresentation versus Puffing

When you're out there looking to buy a property, you'll often hear real estate agents making big claims. They might say things like, "This company is the top real estate agency around!" or "This property is the hottest deal you'll find!" or even, "This home is absolutely stunning!" These are typical examples of what industry insiders call "puffing."

So, what is puffing?

- **Puffing is basically a sales pitch.** It's those colorful, grand statements that agents use to get you excited about a property or their services. They're giving their opinion, often with a bit of exaggeration, to paint things in a positive light.
- **It's not meant to be taken literally.** Puffing includes statements that aren't solid facts but are more like opinions. For instance, saying a house is "the best buy" isn't something you can measure or fact-check—it's subjective.

Now, there's a fine line where this "puffing" can turn into something more serious, known as "misrepresentation."

What does misrepresentation mean?

- **Misrepresentation is like crossing your fingers behind your back.** It happens when an agent tells you something false about the property, and they know it's false. Or, they say something without having the facts to back it up. They're not just exaggerating to make things sound good; they're giving you misinformation.
- **It's about trust.** The key difference lies in whether the statement is something a reasonable person might trust as a fact when making a decision. If an agent says, "This house has never had any water damage," when it actually has, that's misrepresentation because it's a factual claim that's untrue. It



directly influences a buyer's decision-making, misleading them into thinking the property is in better condition than it is.

In summary, while puffing is like a salesperson's hype music—meant to create excitement without offering specifics—misrepresentation is misleading with false facts. The latter can cause real harm because buyers make significant decisions based on this information. So, it's always good to ask questions, do your research, and think critically about the information provided before making a big decision like purchasing a property.

Misrepresenting A Buyer's Qualifications

Honesty is the Best Policy: The Risk of Overstating a Buyer's Financial Readiness

Imagine you're selling a house, and I'm the real estate agent representing the buyer. Now, it's crucial that I present my client in the best light, but it's also essential to be truthful, especially about their ability to pay. Here's why:

- **The Truth and Nothing But the Truth:** As an agent, I cannot go around saying my buyer is financially ready to buy your house without proof. It's like saying someone has the money to buy a car just because they love sports cars. We need actual evidence, like a letter from a bank or a financial statement, showing they have the funds or the loan approval for the purchase.
- **The Danger of Make-Believe:** Let's say I make a bold claim: "My buyer is good for the money; trust me!" So, you, believing my buyer can pay, agree to the sale. You might even agree to a deal where you'll get your money over time because I've said they're financially stable. But what if they're not? What if my buyer's financial situation is like a sandcastle, and the tide's coming in? There's going to be trouble.
- **Broken Promises Lead to Broken Dreams (and Lawsuits):** Maybe I even told you that my buyer has been pre-approved for a loan, meaning the bank is ready to lend them the money. If that's not true, and you find out later that my buyer can't get the loan (after you've already taken your house off the market), that's a big problem. You've lost time and potentially other buyers because of a falsehood. That's not just unfair; it's grounds for legal action.
- **Double-Check, Then Check Again:** So, what should I, as the buyer's agent, do to prevent this mess? It's simple: I need to make sure of my facts. Before I say anything about my buyer's financial status, I should get proof—like a prequalification or preapproval letter from a lender—and share that with you.



This way, you can trust that my buyer is ready to go, and we can all avoid a nasty courtroom drama.

In the end, it's all about being honest and thorough. When agents are truthful about their buyers' ability to purchase, everyone can make informed decisions, leading to successful, stress-free sales.

Business and Professions Code

California's Business and Professions Code Sections 10176 and 10177 pertain to the legal and ethical standards within the real estate industry. These codes help ensure that real estate professionals operate within certain guidelines, fostering fair, ethical, and transparent practices. This is particularly important in real estate transactions, which involve significant financial dealings and impact people's lives in profound ways.

Let's discuss these sections and their implications:

- **Section 10176 - Specific Violations:** Section 10176 outlines various actions that are considered violations when conducted by a licensed real estate broker or salesperson. These include specific unethical or fraudulent behaviors that can lead to disciplinary actions, such as suspension or revocation of a real estate license. Some examples of such violations include:
 - Misrepresentation or deceit in conducting real estate activities, like providing false information about a property or transaction, which could mislead clients, other parties, or governmental agencies.
 - Making substantial misrepresentations or false promises that could influence, persuade, or induce any party in the transaction.
 - Acting negligently or incompetently in performing any act for which the person is required to hold a real estate license.

- Conducting any discriminatory practices in the sale, lease, or financing of a property on the basis of race, color, sex, religion, ancestry, physical disability, or other protected categories.

These practices are prohibited because they compromise consumer protection, fairness, and integrity in real estate transactions.

- **Section 10177 - Grounds for Suspension or Revocation:** Section 10177 stipulates conditions under which the Real Estate Commissioner may suspend or revoke the license of a real estate professional or deny the issuance of a license to an applicant. These conditions not only cover violations mentioned in Section 10176 but also incorporate other unethical or illegal behaviors, including:
 - Obtaining a license by fraud or misrepresentation.
 - Conviction of a crime substantially related to the qualifications or duties of a real estate professional, which suggests the licensee will not operate honestly in the public's interest.
 - Willful disregard or violation of the Real Estate Law or any rule or regulation under it.
 - Failure to disclose any acts or judgments that a licensee is required to report to the commissioner.
 - Engaging in acts of fraud, dishonesty, or deceit with the intent to substantially benefit the licensee or another person, or to substantially injure another person.

Overall, these sections of the B&P Code are designed to maintain high ethical standards in the real estate industry. They protect consumers from fraud, negligence, and discrimination, ensuring that licensed professionals act with integrity, competence, and transparency. Violating these standards can result in severe consequences, safeguarding the industry's credibility and the public's trust.



NATIONAL ASSOCIATION OF REALTORS® CODE OF ETHICS

Code of Ethics and Standards of Practice of the National Association of REALTORS® Effective January 1, 2023

Where the word REALTORS® is used in this Code and Preamble, it shall be deemed to include REALTOR-ASSOCIATE®s.

While the Code of Ethics establishes obligations that may be higher than those mandated by law, in any instance where the Code of Ethics and the law conflict, the obligations of the law must take precedence.

Preamble

Under all is the land. Upon its wise utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization. REALTORS® should recognize that the interests of the nation and its citizens require the highest and best use of the land and the widest distribution of land ownership. They require the creation of adequate housing, the building of functioning cities, the development of productive industries and farms, and the preservation of a healthful environment.

Such interests impose obligations beyond those of ordinary commerce. They impose grave social responsibility and a patriotic duty to which REALTORS® should dedicate themselves, and for which they should be diligent in preparing themselves. REALTORS®, therefore, are zealous to maintain and improve the standards of their calling and share with their fellow REALTORS® a common responsibility for its integrity and honor.

In recognition and appreciation of their obligations to clients, customers, the public, and each other, REALTORS® continuously strive to become and remain informed on issues affecting real estate and, as knowledgeable professionals, they willingly share the fruit of their experience and study with others. They identify and take

steps, through enforcement of this Code of Ethics and by assisting appropriate regulatory bodies, to eliminate practices which may damage the public or which might discredit or bring dishonor to the real estate profession. REALTORS® having direct personal knowledge of conduct that may violate the Code of Ethics involving misappropriation of client or customer funds or property, willful discrimination, or fraud resulting in substantial economic harm, bring such matters to the attention of the appropriate Board or Association of REALTORS®.

(Amended 1/00)

Realizing that cooperation with other real estate professionals promotes the best interests of those who utilize their services, REALTORS® urge exclusive representation of clients; do not attempt to gain any unfair advantage over their competitors; and they refrain from making unsolicited comments about other practitioners. In instances where their opinion is sought, or where REALTORS® believe that comment is necessary, their opinion is offered in an objective, professional manner, uninfluenced by any personal motivation or potential advantage or gain.

