



**SOUTHLAND REGIONAL  
ASSOCIATION OF REALTORS®, INC.**

## **PROFESSIONAL STANDARDS RULES**

The Southland Regional Association of REALTORS® (SRAR) has adopted as its governing regulations the California Association of REALTORS® Code of Ethics and Arbitration Manual and its Implementation Guidelines, as they now exist or as they may be modified in the future. In addition, the Southland Regional Association of REALTORS® has adopted an “Addendum”, containing certain provisions applicable to SRAR Ethics and Arbitration cases, which may supplement or in some cases contradict the CAR rules and guidelines. Members and other concerned parties should review the SRAR Addendum before proceeding with an Ethics or Arbitration Complaint.

### **ABBREVIATIONS USED IN ADDENDUM**

<b>CODE:</b>	California Association of REALTORS® Code of Ethics & Arbitration Manual
<b>ETHICS-MAN:</b>	California Association of REALTORS® Implementation Guidelines for Ethics
<b>ARB-MAN:</b>	California Association of REALTORS® Implementation Guidelines for Arbitration.

### **RULE 1: Responsibility for Agents violations of the Code of Ethics or other rules**

“It is the policy of the SRAR that the Responsible Realtor/Responsible MLS Broker, or office manager, is not automatically in violation as a result of an agent/associate being found in violation. The RR/RB/Manager is only to be found in violation if he/she was a knowing participant in the transaction giving rise to the violation, or if the violation was the result of a lack of training or supervision by the RR/RB/Manager. The naming of the RR/RB/Manager in the complaint does not affect this policy”

See CODE Sections 3(c), 5(b), and 21(a); ETHICS-MAN Sections A(3) and A(6); B(3)

### **RULE 2: The refusal to Submit to Arbitration or to abide by the award is a violation of a duty of membership. The following procedure will be followed in the event of a complaint alleging a failure to arbitration or to abide by an award.**

See CODE Sections 2, 42, 44

“If a complaint against a MEMBER/MLS PARTICIPANT/SUBSCRIBER is that he/she has refused to submit a controversy to Arbitration or to abide by the Award of the Arbitrators or a written Settlement Agreement as a result of Mediation, the complaint shall be brought before a panel of three (3) Directors for the purpose of enabling said MEMBER/MLS PARTICIPANT/SUBSCRIBER to Show Cause why he/she refuses to submit or abide.

The sole question of fact for the Directors to decide will be whether or not the MEMBER/MLS PARTICIPANT/SUBSCRIBER is justified in refusing to submit an arbitrable matter to arbitration or in failing to abide by and comply with the Arbitration Award or Settlement Agreement.

The MEMBER/MLS PARTICIPANT/SUBSCRIBER may call witnesses, present evidence and be represented by legal counsel.

If the panel of Directors believe that there was no valid reason for the failure to arbitrate the dispute, or for the failure to abide by the award, they may impose such discipline as is available as in the case of any violation, as set forth in these rules, or they may suspend the Respondent from all services until such time as the Respondent agrees to the arbitration, or satisfies the award. Provided, however, it is the policy of this Association that none of the discipline shall be implemented until there is a final court order either in an action for declaratory relief, a court order ordering arbitration, or a court order rendering judgment upon an award at which time the discipline may be enforced. Satisfaction of the award may be considered by the Association in any determination to impose the discipline.

In any action to compel arbitration or to enforce the award, the successful party shall be entitled to reasonable attorney’s fees.”

ARB-MAN Sections A(2,3) and E(4)

### **RULE 3: Individual and Company liability in Arbitrations**

“All complaints in Arbitration involving a firm or any of its agents may be brought in the name or against such firm by naming the designated Responsible REALTOR®/MLS Broker, and any award rendered against the Responsible Realtor Broker shall be an award against

that firm, and not the Responsible REALTOR®MLS Broker. This is not intended to relieve a Responsible REALTOR®MLS Broker from liability for a transaction in which he/she was involved, nor to impose liability upon the firm for a purely personal transaction of the Responsible REALTOR®MLS Broker.

