



# *The Code of Ethics: Our Promise of Professionalism*

the REALTORS® Code of Ethics  
Member Education





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*01*

Identify key aspirational concepts found in the Preamble to the NATIONAL ASSOCIATION OF REALTORS® Code of Ethics

*02*

Describe “general business” ethics, and compare and contrast the REALTORS®’ Code of Ethics

*03*

Describe the concepts established in various Articles of the Code of Ethics and identify possible violations of the Code specifically related to those Articles

*04*

Describe the professional standards process for enforcing the Code of Ethics, including the duty to arbitrate

*05*

Identify critical elements of due process as they relate to Code enforcement

*06*

Identify how the Code of Ethics should be used in daily business practices

*07*

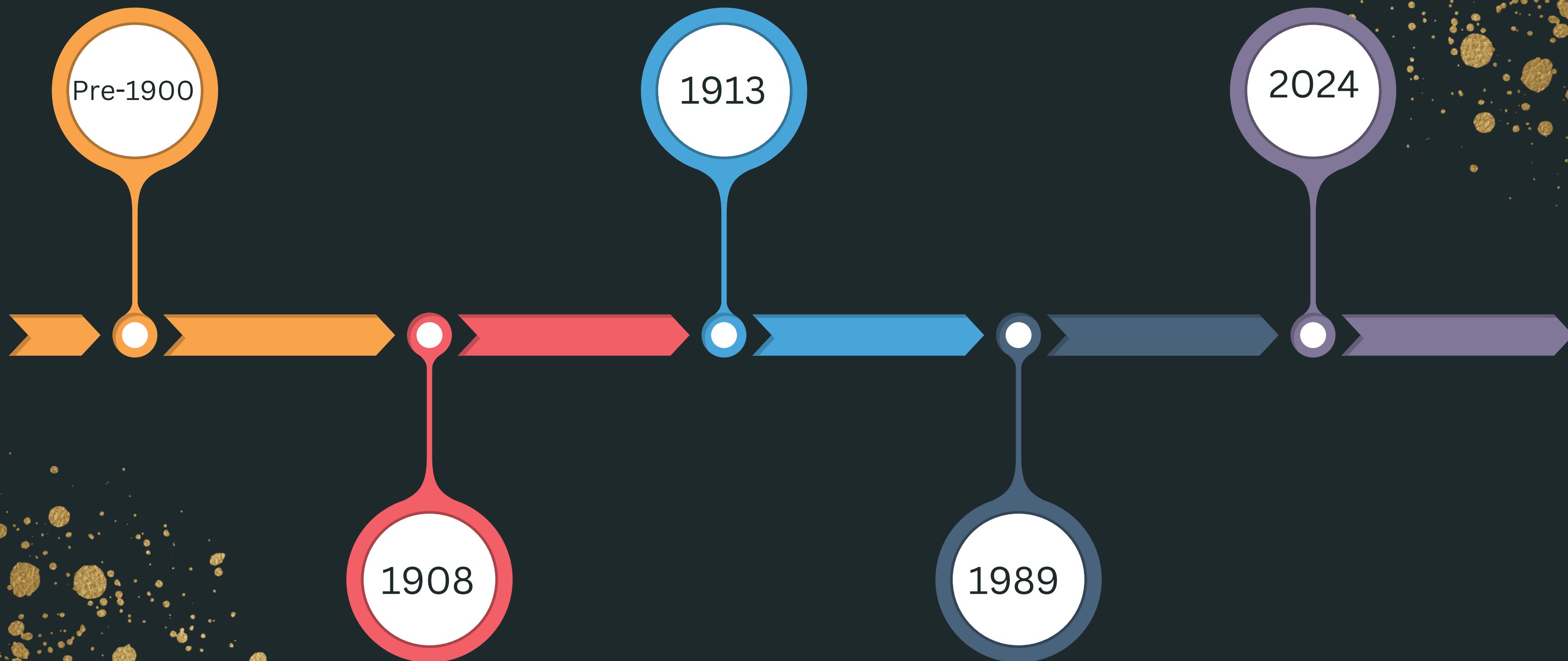
Explain how the Pathways to Professionalism tool provides guidelines for respecting property, the public, and peers.