The term REALTOR® has come to connote competency, fairness, and high integrity resulting from adherence to a lofty ideal of moral conduct in business relations. No inducement of profit and no instruction from clients ever can justify departure from this ideal.

In the interpretation of this obligation, REALTORS® can take no safer guide than that which has been handed down through the centuries, embodied in the Golden Rule, "Whatsoever ye would that others should do to you, do ye even so to them."

Accepting this standard as their own, REALTORS® pledge to observe its spirit in all of their activities whether conducted personally, through associates or others, or via technological means, and to conduct their business in accordance with the tenets set forth below. *(Amended 1/07)*



Duties to Clients and Customers

Article 1

When representing a buyer, seller, landlord, tenant, or other client as an agent, REALTORS® pledge themselves to protect and promote the interests of their client. This obligation to the client is primary, but it does not relieve REALTORS® of their obligation to treat all parties honestly. When serving a buyer, seller, landlord, tenant or other party in a non-agency capacity, REALTORS® remain obligated to treat all parties honestly. *(Amended 1/01)*

- **Standard of Practice 1-1**

REALTORS®, when acting as principals in a real estate transaction, remain obligated by the duties imposed by the Code of Ethics. *(Amended 1/93)*

- **Standard of Practice 1-2**

The duties imposed by the Code of Ethics encompass all real estate-related activities and transactions, whether conducted in person, electronically, or through any other means.

The duties the Code of Ethics imposes are applicable whether REALTORS® are acting as agents or in legally recognized non-agency capacities, except that any duty imposed exclusively on agents by law or regulation shall not be imposed by this Code of Ethics on REALTORS® acting in non-agency capacities.

As used in this Code of Ethics, "client" means the person(s) or entity(ies) with whom a REALTOR® or a REALTOR®'s firm has an agency or legally recognized non-agency relationship; "customer" means a party to a real estate transaction who receives information, services, or benefits but has no contractual relationship with the REALTOR® or the REALTOR®'s firm; "prospect" means a purchaser, seller, tenant, or landlord who is not subject to a representation relationship with the REALTOR® or

REALTOR®'s firm; "agent" means a real estate licensee (including brokers and sales associates) acting in an agency relationship as defined by state law or regulation; and "broker" means a real estate licensee (including brokers and sales associates) acting as an agent or in a legally recognized non-agency capacity. *(Adopted 1/95, Amended 1/07)*

- **Standard of Practice 1-3**

REALTORS®, in attempting to secure a listing, shall not deliberately mislead the owner as to market value.

- **Standard of Practice 1-4**

REALTORS®, when seeking to become a buyer/tenant representative, shall not mislead buyers or tenants as to savings or other benefits that might be realized through use of the REALTOR®'s services. *(Amended 1/93)*

- **Standard of Practice 1-5**

REALTORS® may represent the seller/landlord and buyer/tenant in the same transaction only after full disclosure to and with informed consent of both parties. *(Adopted 1/93)*

- **Standard of Practice 1-6**

REALTORS® shall submit offers and counter-offers objectively and as quickly as possible. *(Adopted 1/93, Amended 1/95)*

- **Standard of Practice 1-7**

When acting as listing brokers, REALTORS® shall continue to submit to the seller/landlord all offers and counter-offers until closing or execution of a lease unless the seller/landlord has waived this obligation in writing. Upon the written request of a cooperating broker who submits an offer to the listing broker, the listing broker shall provide, as soon as practical, a written affirmation to the cooperating broker stating that the offer has been submitted to the seller/landlord, or a written notification



that the seller/landlord has waived the obligation to have the offer presented. REALTORS® shall not be obligated to continue to market the property after an offer has been accepted by the seller/landlord. REALTORS® shall recommend that sellers/landlords obtain the advice of legal counsel prior to acceptance of a subsequent offer except where the acceptance is contingent on the termination of the pre-existing purchase contract or lease. *(Amended 1/20)*

- **Standard of Practice 1-8**

REALTORS®, acting as agents or brokers of buyers/tenants, shall submit to buyers/tenants all offers and counter-offers until acceptance but have no obligation to continue to show properties to their clients after an offer has been accepted unless otherwise agreed in writing. Upon the written request of the listing broker who submits a counter-offer to the buyer's tenant's broker, the buyer's/tenant's broker shall provide, as soon as practical, a written affirmation to the listing broker stating that the counter-offer has been submitted to the buyers/tenants, or a written notification that the buyers/tenants have waived the obligation to have the counter-offer presented. REALTORS®, acting as agents or brokers of buyers/tenants, shall recommend that buyers/tenants obtain the advice of legal counsel if there is a question as to whether a pre-existing contract has been terminated. *(Adopted 1/93, Amended 1/22)*

- **Standard of Practice 1-9**

The obligation of REALTORS® to preserve confidential information (as defined by state law) provided by their clients in the course of any agency relationship or non-agency relationship recognized by law continues after termination of agency relationships or any non-agency relationships recognized by law. REALTORS® shall not knowingly, during or following the termination of professional relationships with their clients:

1. reveal confidential information of clients; or
2. use confidential information of clients to the disadvantage of clients; or

3. use confidential information of clients for the REALTOR®'s advantage or the advantage of third parties unless:
 - a) clients consent after full disclosure; or
 - b) REALTORS® are required by court order; or
 - c) it is the intention of a client to commit a crime and the information is necessary to prevent the crime; or
 - d) it is necessary to defend a REALTOR® or the REALTOR®'s employees or associates against an accusation of wrongful conduct.

Information concerning latent material defects is not considered confidential information under this Code of Ethics. *(Adopted 1/93, Amended 1/01)*

- **Standard of Practice 1-10**

REALTORS® shall, consistent with the terms and conditions of their real estate licensure and their property management agreement, competently manage the property of clients with due regard for the rights, safety and health of tenants and others lawfully on the premises. *(Adopted 1/95, Amended 1/00)*

- **Standard of Practice 1-11**

REALTORS® who are employed to maintain or manage a client's property shall exercise due diligence and make reasonable efforts to protect it against reasonably foreseeable contingencies and losses. *(Adopted 1/95)*

- **Standard of Practice 1-12**

When entering into listing contracts, REALTORS® must advise sellers/landlords of:

1. the REALTOR®'s company policies regarding cooperation and the amount(s) of any compensation that will be offered to subagents, buyer/tenant agents, and/or brokers acting in legally recognized non-agency capacities;



2. the fact that buyer/tenant agents or brokers, even if compensated by listing brokers, or by sellers/landlords may represent the interests of buyers/tenants; and
3. any potential for listing brokers to act as disclosed dual agents, e.g., buyer/tenant agents. *(Adopted 1/93, Renumbered 1/98, Amended 1/03)*

- **Standard of Practice 1-13**

When entering into buyer/tenant agreements, REALTORS® must advise potential clients of:

1. the REALTOR®'s company policies regarding cooperation;
2. the amount of compensation to be paid by the client;
3. the potential for additional or offsetting compensation from other brokers, from the seller or landlord, or from other parties;
4. any potential for the buyer/tenant representative to act as a disclosed dual agent, e.g., listing broker, subagent, landlord's agent, etc.; and
5. the possibility that sellers or sellers' representatives may not treat the existence, terms, or conditions of offers as confidential unless confidentiality is required by law, regulation, or by any confidentiality agreement between the parties. *(Adopted 1/93, Renumbered 1/98, Amended 1/06)*

- **Standard of Practice 1-14**

Fees for preparing appraisals or other valuations shall not be contingent upon the amount of the appraisal or valuation. *(Adopted 1/02)*