See CODE Section 41 and 42; ARB-MAN Sections B(4) and B(6)

#### **RULE 4: Salespersons personal liability in commission arbitrations**

“Where an arbitration involves a commission claim, and where all or a part of the commission being claimed was paid by the Responsible Broker to a Salesperson affiliated with Responsible Broker, the arbitration request may name both the Broker and the Salesperson, and where it is determined that the Salesperson has some culpability in connection with the claim, an award may be rendered jointly and severally against both the broker and such Salesperson, but in the case of the Salesperson, the award may not exceed the amount of the commission paid to him or her by the Responsible Broker.

This provision is not intended to diminish the right of the Complainant to recover the full amount of the award from the Respondent Responsible REALTOR®MLS Broker. Therefore, any amount recovered from a Salesperson shall be credited toward any amount due from the Responsible REALTOR®MLS Broker.”

See CODE Section 41 and 42; ARB-MAN Sections B(4) and B(6)

#### **RULE 5: Duty to file a Response in Arbitration, and the SRAR response to such failure**

See CODE Section 55(g)

##### **“LATE FILING OF RESPONSE OF ARBITRATION”**

- (1) The Administrator shall promptly forward a copy of the request for Arbitration and Form A-1 to the Respondent, and require him/her within fifteen (15) days to furnish his/her response.
- (2) If the Respondent does not submit to Arbitration within fifteen (15) days of receipt of notice of Arbitration, by returning the Respondent Arbitration Agreement (form A-5), he/she shall be deemed delinquent. As soon as possible after the 15 days, a Notice of Default shall be sent by Registered Mail to said delinquent Respondent, advising him/her that they are in default and, if the Response is not received within five (5) days of the Notice of Default, that Respondent shall be deemed in default, shall receive no further notices and shall not be entitled to appear and defend against the claim.
- (3) If at any time up to thirty (30) days before the date of hearing, if the defaulted Respondent can show in writing good cause for having failed to respond in a timely fashion, to be determined by the panel appointed to hear the case, the Panel may set aside the default and accept the late Response. If there is

any prejudice to the Complainant, the hearing may be continued by the Panel for such time as they deem necessary to protect the Complainant.

- (4) If a Respondent has received a request for a response followed by a Notice of Default and has failed to respond, the Respondent has waived their right to request a Procedural Review by the Board of Directors after the hearing.”

#### **RULE 6: Rules regarding the use of an interpreter/translator**

See CODE Section 18

In the event a non-English speaking witness is to testify for any party, it shall be the responsibility of the party to provide a qualified independent interpreter. The party intending to call such a witness shall notify the Association and all other parties at least ten (10) days prior to the date of the hearing, and in such notice shall indicate the language which will be used by the non-English speaking witness, together with any dialect of such foreign language, if applicable. The Association shall have the right to have present its own interpreter for the benefit of the hearing panel, and other parties may have their own interpreter present for the purpose of providing assistance to them. In the event the above notice is not given, the witness shall not be allowed to testify at the hearing. Additionally, an Interpreter at a hearing cannot serve as both an interpreter and a witness. The election as to the status shall be made prior to the commencement of the hearing.

In the event any party intends to present a written document that is in a language other than English, a translation by a qualified independent translator shall be presented along with the document at least ten (10) days prior to the date of the hearing, so that the Association and all other parties may satisfy themselves as to the accuracy of the translation.

#### **RULE 7: Procedures regarding payment of fines**

See CODE Sections 6(a)(4) and 7(a)(4)

- (1) All Disciplinary fines must be paid within twenty (20) days immediately following the date of affirmation by the Board of Directors or within twenty (20) days immediately following the execution of a Consent to Imposition of Discipline, unless extended as provided below. If not paid by said date, the complaint for non-payment shall be brought before a panel of five (5), but not less than three (3) MEMBERS of the Board of Directors on the date of the next regular meeting or at a special meeting called by the President for the purpose of enabling said MEMBER to show cause why he/she refused or was unable to pay the fine, the procedures for hearing being the same as set forth in Section 30 herein. (Failure to Submit or Abide). A disagreement with the decision of the Professional Standards of Appeal Panel will not be considered a valid ground for non-payment.