# Course Objectives



# *Part One*

## *The History of Code of Ethics*



# *Pre-1900*

- No licensing of real estate practitioners
- Speculation, exploitation, and disorder
- *Caveat emptor* governed transactions.
  - Let the buyer beware



# *National Association of REALTORS® Formed in 1908*

- Originally known as the National Association of Real Estate Exchanges

# *Code of Ethics Adopted in 1913*

- Established professional standards for conduct
- First ethical code for business after medicine, engineering, and law
- Focused on:
  - Service to the public
  - Commitment to professionalism
- Included “Duties to Clients” and Duties to Other Brokers”

# The Code of Ethics is:

- Our commitment to professionalism
- Recognized as the measure of high standards in real estate
- The “Golden Thread” that binds the REALTOR® family together
- A living document that evolves with the real estate business
- It is never opposed to the law

# *Business Best Practices*

- Code of Ethics
- MIAMI REALTORS®  
Bylaws
- Industry standards
- Company policies
- Federal, state, and  
local laws



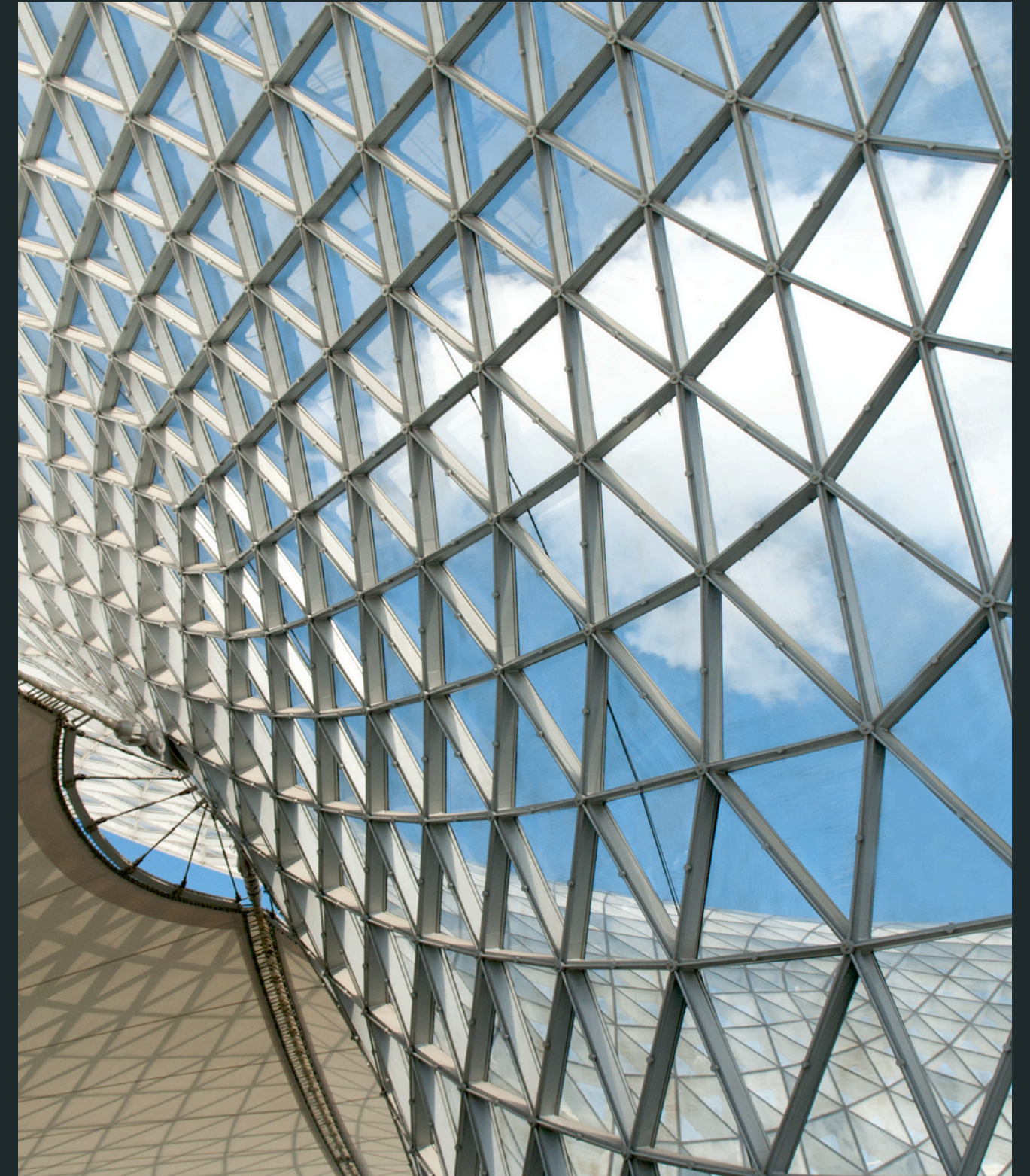


REALTORS® share one common characteristic:

“  
*Regardless of real estate business  
specialty, all REALTORS® are  
bound  
by the Code of Ethics.*”

# *Part 2*

## *Structure and Major Categories of the Code*





“

*Whatsoever ye would that others  
should do to you,  
do ye even so to them.*

”



# *Structure of the Code of Ethics*

## Three Sections

- Duties to Clients and Customers
- Duties to the Public
- Duties to Other REALTORS®





# *Structure of the Code of Ethics*

## 17 Articles

- Each section is composed of Articles, which are broad statements of ethical principles
- Only Articles of the Code may be violated





# *Structure of the Code of Ethics*

## Standards of Practice

- Support, interpret, and amplify each Article
- May not be charged, but may be cited in support of an alleged violation

# *Official Case Interpretations*

Factual situations for each Article  
and/or Standard of Practice of  
the Code





# *Duties to Clients & Customers*

## *01*

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.

## *02*

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.

## *03*

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.



# *Duties to Clients & Customers*

## *04*

REALTORS® who have a present ownership interest in property for sale or lease, or contemplated interest to purchase or lease property, must disclose in writing the existence of such interest to all parties to the transaction prior to a party signing any agreement.

UPDATED 01/2025

## *05*

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.

## *06*

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.

# *Duties to Clients & Customers*

07

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.

08