- **Standard of Practice 1-15**

REALTORS®, in response to inquiries from buyers or cooperating brokers, shall, with the sellers' approval, disclose the existence of offers on the property. Where disclosure is authorized, REALTORS® shall also disclose, if asked, whether offers

were obtained by the listing licensee, another licensee in the listing firm, or by a cooperating broker. *(Adopted 1/03, Amended 1/09)*

- **Standard of Practice 1-16**

REALTORS® shall not access or use, or permit or enable others to access or use, listed or managed property on terms or conditions other than those authorized by the owner or seller. *(Adopted 1/12)*

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, to advise on matters outside the scope of their real estate license, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law. *(Amended 1/00)*

- **Standard of Practice 2-1**

REALTORS® shall only be obligated to discover and disclose adverse factors reasonably apparent to someone with expertise in those areas required by their real estate licensing authority. Article 2 does not impose upon the REALTOR® the obligation of expertise in other professional or technical disciplines. *(Amended 1/96)*

- **Standard of Practice 2-2**

(Renumbered as Standard of Practice 1-12 1/98)

- **Standard of Practice 2-3**

(Renumbered as Standard of Practice 1-13 1/98)



- **Standard of Practice 2-4**

REALTORS® shall not be parties to the naming of a false consideration in any document, unless it be the naming of an obviously nominal consideration.

- **Standard of Practice 2-5**

Factors defined as “non-material” by law or regulation or which are expressly referenced in law or regulation as not being subject to disclosure are considered not “pertinent” for purposes of Article 2. *(Adopted 1/93)*

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. *(Amended 1/95)*

- **Standard of Practice 3-1**

REALTORS®, acting as exclusive agents or brokers of sellers/ landlords, establish the terms and conditions of offers to cooperate. Unless expressly indicated in offers to cooperate, cooperating brokers may not assume that the offer of cooperation includes an offer of compensation. Terms of compensation, if any, shall be ascertained by cooperating brokers before beginning efforts to accept the offer of cooperation. *(Amended 1/99)*

- **Standard of Practice 3-2**

Any change in compensation offered for cooperative services must be communicated to the other REALTOR® prior to the time that REALTOR® submits an offer to purchase/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. *(Amended 1/14)*



- **Standard of Practice 3-3**

Standard of Practice 3-2 does not preclude the listing broker and cooperating broker from entering into an agreement to change cooperative compensation. *(Adopted 1/94)*

- **Standard of Practice 3-4**

REALTORS®, acting as listing brokers, have an affirmative obligation to disclose the existence of dual or variable rate commission arrangements (i.e., listings where one amount of commission is payable if the listing broker's firm is the procuring cause of sale/lease and a different amount of commission is payable if the sale/lease results through the efforts of the seller/landlord or a cooperating broker). The listing broker shall, as soon as practical, disclose the existence of such arrangements to potential cooperating brokers and shall, in response to inquiries from cooperating brokers, disclose the differential that would result in a cooperative transaction or in a sale/lease that results through the efforts of the seller/landlord. If the cooperating broker is a buyer/tenant representative, the buyer/tenant representative must disclose such information to their client before the client makes an offer to purchase or lease. *(Amended 1/02)*

- **Standard of Practice 3-5**

It is the obligation of subagents to promptly disclose all pertinent facts to the principal's agent prior to as well as after a purchase or lease agreement is executed. *(Amended 1/93)*

- **Standard of Practice 3-6**

REALTORS® shall disclose the existence of accepted offers, including offers with unresolved contingencies, to any broker seeking cooperation. *(Adopted 5/86, Amended 1/04)*



- **Standard of Practice 3-7**

When seeking information from another REALTOR® concerning property under a management or listing agreement, REALTORS® shall disclose their REALTOR® status and whether their interest is personal or on behalf of a client and, if on behalf of a client, their relationship with the client. *(Amended 1/11)*

- **Standard of Practice 3-8**

REALTORS® shall not misrepresent the availability of access to show or inspect a listed property. *(Amended 11/87)*

- **Standard of Practice 3-9**

REALTORS® shall not provide access to listed property on terms other than those established by the owner or the seller. *(Adopted 1/10, Amended 1/23)*

- **Standard of Practice 3-10**

The duty to cooperate established in Article 3 relates to the obligation to share information on listed property, and to make property available to other brokers for showing to prospective purchasers/tenants when it is in the best interests of sellers/landlords. *(Adopted 1/11)*

- **Standard of Practice 3-11**

REALTORS® may not refuse to cooperate on the basis of a broker's race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity. *(Adopted 1/20, Amended 1/23)*

Article 4

REALTORS® shall not acquire an interest in or buy or present offers from themselves, any member of their immediate families, their firms or any member thereof, or any entities in which they have any ownership interest, any real property without making their true position known to the owner or the owner's agent or broker. In selling

property they own, or in which they have any interest, REALTORS® shall reveal their ownership or interest in writing to the purchaser or the purchaser's representative. *(Amended 1/00)*

- **Standard of Practice 4-1**

For the protection of all parties, the disclosures required by Article 4 shall be in writing and provided by REALTORS® prior to the signing of any contract. *(Adopted 2/86)*

Article 5

REALTORS® shall not undertake to provide professional services concerning a property or its value where they have a present or contemplated interest unless such interest is specifically disclosed to all affected parties.

Article 6

REALTORS® shall not accept any commission, rebate, or profit on expenditures made for their client, without the client's knowledge and consent.

When recommending real estate products or services (e.g., homeowner's insurance, warranty programs, mortgage financing, title insurance, etc.), REALTORS® shall disclose to the client or customer to whom the recommendation is made any financial benefits or fees, other than real estate referral fees, the REALTOR® or REALTOR®'s firm may receive as a direct result of such recommendation. *(Amended 1/99)*

- **Standard of Practice 6-1**

REALTORS® shall not recommend or suggest to a client or a customer the use of services of another organization or business entity in which they have a direct interest without disclosing such interest at the time of the recommendation or suggestion. *(Amended 5/88)*



Article 7

In a transaction, REALTORS® shall not accept compensation from more than one party, even if permitted by law, without disclosure to all parties and the informed consent of the REALTOR®'s client or clients. *(Amended 1/93)*

Article 8

REALTORS® shall keep in a special account in an appropriate financial institution, separated from their own funds, monies coming into their possession in trust for other persons, such as escrows, trust funds, clients' monies, and other like items.

Article 9

REALTORS®, for the protection of all parties, shall assure whenever possible that all agreements related to real estate transactions including, but not limited to, listing and representation agreements, purchase contracts, and leases are in writing in clear and understandable language expressing the specific terms, conditions, obligations and commitments of the parties. A copy of each agreement shall be furnished to each party to such agreements upon their signing or initialing. *(Amended 1/04)*

- **Standard of Practice 9-1**

For the protection of all parties, REALTORS® shall use reasonable care to ensure that documents pertaining to the purchase, sale, or lease of real estate are kept current through the use of written extensions or amendments. *(Amended 1/93)*

- **Standard of Practice 9-2**

When assisting or enabling a client or customer in establishing a contractual relationship (e.g., listing and representation agreements, purchase agreements, leases, etc.) electronically, REALTORS® shall make reasonable efforts to explain the nature and disclose the specific terms of the contractual relationship being established prior to it being agreed to by a contracting party. *(Adopted 1/07)*

Duties to the Public

Article 10

REALTORS® shall not deny equal professional services to any person for reasons of race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity. REALTORS® shall not be parties to any plan or agreement to discriminate against a person or persons on the basis of race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity. *(Amended 1/23)*

REALTORS®, in their real estate employment practices, shall not discriminate against any person or persons on the basis of race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity. *(Amended 1/23)*