If the fine is not paid when due, including any extension date that may be

given by the above panel, the MEMBER/MLS PARTICIPANT/SUBSCRIBER will be automatically suspended from Association services until such time as the fine is paid: if not paid within six (6) months, the MEMBER/MLS PARTICIPANT/SUBSCRIBER may be expelled from the membership/MLS Subscription without further notice or hearing. The Board of Directors may make any suspension or expulsion subject to obtaining a judgment from the court of competent jurisdiction in a declaratory relief action, declaring that the suspension or expulsion would not violate any of the rights of that MEMBER/MLS PARTICIPANT/SUBSCRIBER.

- (2) The MEMBER or MLS PARTICIPANT/SUBSCRIBER found in violation shall be individually responsible for payment of his/her disciplinary fine.
- (3) All Assessment Panel fines must be paid within the fifteen (15) working days stipulated in the Award of Assessment Panel. If not paid within said time, all Association services shall be suspended until payment is received, up to a maximum of thirty (30) days. If the Assessment Award remains unpaid for thirty (30) days, services shall be restored, and the matter referred to a panel of not less than three (3) MEMBERS of the Board of Directors at a meeting called by the President for the purpose of enabling said MEMBER to Show Cause why he/she refused to pay, under the same procedures as in Section 30 (Failure to Submit or Abide). Further discipline may be imposed by this panel pursuant to PART ONE, Section 6(b).
- (4) If the prevailing party in an Arbitration is not paid within the time specified by the Settlement Agreement or Award of Arbitration, he/she will be entitled to a late charge of five percent (5%) of the total amount due plus interest to be computed at the legal rate from the date the Settlement Agreement or Award was due or extension through a Show Cause Hearing if granted by the Board of Directors.
- (5) If the Association is required to file an action for Declaratory Relief or other legal action in order to enforce the Professional Standards Rules and/or fines, or to defend any action brought by any MEMBER or MLS PARTICIPANT/SUBSCRIBER which arises from these rules, the Association shall be entitled to reasonable attorney fees and costs incurred due to the above mentioned action, in addition to any other relief to which it may be entitled.

### **RULE 8: Anonymous Complaints**

See CODE Section 24(j); ETHICS-MAN Sections B(1) and D

Anonymous complaints will be accepted only under the Citation Policy which pertains to Advertising under Article 12 of the Code of Ethics. Reference Rule 12.

## **RULE 9: Hearing Procedures concerning witnesses and documents**

### **WITNESSES, ATTENDEES, AND DOCUMENTS:**

- a. Every party must have his/her own witnesses and documents for presentation at the Assessment or Ethics Hearing. The Tribunal, on its own motion, or on written application by any party, may summon witnesses to appear. An application by a party to summon a witness must be clearly demonstrated that the proposed witness has information material and relevant to the issue to be presented at the hearing. An application shall be submitted to the Hearing Panel through the Professional Standards Administrator at least fifteen (15) days before the date designated for the hearing.

In the event a REALTOR® witness, ordered to appear by the Panel, fails to appear, the party who sought the witness may request a continuance. A continuance may be granted if the Panel determines that the testimony of the absent witness could influence the outcome of the hearing. If a party declines to request a continuance, his or her waive shall be noted on the record.

Parties to a hearing are advised that the Panel's authority to summon witnesses applied only to REALTOR® members of this or another Association, pursuant to Article 14 of the Code of Ethics. The Panel does not have subpoena power to compel the attendance on non-member witnesses. All witnesses, except the parties to the Hearing, will be excused from the Hearing room except while testifying.