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.

09

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.

# *Duties to the Public*

## *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.

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.

## *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.

## *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.

# *Duties to the Public*

## *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.

## *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.



# *Duties to Other REALTORS®*

**15**

REALTORS® shall not knowingly or recklessly make false or misleading statements about other real estate professionals, their businesses, or their business practices

**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.

**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.



# Florida REALTORS® – *Think it Through*







# *Important Changes Made to the Code of Ethics*

## *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.*







## *Changes to Policy*

### *Statement 29*

and the Code's applicability to a REALTOR®'s activities.

**BEFORE:** While REALTORS® are encouraged to follow the principles of the Code of Ethics in all their activities, a REALTOR® shall be subject to disciplinary action under the Code of Ethics only with respect to real estate related activities and transactions involving the REALTOR®.

**NOW:** A REALTOR® shall be subject to disciplinary action under the Code of Ethics with respect to all of their activities.

# *Revised Definition of “Public Trust”*

BEFORE: “Public Trust” was only defined as demonstrated misappropriation of client or customer funds or property, willful discrimination, or fraud resulting in substantial economic harm.

NOW: “Public Trust” is expanded to include ALL discrimination against the protected classes in Article 10 and ALL fraud because they are considered “particularly egregious violations.” MIAMI REALTORS® is now required to share final ethics decisions with FREC when they find REALTORS® in violation of the Code of Ethics in instances where there is reason to believe they the public trust, as expanded, may have been violated.







## *Changes to Article 4, Standard of Practice 4-1*

The present ownership interest in property for sale or lease, or contemplated interest to purchase or lease property, includes transactions in which REALTORS®:

1. represent themselves
2. represent a member of their immediate family
3. represent their firm or any broker or agent thereof
4. represent an entity in which the REALTOR® or member of their immediate family has a legal interest.





## *Changes to Article 4, Standard of Practice 4-2 NEW*

REALTORS® are not required to disclose the identity of the client or customer, nor the specific nature of the interest referred to in Article 4, but must disclose that an interest exists.