- **Standard of Practice 10-1**

When involved in the sale or lease of a residence, REALTORS® shall not volunteer information regarding the racial, religious or ethnic composition of any neighborhood nor shall they engage in any activity which may result in panic selling, however, REALTORS® may provide other demographic information. *(Adopted 1/94, Amended 1/06)*

- **Standard of Practice 10-2**

When not involved in the sale or lease of a residence, REALTORS® may provide demographic information related to a property, transaction or professional assignment to a party if such demographic information is (a) deemed by the REALTOR® to be needed to assist with or complete, in a manner consistent with Article 10, a real estate transaction or professional assignment and (b) is obtained or derived from a recognized, reliable, independent, and impartial source. The source



of such information and any additions, deletions, modifications, interpretations, or other changes shall be disclosed in reasonable detail. *(Adopted 1/05, Renumbered 1/06)*

- **Standard of Practice 10-3**

REALTORS® shall not print, display or circulate any statement or advertisement with respect to selling or renting of a property that indicates any preference, limitations or discrimination based on race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity. *(Adopted 1/94, Renumbered 1/05 and 1/06, Amended 1/23)*

- **Standard of Practice 10-4**

As used in Article 10, "real estate employment practices" relates to employees and independent contractors providing real estate-related services and the administrative and clerical staff directly supporting those individuals. *(Adopted 1/00, Renumbered 1/05 and 1/06)*

- **Standard of Practice 10-5**

REALTORS® must not use harassing speech, hate speech, epithets, or slurs based on race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity. *(Adopted and effective November 13, 2020, Amended 1/23)*

Article 11

The services which REALTORS® provide to their clients and customers shall conform to the standards of practice and competence which are reasonably expected in the specific real estate disciplines in which they engage; specifically, residential real estate brokerage, real property management, commercial and industrial real estate brokerage, land brokerage, real estate appraisal, real estate counseling, real estate syndication, real estate auction, and international real estate.

REALTORS® shall not undertake to provide specialized professional services

concerning a type of property or service that is outside their field of competence unless they engage the assistance of one who is competent on such types of property or service, or unless the facts are fully disclosed to the client. Any persons engaged to provide such assistance shall be so identified to the client, and their contribution to the assignment should be set forth. *(Amended 1/10)*

- **Standard of Practice 11-1**

When REALTORS® prepare opinions of real property value or price they must:

1. be knowledgeable about the type of property being valued,
2. have access to the information and resources necessary to formulate an accurate opinion, and
3. be familiar with the area where the subject property is located

unless lack of any of these is disclosed to the party requesting the opinion in advance.

When an opinion of value or price is prepared other than in pursuit of a listing or to assist a potential purchaser in formulating a purchase offer, the opinion shall include the following unless the party requesting the opinion requires a specific type of report or different data set:

1. identification of the subject property
2. date prepared
3. defined value or price
4. limiting conditions, including statements of purpose(s) and intended user(s)
5. any present or contemplated interest, including the possibility of representing the seller/landlord or buyers/tenants
6. basis for the opinion, including applicable market data



7. if the opinion is not an appraisal, a statement to that effect
8. disclosure of whether and when a physical inspection of the property's exterior was conducted
9. disclosure of whether and when a physical inspection of the property's interior was conducted
10. disclosure of whether the REALTOR® has any conflicts of interest (*Amended 1/14*)

- **Standard of Practice 11-2**

The obligations of the Code of Ethics in respect of real estate disciplines other than appraisal shall be interpreted and applied in accordance with the standards of competence and practice which clients and the public reasonably require to protect their rights and interests considering the complexity of the transaction, the availability of expert assistance, and, where the REALTOR® is an agent or subagent, the obligations of a fiduciary. (*Adopted 1/95*)

- **Standard of Practice 11-3**

When REALTORS® provide consultive services to clients which involve advice or counsel for a fee (not a commission), such advice shall be rendered in an objective manner and the fee shall not be contingent on the substance of the advice or counsel given. If brokerage or transaction services are to be provided in addition to consultive services, a separate compensation may be paid with prior agreement between the client and REALTOR®. (*Adopted 1/96*)

- **Standard of Practice 11-4**

The competency required by Article 11 relates to services contracted for between REALTORS® and their clients or customers, the duties expressly imposed by the Code of Ethics, and the duties imposed by law or regulation. (*Adopted 1/02*)

Article 12

REALTORS® shall be honest and truthful in their real estate communications and shall present a true picture in their advertising, marketing, and other representations. REALTORS® shall ensure that their status as real estate professionals is readily apparent in their advertising, marketing, and other representations, and that the recipients of all real estate communications are, or have been, notified that those communications are from a real estate professional. *(Amended 1/08)*

- **Standard of Practice 12-1**

REALTORS® must not represent that their brokerage services to a client or customer are free or available at no cost to their clients, unless REALTOR® will receive no financial compensation from any source for those services. *(Amended 1/22)*

- **Standard of Practice 12-2**

(Deleted 1/20)

- **Standard of Practice 12-3**

The offering of premiums, prizes, merchandise discounts or other inducements to list, sell, purchase, or lease is not, in itself, unethical even if receipt of the benefit is contingent on listing, selling, purchasing, or leasing through the REALTOR® making the offer. However, REALTORS® must exercise care and candor in any such advertising or other public or private representations so that any party interested in receiving or otherwise benefiting from the REALTOR®'s offer will have clear, thorough, advance understanding of all the terms and conditions of the offer. The offering of any inducements to do business is subject to the limitations and restrictions of state law and the ethical obligations established by any applicable Standard of Practice. *(Amended 1/95)*



- **Standard of Practice 12-4**

REALTORS® shall not offer for sale/lease or advertise property without authority. When acting as listing brokers or as subagents, REALTORS® shall not quote a price different from that agreed upon with the seller/landlord. *(Amended 1/93)*

- **Standard of Practice 12-5**

REALTORS® shall not advertise nor permit any person employed by or affiliated with them to advertise real estate services or listed property in any medium (e.g., electronically, print, radio, television, etc.) without disclosing the name of that REALTOR®'s firm in a reasonable and readily apparent manner either in the advertisement or in electronic advertising via a link to a display with all required disclosures. *(Adopted 11/86, Amended 1/16)*

- **Standard of Practice 12-6**

REALTORS®, when advertising unlisted real property for sale/lease in which they have an ownership interest, shall disclose their status as both owners/landlords and as REALTORS® or real estate licensees. *(Amended 1/93)*

- **Standard of Practice 12-7**

Only REALTORS® who participated in the transaction as the listing broker or cooperating broker (selling broker) may claim to have "sold" the property. Prior to closing, a cooperating broker may post a "sold" sign only with the consent of the listing broker. *(Amended 1/96)*

- **Standard of Practice 12-8**

The obligation to present a true picture in representations to the public includes information presented, provided, or displayed on REALTORS®' websites. REALTORS® shall use reasonable efforts to ensure that information on their websites is current. When it becomes apparent that information on a REALTOR®'s website is no longer current or accurate, REALTORS® shall promptly take corrective action. *(Adopted 1/07)*

- **Standard of Practice 12-9**

REALTOR® firm websites shall disclose the firm's name and state(s) of licensure in a reasonable and readily apparent manner.