- b. The panel will require seven (7) copies of all documents submitted at a hearing. If the Association is required and able to provide needed copies, there will be a one-time fee of \$50.00, plus 50 cents per page.
- c. **NOTICE IS REQUIRED FOR WITNESS AND DOCUMENTS:** At least ten (10) business days prior to the date of a hearing, all parties to an ethics or arbitration hearing shall submit to the panel and the other party(ies) a written Notice of all witnesses to be called at the Hearing, and a copy of all documents intended to be produced at the Hearing, unless the witnesses and documents have been identified in the Complaint or earlier filings. If the party receiving such a Notice or documents believes there is a need to produce new witnesses or documents in response to that provided in the first other's notice, then they shall provide their list of witnesses and documents at least five (5) business days prior to the Hearing.
  - (1) Business days are defined as Mondays through Fridays, excluding recognized holidays.
  - (2) If the above Notices and/or documents are not provided, as set forth above, the witnesses and documents may not be presented over the objection of the other party.
  - (3) A party may be excused from the above requirement if the panel concludes that, with due diligence, the Notice or documents could not have been

provided within the required time. If the excuse is granted, a request for a continuance by the other party shall be granted

See CODE Section 41 and 42; ARB-MAN Sections B(4) and B(6)

- d. No spectators are allowed at Hearings other than the President (or designee), the Executive Vice President (or designee) and members of the Professional Standards Committee, provided they have had no prior contact with the case. They may observe, but not participate, in the deliberations.
- e. During the course of the year, voting panel members of the Grievance Committee shall attend at least one ethics hearing in which they are not directly involved, but shall be excused prior to deliberations. Their role is as an observer, and they are not to participate in asking or answering any questions, whether from the parties or the panel. There is to be no more than two observers at an ethics hearing with staff scheduling the observers. Staff shall insert in the Notice of Hearing a provision disclosing these observers, and offering the parties an opportunity to object to the presence of observers. If there is an objection, the observer objected to shall not attend.

See CODE Sections 30, 33, 60-61, 64(c); ARB-MAN Sections C(11) and D(9) and D(11)

## **RULE 10: Ombudsman Procedures/availability**

### Basic Policy:

These Ombudsman procedures, which have been adopted by the Southland Regional Association of Realtors (SRAR), are intended to provide enhanced communications and initial problem solving for complaints at the Association level.

The SRAR is charged with the responsibility of receiving and resolving complaints. This obligation is carried out by the Association through its Grievance Committee and Professional Standards Committee. Many "complaints" received by the Association do not expressly allege violations of the specific Articles of the Code of Ethics, and many do not detail conduct related to the Code. Some "complaints" are actually transactional, technical or procedural questions readily responded to by Ombudsmen.

It is the belief of the SRAR that many complaints might be averted with enhanced communications and initial problem solving capacity available in this program. These Ombudsman procedures, which have been adopted by the Association, are intended to provide that capacity.

### Role of the Ombudsman:

The Ombudsman's role is primarily one of communication and conciliation, not adjudication. Ombudsmen do not determine whether ethics violations have occurred or who is entitled to a commission; rather they anticipate, identify and resolve

misunderstandings and disagreements before they develop into arbitration disputes and possible charges of unethical conduct.

*Qualifications and Criteria for an Ombudsman:*

The Association will require that before a Member can be designated as an “Ombudsman” that he or she must have certain minimum standards of experience in the Code of Ethics, Professional Standards procedures and will have knowledge of State real estate law and regulations, and the current standards of real estate practice.

*Scope of Ombudsman Services:*

The Association has considerable latitude in determining how and when Ombudsmen will be utilized. For example, Ombudsmen can field and respond to a wide variety of inquiries and complaints, including general questions about real estate practice, transaction details, ethical practice and enforcement issues. Ombudsmen can also receive and respond to questions and complaints about members, can contact members to inform them that a client or customer has raised a question or issue; and can contact members to obtain information necessary to provide an informed response. When a request for Ombudsman Service is made by agents within the same firm or between agents of different firms in regards to commission disputes, the Responsible Broker and/or designated office manager shall be notified and shall approve the use of an Ombudsman.

In cases where an Ombudsman believes that a failure of communication is the basis for a questions or complaint, the Ombudsman can arrange a meeting of the parties to facilitate a mutually acceptable resolution. Where a written ethics/arbitration complaint in the appropriate form is received, it can be initially referred to the Ombudsman who will attempt to resolve the matter, except that complaints alleging violations of the public trust (as defined in Article IV, Section 2 of the NAR Bylaws) may not be referred to an ombudsman.