## *Changes to Article 4, 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 or the applicable agency duties required by law.





# *Part Three*

## *Professional Standards Committee*

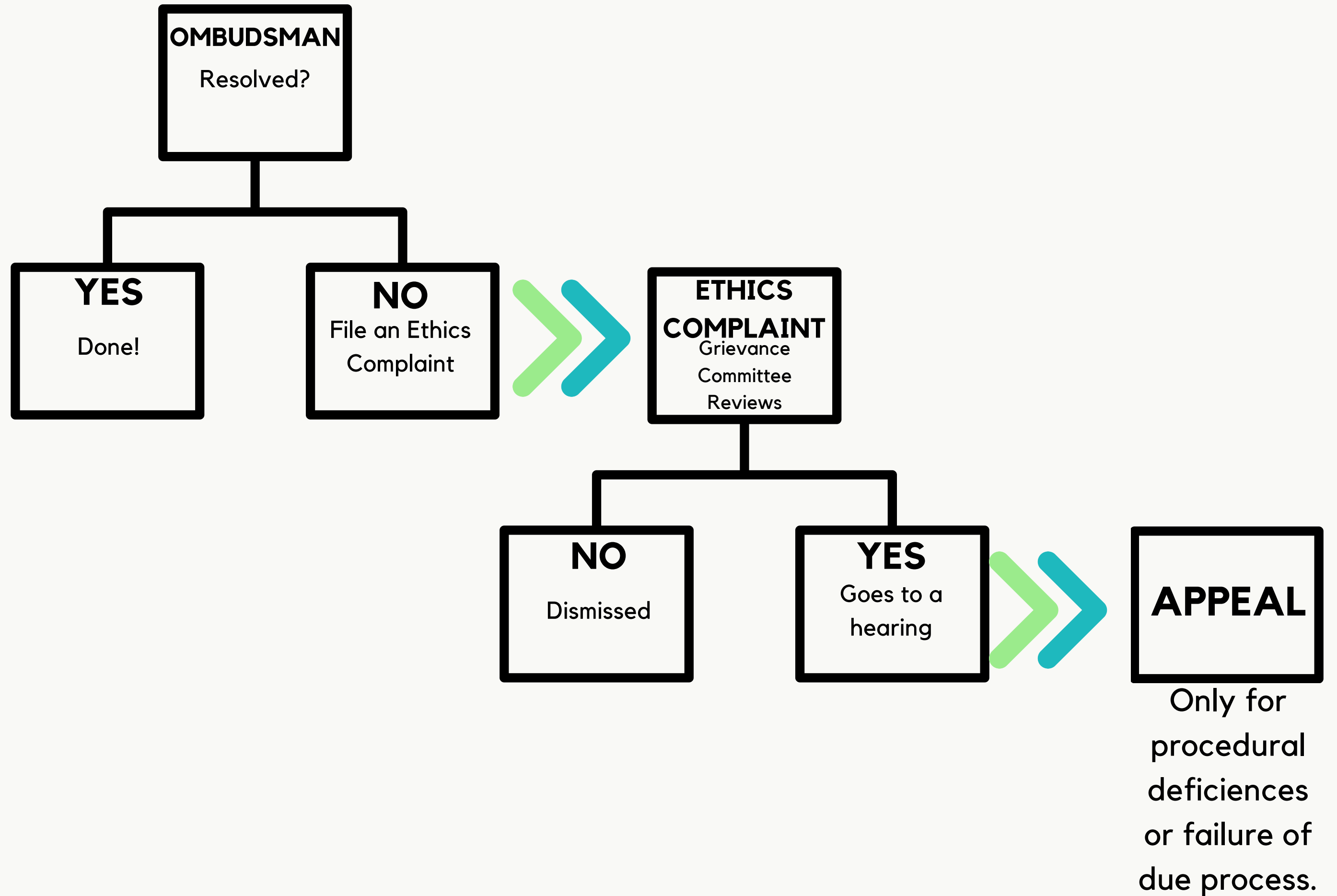


# *Association Staff*

- All communication and case administration flow through Association staff.
- Explains process, provides all forms, and manages documents from initial phone call to final notification after hearing. Ensures that established procedures are followed.
- Receives and disburses all filing fees and deposits.
  - Ethics Complaints do not have a filing fee.
  - Requests for Arbitration, Appeals, & Procedural Reviews have a \$500 filing fee.
- Does not make determinations regarding merits but assists in ensuring due process and fairness afforded.