Websites of REALTORS® and non-member licensees affiliated with a REALTOR® firm shall disclose the firm's name and that REALTOR®'s or non-member licensee's state(s) of licensure in a reasonable and readily apparent manner. *(Adopted 1/07)*

- **Standard of Practice 12-10**

REALTORS®' obligation to present a true picture in their advertising and representations to the public includes Internet content, images, and the URLs and domain names they use, and prohibits REALTORS® from:

1. engaging in deceptive or unauthorized framing of real estate brokerage websites;
2. manipulating (e.g., presenting content developed by others) listing and other content in any way that produces a deceptive or misleading result;
3. deceptively using metatags, keywords or other devices/methods to direct, drive, or divert Internet traffic; or
4. presenting content developed by others without either attribution or without permission; or
5. otherwise misleading consumers, including use of misleading images. *(Adopted 1/07, Amended 1/18)*

- **Standard of Practice 12-11**

REALTORS® intending to share or sell consumer information gathered via the Internet shall disclose that possibility in a reasonable and readily apparent manner. *(Adopted 1/07)*



- **Standard of Practice 12-12**

REALTORS® shall not:

1. use URLs or domain names that present less than a true picture, or
2. register URLs or domain names which, if used, would present less than a true picture. *(Adopted 1/08)*

- **Standard of Practice 12-13**

The obligation to present a true picture in advertising, marketing, and representations allows REALTORS® to use and display only professional designations, certifications, and other credentials to which they are legitimately entitled. *(Adopted 1/08)*

Article 13

REALTORS® shall not engage in activities that constitute the unauthorized practice of law and shall recommend that legal counsel be obtained when the interest of any party to the transaction requires it.

Article 14

If charged with unethical practice or asked to present evidence or to cooperate in any other way, in any professional standards proceeding or investigation, REALTORS® shall place all pertinent facts before the proper tribunals of the Member Board or affiliated institute, society, or council in which membership is held and shall take no action to disrupt or obstruct such processes. *(Amended 1/99)*

- **Standard of Practice 14-1**

REALTORS® shall not be subject to disciplinary proceedings in more than one Board of REALTORS® or affiliated institute, society, or council in which they hold membership with respect to alleged violations of the Code of Ethics relating to the same transaction or event. *(Amended 1/95)*

- **Standard of Practice 14-2**

REALTORS® shall not make any unauthorized disclosure or dissemination of the allegations, findings, or decision developed in connection with an ethics hearing or appeal or in connection with an arbitration hearing or procedural review. *(Amended 1/92)*

- **Standard of Practice 14-3**

REALTORS® shall not obstruct the Board's investigative or professional standards proceedings by instituting or threatening to institute actions for libel, slander, or defamation against any party to a professional standards proceeding or their witnesses based on the filing of an arbitration request, an ethics complaint, or testimony given before any tribunal. *(Adopted 11/87, Amended 1/99)*

- **Standard of Practice 14-4**

REALTORS® shall not intentionally impede the Board's investigative or disciplinary proceedings by filing multiple ethics complaints based on the same event or transaction. *(Adopted 11/88)*



Duties to REALTORS®

Article 15

REALTORS® shall not knowingly or recklessly make false or misleading statements about other real estate professionals, their businesses, or their business practices. *(Amended 1/12)*

- **Standard of Practice 15-1**

REALTORS® shall not knowingly or recklessly file false or unfounded ethics complaints. *(Adopted 1/00)*

- **Standard of Practice 15-2**

The obligation to refrain from making false or misleading statements about other real estate professionals, their businesses, and their business practices includes the duty to not knowingly or recklessly publish, repeat, retransmit, or republish false or misleading statements made by others. This duty applies whether false or misleading statements are repeated in person, in writing, by technological means (e.g., the Internet), or by any other means. *(Adopted 1/07, Amended 1/12)*

- **Standard of Practice 15-3**

The obligation to refrain from making false or misleading statements about other real estate professionals, their businesses, and their business practices includes the duty to publish a clarification about or to remove statements made by others on electronic media the REALTOR® controls once the REALTOR® knows the statement is false or misleading. *(Adopted 1/10, Amended 1/12)*

Article 16

REALTORS® shall not engage in any practice or take any action inconsistent with exclusive representation or exclusive brokerage relationship agreements that other REALTORS® have with clients. *(Amended 1/04)*

- **Standard of Practice 16-1**

Article 16 is not intended to prohibit aggressive or innovative business practices which are otherwise ethical and does not prohibit disagreements with other REALTORS® involving commission, fees, compensation or other forms of payment or expenses. *(Adopted 1/93, Amended 1/95)*

- **Standard of Practice 16-2**

Article 16 does not preclude REALTORS® from making general announcements to prospects describing their services and the terms of their availability even though some recipients may have entered into agency agreements or other exclusive relationships with another REALTOR®. A general telephone canvass, general mailing or distribution addressed to all prospects in a given geographical area or in a given profession, business, club, or organization, or other classification or group is deemed "general" for purposes of this standard. *(Amended 1/04)*

Article 16 is intended to recognize as unethical two basic types of solicitations:

First, telephone or personal solicitations of property owners who have been identified by a real estate sign, multiple listing compilation, or other information service as having exclusively listed their property with another REALTOR® and

Second, mail or other forms of written solicitations of prospects whose properties are exclusively listed with another REALTOR® when such solicitations are not part of a general mailing but are directed specifically to property owners identified through compilations of current listings, "for sale" or "for rent" signs, or other sources of information required by Article 3 and Multiple Listing Service rules to be



made available to other REALTORS® under offers of subagency or cooperation. *(Amended 1/04)*

- **Standard of Practice 16-3**

Article 16 does not preclude REALTORS® from contacting the client of another broker for the purpose of offering to provide, or entering into a contract to provide, a different type of real estate service unrelated to the type of service currently being provided (e.g., property management as opposed to brokerage) or from offering the same type of service for property not subject to other brokers' exclusive agreements. However, information received through a Multiple Listing Service or any other offer of cooperation may not be used to target clients of other REALTORS® to whom such offers to provide services may be made. *(Amended 1/04)*

- **Standard of Practice 16-4**

REALTORS® shall not solicit a listing which is currently listed exclusively with another broker. However, if the listing broker, when asked by the REALTOR®, refuses to disclose the expiration date and nature of such listing, i.e., an exclusive right to sell, an exclusive agency, open listing, or other form of contractual agreement between the listing broker and the client, the REALTOR® may contact the owner to secure such information and may discuss the terms upon which the REALTOR® might take a future listing or, alternatively, may take a listing to become effective upon expiration of any existing exclusive listing. *(Amended 1/94)*

- **Standard of Practice 16-5**

REALTORS® shall not solicit buyer/tenant agreements from buyers/ tenants who are subject to exclusive buyer/tenant agreements. However, if asked by a REALTOR®, the broker refuses to disclose the expiration date of the exclusive buyer/tenant agreement, the REALTOR® may contact the buyer/tenant to secure such information and may discuss the terms upon which the REALTOR® might enter into a future buyer/tenant agreement or, alternatively, may enter into a buyer/tenant agreement to become effective upon the expiration of any existing exclusive buyer/tenant agreement. *(Adopted 1/94, Amended 1/98)*

- **Standard of Practice 16-6**

When REALTORS® are contacted by the client of another REALTOR® regarding the creation of an exclusive relationship to provide the same type of service, and REALTORS® have not directly or indirectly initiated such discussions, they may discuss the terms upon which they might enter into a future agreement or, alternatively, may enter into an agreement which becomes effective upon expiration of any existing exclusive agreement. *(Amended 1/98)*

- **Standard of Practice 16-7**

The fact that a prospect has retained a REALTOR® as an exclusive representative or exclusive broker in one or more past transactions does not preclude other REALTORS® from seeking such prospect's future business. *(Amended 1/04)*

- **Standard of Practice 16-8**

The fact that an exclusive agreement has been entered into with a REALTOR® shall not preclude or inhibit any other REALTOR® from entering into a similar agreement after the expiration of the prior agreement. *(Amended 1/98)*