In the event the Ombudsman concludes that a potential violation of the public trust may have occurred, the Ombudsman Process shall be immediately terminated, and the parties shall be advised of this right to pursue a formal complaint; to pursue a complaint with any appropriate governmental or regulatory body; to pursue litigation; or to pursue any other available remedy.

*Right to Decline Ombudsman Services:*

Persons filing complaints, or inquiring about the process for filing complaints, will be advised that Ombudsman services are available to attempt to informally resolve their complaint. Such persons will also be advised that they may decline Ombudsman services and can have their complaint considered at a formal hearing.

*Resolution of complaints:*

If a matter complained of is resolved to the mutual satisfaction of all parties through the



efforts of an Ombudsman, the formal complaint brought initially (if any) will be dismissed.

*Failure to comply with agreed upon resolution:*

Failure or refusal of a member to comply with the terms of a mutually agreed on resolution shall entitle the complaining party to resubmit the original complaint, or, where a formal complaint in the appropriate form had not been filed, to file a complaint. The time the matter was originally brought to the Board or Association's attention will be considered the commencement date for purposes of determining whether a complaint is timely filed.

*Referrals to the Grievance Committee or to state regulatory bodies:*

Ombudsmen cannot refer concerns they have regarding the conduct of any party utilizing their services to the Grievance Committee, to the state real estate licensing authority, or to any other regulatory body. The prohibition is intended to ensure full participation impartiality and avoid the possible appearance of bias. Ombudsmen are, however, authorized to refer concerns that the public trust may have been violated to the Grievance Committee.

*Confidentiality:*

The Ombudsman Process is a form of "mediation" under California law, and accordingly all comments, conversations and written documents prepared for the Ombudsman Process are deemed confidential, to the same extent as in an arbitration mediation, under Professional Standards rule 21(g) and California Evidence Code Section 1119. See CODE Section 20(a); ETHICS-MAN Section C(3)

**RULE 11: Ethics Advocate procedure/availability**

- (1) Any party may be represented by legal counsel or by a REALTOR® (or both) at any ethics hearing. If the Association has adopted the Ethics Advocate (EA) program, a sub-committee of the Professional Standards Committee, comprised of REALTORS®, will be specially trained to represent parties during the disciplinary process. The role of legal counsel or EA may include preparation for hearing, including the preparation of forms and assembly of evidence; representation at the hearing, including the making of opening and closing statements on behalf of the party represented at the hearing, examining and cross examining witnesses, and introducing affidavits, documents and other relevant evidence, and representation at any rehearings or review hearings, but does not include testifying as a witness. In the event the parties do not give fifteen (15) days notice of their intention to have legal counsel or EA representation to the Association and all other parties, the hearing may be continued, and the party giving late notice may be assessed a continuance fee.
- (2) The complainant may request the assistance of an EA, by submitting a Request for Ethics Advocate packet (Forms E-2, E-2a & E-2b) to the Association. The EA is authorized to help the complainant draft the Complaint (Form E-1) and other forms required for the disciplinary process. In addition, the EA may represent the

complainant at the hearing in a role similar to legal counsel, at the option of the complainant.

- (3) If the complainant returns the completed Request for Ethics Advocate (Form E-2), Ethics Advocate Acceptance (Form E-2a) and Ethics Advocate Communication Preference (Form E-2b), an EA is chosen from the those not challenged by the complainant, and the EA contacts the complainant before any further steps are taken. Thereafter, the complaint is processed in the normal manner.
- (4) The respondent may also request the assistance of an EA, by submitting the Request for Ethics Advocate packet (Forms E-2, E-2a & E-2b) to the Association. The EA is authorized to help the respondent draft the Response and other forms required for the disciplinary process. In addition, the EA may represent the respondent at the hearing in a role similar to legal counsel, at the option of the respondent.
- (5) If the respondent returns the completed Request for Ethics Advocate (Form E-2), Ethics Advocate Acceptance (Form E-2a) and Ethics Advocate Communication Preference (Form E-2b), an EA is chosen from the those not challenged by the respondent, and the EA contacts the respondent before any further steps are taken. Thereafter, the complaint is processed in the normal manner.