# Professional Standards Procedures

## Ethics



# *Ombudsman Services*





# *What is an ombudsman?*

An Ombudsman is an individual appointed to □ resolve disputes □ through □ constructive communication □ and advocating for □ consensus and understanding.



# ***Role of the Ombudsman***

The ombudsman's role is primarily communication and conciliation, not adjudication.

## **Ombudsmen DO:**

Anticipate, identify, and resolve misunderstandings and disagreements before matters ripen into disputes and charges of unethical conduct.

## **Ombudsmen DON'T:**

Determine whether ethics violations have occurred or who is entitled to what amount of money.





# *What types of issues do Ombudsmen deal with?*

- ▶▶ General questions about real estate practices
- ▶▶ Transaction details
- ▶▶ Ethical practices
- ▶▶ Enforcement issues
- ▶▶ Questions and complaints about members

# *Declining, Resolving, and Complying with Ombudsman Services*

- Complainants do not have to accept the services of an ombudsman
- The formal ethics complaint will continue to be processed until withdrawn by the complainant
- The complainant may resubmit the original complaint if they refuse to comply with the terms of a mutually agreed on resolution



# *Referrals*

*Ombudsman cannot refer concerns about conduct of parties to:*

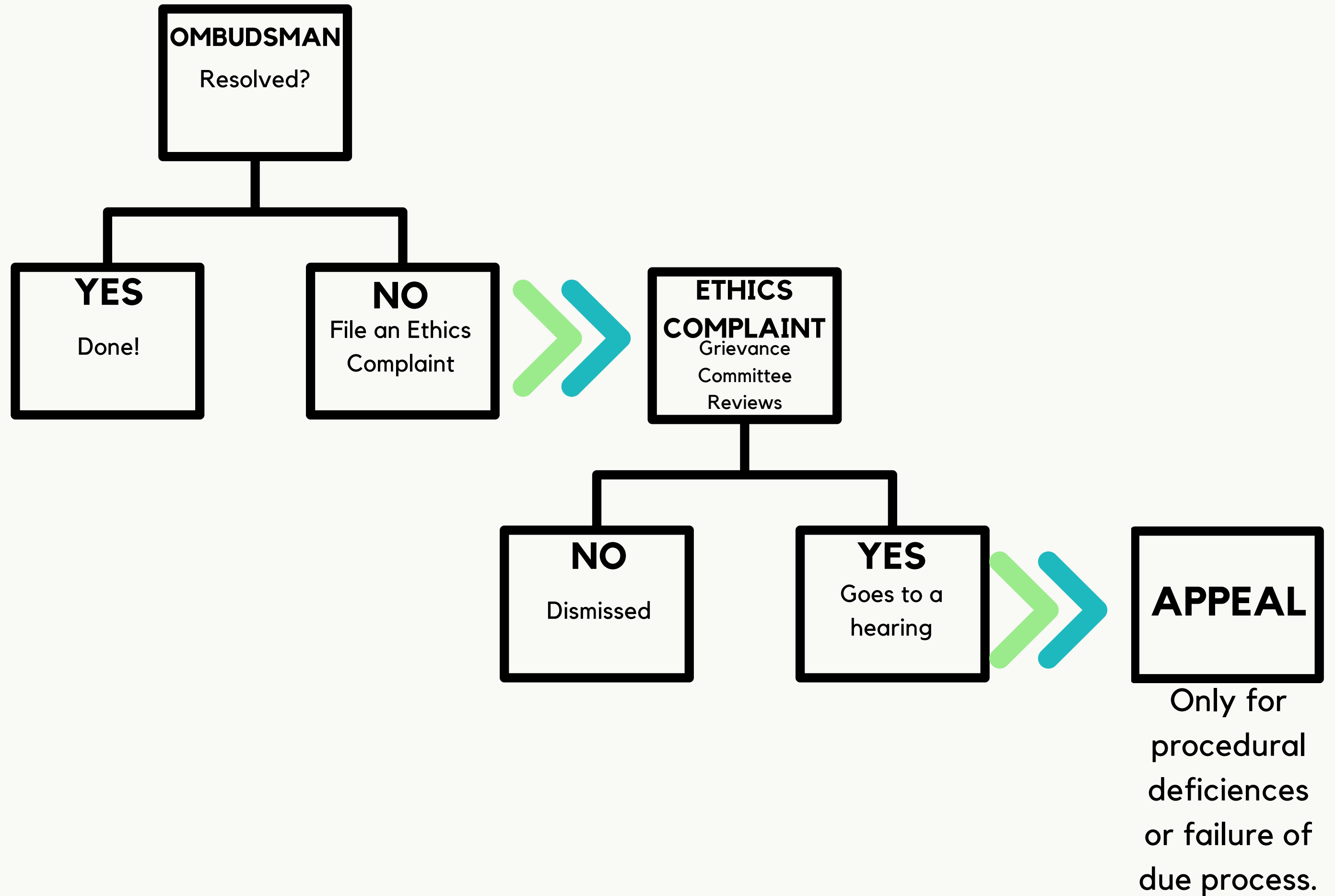
- the Grievance Committee
- the state real estate licensing authority
- any other regulatory body