- **Standard of Practice 16-9**

REALTORS®, prior to entering into a representation agreement, have an affirmative obligation to make reasonable efforts to determine whether the prospect is subject to a current, valid exclusive agreement to provide the same type of real estate service. *(Amended 1/04)*

- **Standard of Practice 16-10**

REALTORS®, acting as buyer or tenant representatives or brokers, shall disclose that relationship to the seller/landlord's representative or broker at first contact and shall provide written confirmation of that disclosure to the seller/landlord's representative or broker not later than execution of a purchase agreement or lease. *(Amended 1/04)*



- **Standard of Practice 16-11**

On unlisted property, REALTORS® acting as buyer/tenant representatives or brokers shall disclose that relationship to the seller/landlord at first contact for that buyer/tenant and shall provide written confirmation of such disclosure to the seller/landlord not later than execution of any purchase or lease agreement. *(Amended 1/04)*

REALTORS® shall make any request for anticipated compensation from the seller/landlord at first contact. *(Amended 1/98)*

- **Standard of Practice 16-12**

REALTORS®, acting as representatives or brokers of sellers/landlords or as subagents of listing brokers, shall disclose that relationship to buyers/tenants as soon as practicable and shall provide written confirmation of such disclosure to buyers/tenants not later than execution of any purchase or lease agreement. *(Amended 1/04)*

- **Standard of Practice 16-13**

All dealings concerning property exclusively listed, or with buyer/tenants who are subject to an exclusive agreement shall be carried on with the client's representative or broker, and not with the client, except with the consent of the client's representative or broker or except where such dealings are initiated by the client.

Before providing substantive services (such as writing a purchase offer or presenting a CMA) to prospects, REALTORS® shall ask prospects whether they are a party to any exclusive representation agreement. REALTORS® shall not knowingly provide substantive services concerning a prospective transaction to prospects who are parties to exclusive representation agreements, except with the consent of the prospects' exclusive representatives or at the direction of prospects. *(Adopted 1/93, Amended 1/04)*

- **Standard of Practice 16-14**

REALTORS® are free to enter into contractual relationships or to negotiate with sellers/landlords, buyers/tenants or others who are not subject to an exclusive agreement but shall not knowingly obligate them to pay more than one commission except with their informed consent. *(Amended 1/98)*

- **Standard of Practice 16-15**

In cooperative transactions, REALTORS® shall compensate cooperating REALTORS® (principal brokers) and shall not compensate nor offer to compensate, directly or indirectly, any of the sales licensees employed by or affiliated with other REALTORS® without the prior express knowledge and consent of the cooperating broker.

- **Standard of Practice 16-16**

REALTORS®, acting as subagents or buyer/tenant representatives or brokers, shall not use the terms of an offer to purchase/lease to attempt to modify the listing broker's offer of compensation to subagents or buyer/tenant representatives or brokers nor make the submission of an executed offer to purchase/lease contingent on the listing broker's agreement to modify the offer of compensation. *(Amended 1/04)*

- **Standard of Practice 16-17**

REALTORS®, acting as subagents or as buyer/tenant representatives or brokers, shall not attempt to extend a listing broker's offer of cooperation and/or compensation to other brokers without the consent of the listing broker. *(Amended 1/04)*

- **Standard of Practice 16-18**

REALTORS® shall not use information obtained from listing brokers through offers to cooperate made through multiple listing services or through other offers of cooperation to refer listing brokers' clients to other brokers or to create buyer/



tenant relationships with listing brokers' clients, unless such use is authorized by listing brokers. *(Amended 1/02)*

- **Standard of Practice 16-19**

Signs giving notice of property for sale, rent, lease, or exchange shall not be placed on property without consent of the seller/landlord. *(Amended 1/93)*

- **Standard of Practice 16-20**

REALTORS®, prior to or after their relationship with their current firm is terminated, shall not induce clients of their current firm to cancel exclusive contractual agreements between the client and that firm. This does not preclude REALTORS® (principals) from establishing agreements with their associated licensees governing assignability of exclusive agreements. *(Adopted 1/98, Amended 1/10)*

Article 17

In the event of contractual disputes or specific non-contractual disputes as defined in Standard of Practice 17-4 between REALTORS® (principals) associated with different firms, arising out of their relationship as REALTORS®, the REALTORS® shall mediate the dispute if the Board requires its members to mediate. If the dispute is not resolved through mediation, or if mediation is not required, REALTORS® shall submit the dispute to arbitration in accordance with the policies of the Board rather than litigate the matter.

In the event clients of REALTORS® wish to mediate or arbitrate contractual disputes arising out of real estate transactions, REALTORS® shall mediate or arbitrate those disputes in accordance with the policies of the Board, provided the clients agree to be bound by any resulting agreement or award.

The obligation to participate in mediation and arbitration contemplated by this Article includes the obligation of REALTORS® (principals) to cause their firms to mediate and arbitrate and be bound by any resulting agreement or award. *(Amended 1/12)*

- **Standard of Practice 17-1**

The filing of litigation and refusal to withdraw from it by REALTORS® in an arbitrable matter constitutes a refusal to arbitrate. *(Adopted 2/86)*

- **Standard of Practice 17-2**

Article 17 does not require REALTORS® to mediate in those circumstances when all parties to the dispute advise the Board in writing that they choose not to mediate through the Board's facilities. The fact that all parties decline to participate in mediation does not relieve REALTORS® of the duty to arbitrate.

Article 17 does not require REALTORS® to arbitrate in those circumstances when all parties to the dispute advise the Board in writing that they choose not to arbitrate before the Board. *(Amended 1/12)*

- **Standard of Practice 17-3**

REALTORS®, when acting solely as principals in a real estate transaction, are not obligated to arbitrate disputes with other REALTORS® absent a specific written agreement to the contrary. *(Adopted 1/96)*

- **Standard of Practice 17-4**

Specific non-contractual disputes that are subject to arbitration pursuant to Article 17 are:

1. Where a listing broker has compensated a cooperating broker and another cooperating broker subsequently claims to be the procuring cause of the sale or lease. In such cases, the complainant may name the first cooperating broker as respondent, and arbitration may proceed without the listing broker being named as a respondent. When arbitration occurs between two (or more) cooperating brokers and where the listing broker is not a party, the amount in dispute and the amount of any potential resulting award is limited to the amount paid to the respondent by the listing broker and any amount credited or paid to a party to the transaction at the direction of the respondent.



Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance, the decision of the hearing panel as to procuring cause shall be conclusive with respect to all current or subsequent claims of the parties for compensation arising out of the underlying cooperative transaction. *(Adopted 1/97, Amended 1/07)*

2. Where a buyer or tenant representative is compensated by the seller or landlord, and not by the listing broker, and the listing broker, as a result, reduces the commission owed by the seller or landlord and, subsequent to such actions, another cooperating broker claims to be the procuring cause of sale or lease. In such cases, the complainant may name the first cooperating broker as respondent, and arbitration may proceed without the listing broker being named as a respondent. When arbitration occurs between two (or more) cooperating brokers and where the listing broker is not a party, the amount in dispute and the amount of any potential resulting award is limited to the amount paid to the respondent by the seller or landlord and any amount credited or paid to a party to the transaction at the direction of the respondent. Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance, the decision of the hearing panel as to procuring cause shall be conclusive with respect to all current or subsequent claims of the parties for compensation arising out of the underlying cooperative transaction. *(Adopted 1/97, Amended 1/07)*
3. Where a buyer or tenant representative is compensated by the buyer or tenant and, as a result, the listing broker reduces the commission owed by the seller or landlord and, subsequent to such actions, another cooperating broker claims to be the procuring cause of sale or lease. In such cases, the complainant may name the first cooperating broker as respondent, and arbitration may proceed without the listing broker being named as a respondent. Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance, the decision of the hearing panel as to procuring cause shall be conclusive with

respect to all current or subsequent claims of the parties for compensation arising out of the underlying cooperative transaction. *(Adopted 1/97)*