**PLEASE NOTE: EVEN THOUGH THE EA PERFORMS A ROLE SIMILAR TO LEGAL COUNSEL, THE EA IS NOT AN ATTORNEY AND IS NOT ALLOWED TO PRACTICE LAW.**

See CODE Section 18(a) and 28(b); ETHICS-MAN Sections F(2)

#### **RULE 12: Citation Policy/Alternate to Ethics Hearings**

- (1) Beginning August 1, 2009, the Association will process certain less serious Advertising violations on a "Citation" basis. A "Citation" is a written notice to a member or MLS participant that the Grievance Committee has determined that they are in violation of a specified advertising rule, and proposing that the violation may be satisfied by the acceptance of a warning for a first violation, a \$500 fine for a second, or a \$1000 fine for a third.
- (2) The Citation policy will be in affect indefinitely or until decided otherwise by the Board of Directors.
- (3) The violations which are subject to a Citation are as follows:
  - Failure to present a true picture in real estate communications and advertising.
  - Failure to disclose professional status in advertising and other representations.
  - Failure to disclose compensation from 3rd party for services provided free to a client.
  - Advertisement offering to sell/lease property without authority of owner or listing broker.
  - Failure to disclose name of firm in advertisement for listed property.
  - Failure to disclose status as both owner/landlord and REALTOR® or licensee when advertising property in which REALTOR® has ownership interest.

Falsely claiming to have "sold" property.

Registration or use of deceptive URL or domain name.

Violations of MLS Rules 12.7, 12.8, 12.9, 12.10, 12.11, 12.19, 12.20

- (4) The above violations apply to both REALTORS® and non-member participants in the MLS.
- (5) Upon receipt of a Citation, the REALTOR®/MLS Participant has 10 days from the date of the Citation to indicate his or her acceptance of the above recommended discipline. If the recommendation contained in the Citation is refused, or if there is not response within 10 days, then the complaint shall be referred back to the Grievance Committee, who may, if the evidence warrants it, amend the complaint and add new or different charges. The file will then be handled as in the case of any other Complaint pursuant to the Professional Standards Rules.
- (6) Upon acceptance of the recommended discipline, and the payment of the fine, if that is recommended, the matter will be considered closed.
- (7) If more than three Citations are issued to a REALTOR®/MLS Participant during any three-year period, whether accepted or not, any subsequent complaint will be processed as in the case of any other ethical complaint. A record of accepted Citations will be maintained by the Association solely for purposes of tracking the number of Citations during said three-year period, and will not become part of the REALTOR®/MLS Participant's permanent file.
- (8) If a Citation is accepted, there can be no appeal.  
In the event of any disagreement concerning the Citation rules, or their implementation, the Association may refer to the CAR Citation policy for guidance.

See CODE Section 8; ETHICS-MAN Section A(5)

# Code of Ethics and Standards of Practice

## of the NATIONAL ASSOCIATION OF REALTORS®

Effective January 1, 2019

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 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 1/19)*

• **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. 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 1/99)*

• **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 listing broker. *(Adopted 1/10)*

- **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)*

## 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, handicap, 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, handicap, familial status, national origin, sexual orientation, or gender identity. *(Amended 1/14)*

REALTORS®, in their real estate employment practices, shall not discriminate against any person or persons on the basis of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. *(Amended 1/14)*

• **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, handicap, familial status, national origin, sexual orientation, or gender identity. *(Adopted 1/94, Renumbered 1/05 and 1/06, Amended 1/14)*

• **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)*

### 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 consultative 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 consultative 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® may use the term “free” and similar terms in their advertising and in other representations provided that all terms governing availability of the offered product or service are clearly disclosed at the same time. *(Amended 1/97)*

- **Standard of Practice 12-2**

REALTORS® may represent their services as “free” or without cost even if they expect to receive compensation from a source other than their client provided that the potential for the REALTOR® to obtain a benefit from a third party is clearly disclosed at the same time. *(Amended 1/97)*

- **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.