The prohibition is intended to **ensure impartiality** and avoid the possible appearance of **bias**.



# Professional Standards Procedures

## Ethics



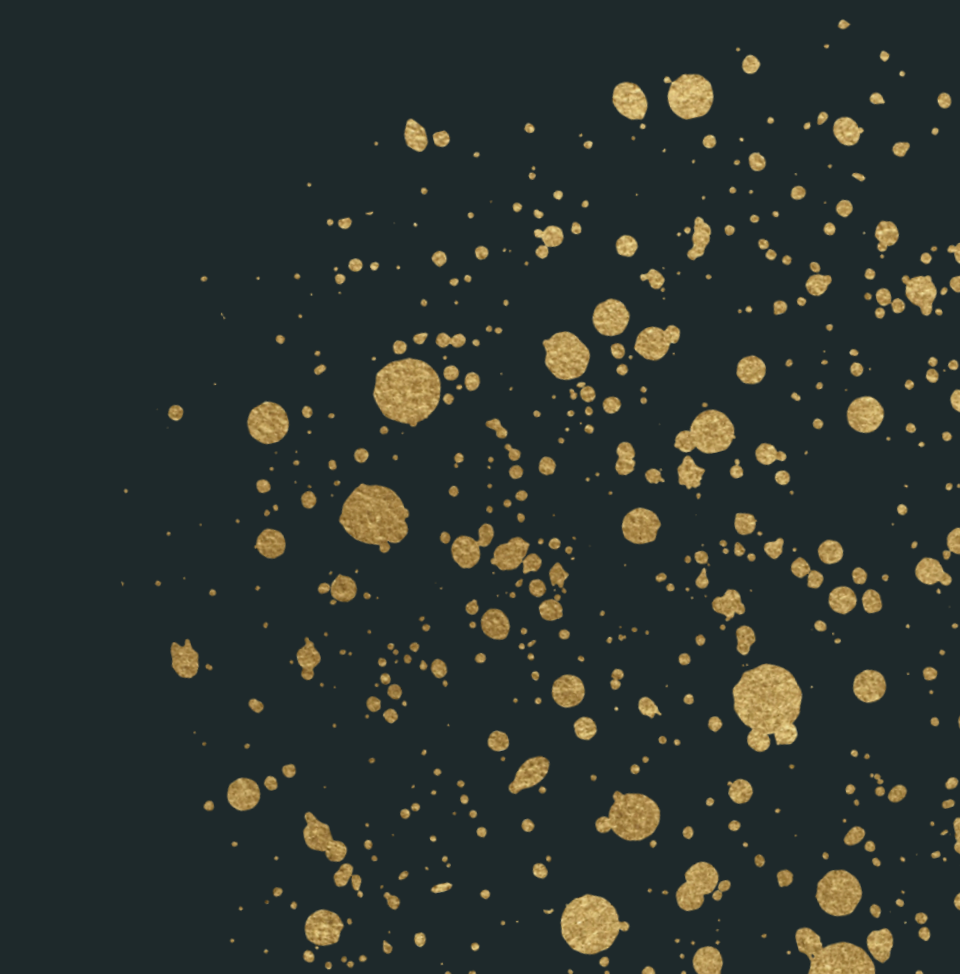
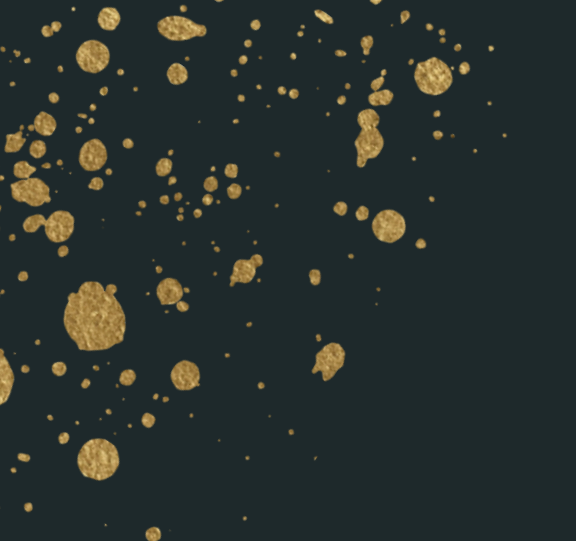