4. Where two or more listing brokers claim entitlement to compensation pursuant to open listings with a seller or landlord who agrees to participate in arbitration (or who requests arbitration) and who agrees to be bound by the decision. In cases where one of the listing brokers has been compensated by the seller or landlord, the other listing broker, as complainant, may name the first listing broker as respondent and arbitration may proceed between the brokers. *(Adopted 1/97)*
5. Where a buyer or tenant representative is compensated by the seller or landlord, and not by the listing broker, and the listing broker, as a result, reduces the commission owed by the seller or landlord and, subsequent to such actions, claims to be the procuring cause of sale or lease. In such cases, arbitration shall be between the listing broker and the buyer or tenant representative, and the amount in dispute is limited to the amount of the reduction of commission to which the listing broker agreed. *(Adopted 1/05)*

- **Standard of Practice 17-5**

The obligation to arbitrate established in Article 17 includes disputes between REALTORS® (principals) in different states in instances where, absent an established inter-association arbitration agreement, the REALTOR® (principal) requesting arbitration agrees to submit to the jurisdiction of, travel to, participate in, and be bound by any resulting award rendered in arbitration conducted by the respondent(s) REALTOR®'s association, in instances where the respondent(s) REALTOR®'s association determines that an arbitrable issue exists. *(Adopted 1/07)*

- **Explanatory Notes**

The reader should be aware of the following policies which have been approved by the Board of Directors of the National Association:



In filing a charge of an alleged violation of the Code of Ethics by a REALTOR®, the charge must read as an alleged violation of one or more Articles of the Code. Standards of Practice may be cited in support of the charge.

The Standards of Practice serve to clarify the ethical obligations imposed by the various Articles and supplement, and do not substitute for, the Case Interpretations in Interpretations of the Code of Ethics.

Modifications to existing Standards of Practice and additional new Standards of Practice are approved from time to time. Readers are cautioned to ensure that the most recent publications are utilized.

Examples of 2023 updates to the Code of Ethics:

Standard of Practice 3-9 specifically addresses the protocol around providing access to a property that is listed for sale. Below are examples illustrating adherence and violation of this standard.

Example of Adherence to Standard of Practice 3-9:

Proper following of this ethical standard could look something like this:

Realtor Jane has recently listed a property, and the owner has specified that they want no unscheduled visits. They've asked for 24-hour notice before any showings and have approved a lockbox method for access. Respecting the seller's wishes, Jane coordinates with her colleagues and other interested parties, ensuring that no one attempts to access the property without the mandated 24-hour notice. She even turns down requests from other REALTORS® who try to convince her to bend the rules for their clients who are only in town for a short period. By doing this, Jane upholds the standard by enforcing the terms established by the owner, even when faced with scenarios that might tempt others to be more accommodating at the expense of the seller's instructions.

Example of Violation of Standard of Practice 3-9:

An improper following of this ethical standard could be demonstrated as follows:

Realtor John lists a new property, and the sellers are very strict about not having any showings on Sundays due to personal reasons. However, John receives a call from a very interested buyer who is only in town for the weekend and insists on viewing the property on Sunday. Seeing the potential for a quick sale, John rationalizes that the seller need not know since they're not at home, and it would increase the chances of selling the property. He then proceeds to show the home on Sunday. This action directly violates Standard of Practice 3-9, as John has failed to honor the explicit terms set by the owner, potentially undermining the trust of the seller and violating the NAR's Code of Ethics.

These examples underscore the importance of real estate professionals strictly adhering to the ethical standards set forth by governing bodies like the NAR. Such adherence not only ensures a standard of professionalism within the industry but also helps protect the rights and wishes of property owners.

Example of Adherence to Standard of Practice 10-3:

Realtor Emma is preparing a listing for a family home in a suburban neighborhood. She carefully crafts her advertisements to focus on the attributes of the property, such as the number of bedrooms, the beautiful view from the kitchen, the spacious backyard, and the proximity to various amenities. She avoids any language that could be perceived as indicating a preference for who she wishes to occupy the house. During open houses and private showings, she welcomes everyone with the same level of enthusiasm and professionalism, refusing to engage in any conversation that speculates on the 'type' of family that might fit best in the neighborhood. By focusing solely on the property's features and ensuring her language is inclusive and non-discriminatory, Emma is fully compliant with Standard of Practice 10-3.



Example of Violation of Standard of Practice 10-3:

Realtor Mike has recently acquired a listing for a condominium in a building primarily occupied by young professionals. Hoping to attract more of what he considers to be “the right kind of buyers,” he creates an advertisement that suggests the property is most suitable for single individuals or couples without children, emphasizing a ‘modern and dynamic lifestyle.’ He shares this advertisement on various platforms and even makes comments to the same effect during interactions with potential buyers. Additionally, he subtly discourages visits from families with children or elderly couples, implying the place ‘might not be the best fit for their needs.’ Mike’s actions are a clear violation of Standard of Practice 10-3, as he exhibits both explicit and implicit preference and discrimination based on familial status and potentially age, going against the NAR’s Code of Ethics on non-discrimination.

These examples highlight the importance of REALTORS® maintaining a strict standard of non-discrimination in all aspects of their work. Upholding these standards is not only a matter of regulatory compliance but also a commitment to fairness, equality, and moral integrity within the real estate profession. This ethical practice ensures equal opportunity in the housing market and helps in maintaining trust in the real estate industry among diverse communities.

Standard of Practice 1-8 sets clear guidelines on the responsibilities of REALTORS® when handling offers and counter-offers in transactions where they represent buyers or tenants. It emphasizes transparency, communication, and the importance of professional advice in situations of contractual uncertainty. Below, I illustrate scenarios of adherence to and violation of this standard.

Example of Adherence to Standard of Practice 1-8:

Realtor Ashley represents a couple in the process of buying their first home. After viewing several properties, the couple decides on a home they love and submits an offer. While waiting for a response, they continue to show interest in seeing other properties, and Ashley complies, keeping their options open. The seller responds

with a counter-offer, which Ashley promptly presents to her clients, explaining its terms in detail. The couple is uncertain about the specifics of the counter-offer, so Ashley recommends they consult with their attorney to better understand the implications before proceeding.

They receive another counter-offer on a different property, and the listing broker requests written confirmation that the counter-offer has been presented to Ashley's clients. She promptly responds with the necessary affirmation. Throughout this process, Ashley continues to submit all relevant offers and counter-offers to her clients until they reach acceptance on their preferred property, after which she fulfills her obligation to stop showing additional properties as per the standard practice, since there was no written agreement to the contrary.

Example of Violation of Standard of Practice 1-8:

Realtor Brandon represents a family looking to rent a larger apartment. They submit an application for a property they like, but in the meantime, Brandon continues to show them additional properties, believing it increases his chances of a higher commission. When the family receives a counter-offer from the landlord of the first property, Brandon delays relaying this information because there's another property he wants them to see first. The listing broker from the initial property reaches out for confirmation that the counter-offer was presented, but Brandon ignores the request, focusing instead on persuading the family towards a different property that offers him a better commission.

When the family inquires about the status of their initial application, Brandon is evasive, urging them to consider other options. In this situation, he neglects his duty to promptly present the counter-offer, fails to provide the requested written affirmation to the listing broker, and disregards his clients' interest by trying to sway their decision based on his financial motives. Additionally, when questions arise about the status of the initial application, Brandon does not advise his clients to seek legal counsel, further violating



Standard of Practice 1-8.