# *What does a Grievance Committee do?*

Reviews ethics complaints to determine if a full due process hearing is warranted.

Is the complaint a violation of the Article(s) cited?



*Ethics complaints deal  
with the perceived  
unethical “action” or  
“conduct” of a  
REALTOR®.*

# *The Grievance Committee ensure that:*

- ethics complaints requests are in proper form
- the appropriate parties are named
- filing deadlines are followed
- litigation or governmental investigations aren't pending related to the same transaction or event that might delay consideration of the matter by a hearing panel
- the board can impanel an impartial hearing panel
- (for ethics) the right Articles are named, and if appropriate, Standards of Practice are cited to support the charge of a violation



# *What are grounds for an appeal of a Grievance Committee decision?*

- If the Grievance Committee dismisses an ethics complaint or arbitration request
- Complainant may explain in writing why he/she/they disagrees with GC's conclusion
- Only original information and documents will be considered



# *What is a Professional Standards Hearing?*

- Full “due process” hearings
- Fair, unbiased, and impartial
- To determine whether a violation of the Code occurred





# ***Ethics Hearings***

**Respondents are considered innocent unless proven to have violated the Code of Ethics.**

**The burden of proof in an ethics complaint is,  
"clear, strong, and convincing."**



# *What happens at an Ethics Hearing?*

1. Parties make opening statements to present their case
2. Witnesses are called to provide testimony
3. Witnesses cross-examined by the other party
4. Supporting documents & information presented
5. Parties make closing arguments
6. Parties dismissed
7. Panel remains in Executive Session to make a decision based on the evidence



# *Authorized Discipline*

## **LETTER OF WARNING**

Copy to be placed in member's file for 1 year.  
No additional sanctions.

OR

## **LETTER OF REPRIMAND**

Copy to be placed in member's file for 1 to 3 years.  
Additional sanctions allowed.

## **CODE OF ETHICS**

Member must attend New Member Orientation with  
Code of Ethics (no CE)

## **ADDITIONAL EDUCATION**

Member must attend additional courses (no CE)

## **FINE**

Maximum \$15,000

## **ADMINISTRATIVE PROCESSING FEE**

\$250 for the first case with violation(s). \$500 for each of  
Respondent's subsequent case with a finding of violation(s.)

## **SUSPENSION (MEMBERSHIP)**

Membership suspended for 30 days to 1 year.  
Automatic reinstatement at the end of suspension.