These examples underscore the crucial role of transparency, prompt communication, and prioritizing clients' interests for REALTORS®. Adherence to these ethical standards ensures that professionals maintain integrity, fairness, and client trust in real estate transactions.

Standard of Practice 12-1 is an essential part of the ethical guidelines that prevent misleading advertising or representation of brokerage services. It ensures transparency in how REALTORS® communicate the financial aspects of their services to clients. Here are examples demonstrating compliance and non-compliance with this standard.

Example of Adherence to Standard of Practice 12-1:

Realtor Clara is approaching the end of a successful year and wants to increase her market presence. She plans a new advertising campaign to highlight her services. In all her promotional materials, she carefully outlines her commission structure and other potential costs clients might incur during the transaction process. She avoids using phrases like "free real estate services" or "at no cost to you" in her advertisements.

When Clara meets with potential clients, she is transparent about how she earns her commission, usually paid by the seller of the property, and explains that her compensation comes from the successful facilitation of transactions. She also makes it clear that, while her guidance and market analysis don't have direct charges, they are part of the comprehensive service for which she is eventually compensated through commission. By maintaining this clarity, Realtor Clara adheres to Standard of Practice 12-1, ensuring clients understand the financial aspects of her brokerage services.

Example of Violation of Standard of Practice 12-1:

Realtor David is eager to expand his client base. In an attempt to attract more clients, he launches an advertising blitz with banners and online ads claiming, "Hassle-free buying experience with no fees!" and "Enjoy our free real estate services for buyers!" In initial consultations, David reinforces this by telling potential clients that they don't have to worry about any costs; everything he does for them—from property viewings to negotiations—is entirely free.

However, David doesn't disclose upfront that his commission is built into the sales price and is typically covered by the seller's proceeds from the sale. This omission means buyers are indirectly paying for his services as part of the purchase price. His advertising and representations are misleading, creating the impression that clients can engage his full services without any financial implication, which is untrue. This practice constitutes a clear violation of Standard of Practice 12-1, as he misrepresents the nature of the compensation for his services.

These examples emphasize the importance of clear, honest communication regarding compensation for real estate services. Such transparency is crucial in maintaining client trust and upholding the integrity of the real estate profession, ensuring clients are well-informed and understand the value of the services they receive.

The Institute of Real Estate Management Code of Ethics

The Institute of Real Estate Management (IREM) sets forth its Code of Ethics to ensure that its members practice a high standard of professional conduct. Article 8 emphasizes the duty of a real estate manager towards their client's assets, requiring proactive, careful, and forward-thinking management strategies. Below are examples of scenarios that comply with and violate this article.



Example of Adherence to Article 8:

Manager Jane oversees several rental properties for a client. Understanding her ethical obligations under IREM's Code, she regularly inspects each property, ensuring that maintenance and repairs are conducted promptly and cost-effectively, preserving the value and integrity of the assets.

Jane also recognizes the importance of financial safeguarding. She meticulously reviews

the properties' insurance policies to ensure adequate coverage, identifying any potential gaps that could expose her client to unnecessary risk. In addition, she sets up a contingency fund to address emergency repairs or unexpected vacancies, protecting the client's cash flow.

When a severe storm hits the area, causing damage to one of the properties, Jane acts swiftly to assess the impact, documenting the damage, informing the client, and filing an insurance claim. She uses her network to hire competent contractors, ensuring repairs are completed efficiently and to a high standard, thus minimizing loss of rental income. Her proactive and diligent actions embody the principles of Article 8, as she makes all reasonable efforts to protect her client's assets against foreseeable contingencies and losses.

Example of Violation of Article 8:

Manager Bob is responsible for a portfolio of commercial properties. Despite being aware of the aging infrastructure of the buildings, he adopts a 'reactive' approach to maintenance, addressing issues only when they escalate into major problems. Routine inspections are inconsistent, and Bob ignores warnings from tenants about potential safety issues and minor repairs that are needed.

Instead of engaging with reliable, high-quality contractors, Bob opts for the cheapest service providers, compromising the quality and longevity of the repairs

and maintenance undertaken. He neglects to review the insurance policies on the properties, leaving significant coverage gaps.

When one of the properties suffers structural damage due to neglected maintenance, resulting in a safety hazard that forces tenants to vacate, the client incurs significant financial loss from lost rental income and hefty repair costs. The insurance does not cover these expenses due to policy lapses Bob overlooked. His neglect, failure to proactively manage maintenance issues, and lack of foresight regarding insurance coverage directly violate the mandates of Article 8 of IREM's Code of Ethics.

These examples underscore the critical nature of a real estate manager's role in diligently overseeing the maintenance and management of their client's assets. Adherence to the ethical code is not just about immediate concerns but also involves long-term strategy, risk management, and the overall safeguarding of the client's investment. Failure to do so not only violates professional ethics but can also have severe financial implications.

Article 12 of the Institute of Real Estate Management's (IREM) Code of Ethics outlines the obligations of a real estate manager not only towards the property owner but also with deep consideration for the tenants, residents, and any individual lawfully present on the property. It emphasizes the necessity to maintain a safe, healthy, and respectful environment. Below are illustrative scenarios of adherence to and violation of this ethical standard.

Example of Adherence to Article 12:

Manager Olivia is responsible for a residential complex. She ensures a thorough understanding of tenancy laws and the specific rights and responsibilities of both tenants and the property owner. Olivia establishes clear lines of communication with all residents, providing them with comprehensive information about their rights, emergency procedures, property rules, and maintenance schedules.



Furthermore, Olivia is proactive in ensuring the property meets all health and safety standards. She regularly schedules property inspections, promptly addresses repair issues, and coordinates with qualified professionals to ensure all safety systems are operational. For instance, she recently organized a complete overhaul of the fire safety system, including updated signage, system upgrades, and a tenant meeting to review evacuation procedures.

During a routine inspection, a potential mold issue is identified in one of the units. Olivia immediately informs the affected tenant, relocates them to a safe environment during remediation, hires a professional service to handle the mold, and resolves the underlying cause of the issue. Her actions show due regard for the health and safety of the tenants, fully complying with the ethos of Article 12.

Example of Violation of Article 12:

Manager Tom oversees a multi-use building with several commercial tenants and residential apartments. While Tom is focused on maintaining the building's aesthetics to attract higher-paying commercial tenants, he consistently neglects the concerns and complaints of the residential tenants. Issues like erratic water supply, malfunctioning heating systems during winter, and poorly lit corridors are reported but not promptly addressed.

Moreover, Tom authorizes the use of a cheaper, unlicensed contractor for repairs within the building to save costs. This decision results in substandard work that violates several building safety codes. During an inspection, it's discovered that the emergency exits have been blocked partially by debris from the ongoing, poorly managed repairs, posing a serious fire safety hazard.

When a residential tenant suffers an injury due to the defective staircase railing—a repair that was delayed to allocate funds to cosmetic upgrades for commercial spaces—Tom is in direct violation of Article 12. His actions show a conscious disregard for the safety and health of individuals on the premises and a clear imbalance in commitment to tenants' rights and well-being.

These examples highlight the balance estate managers must maintain in their duties toward property owners and those lawfully on the premises. The emphasis is on ethical practice, ensuring that while the property is maintained and managed for profitability and sustainability, equal focus and diligence are afforded to the legitimate rights, health, and safety of all occupants.

Some Final Thoughts

It may help to understand that the practice of real estate requires knowledge, experience, and judgment. Unlike a mathematical formula, there can be degrees of deviation, both from accepted standards of conduct and from standard practice. A career in real estate will require you to utilize data and information to advance your client's position, but not at the expense of another party to any transaction.

Understanding that should make it easier to choose the right path, but it is unlikely that there will ever be a point at which you can claim to know all the answers. That's one of the things that makes real estate an exciting career choice.