## **EXPULSION (MEMBERSHIP)**

Member expelled for 1-3 years with reinstatement of  
membership by application only

## **SUSPENSION (MLS)**

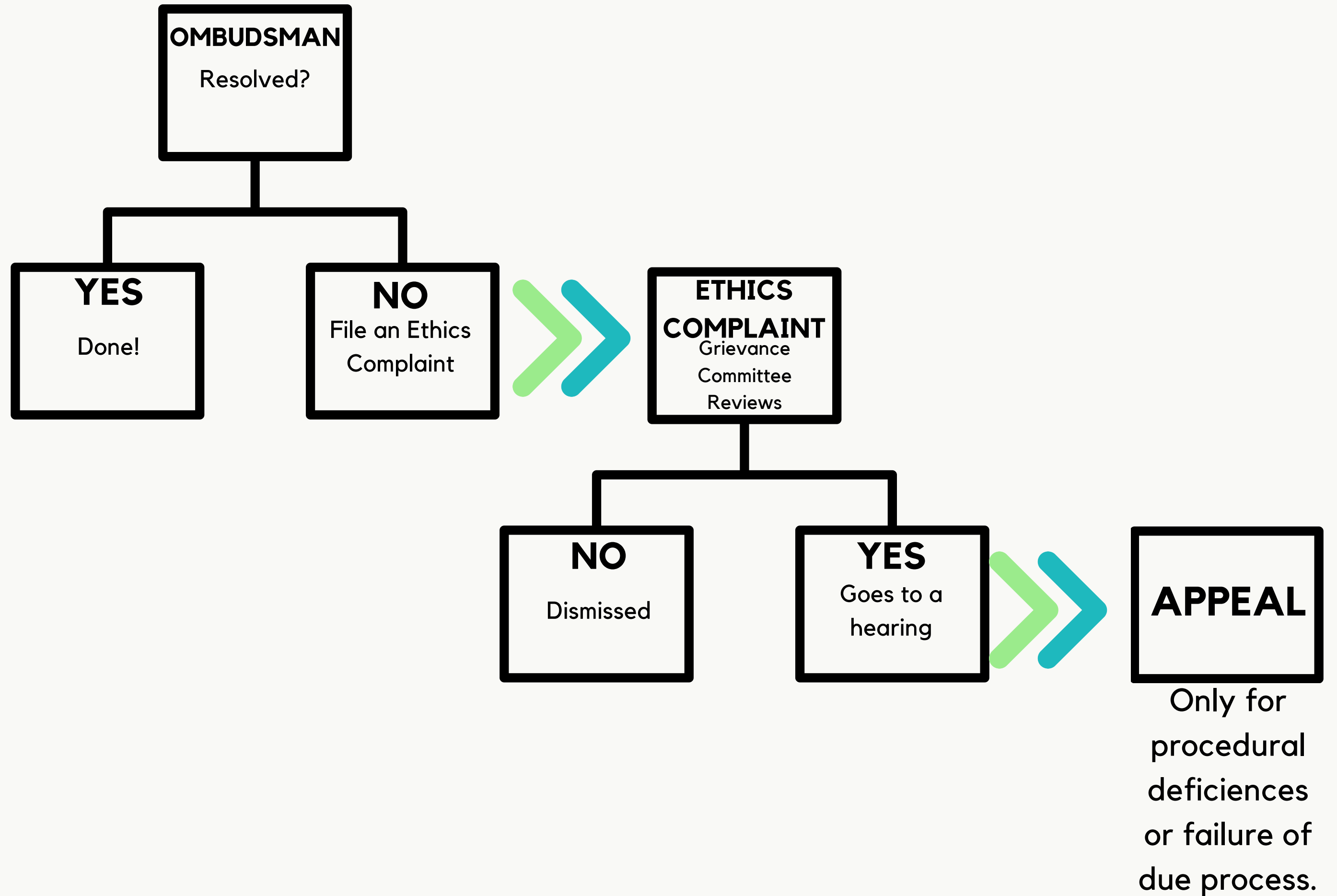
MLS Access suspended for 30 days to 1 year

## **TERMINATION (MLS)**

MLS Access terminated for 1 to 3 years

# Professional Standards Procedures

## Ethics



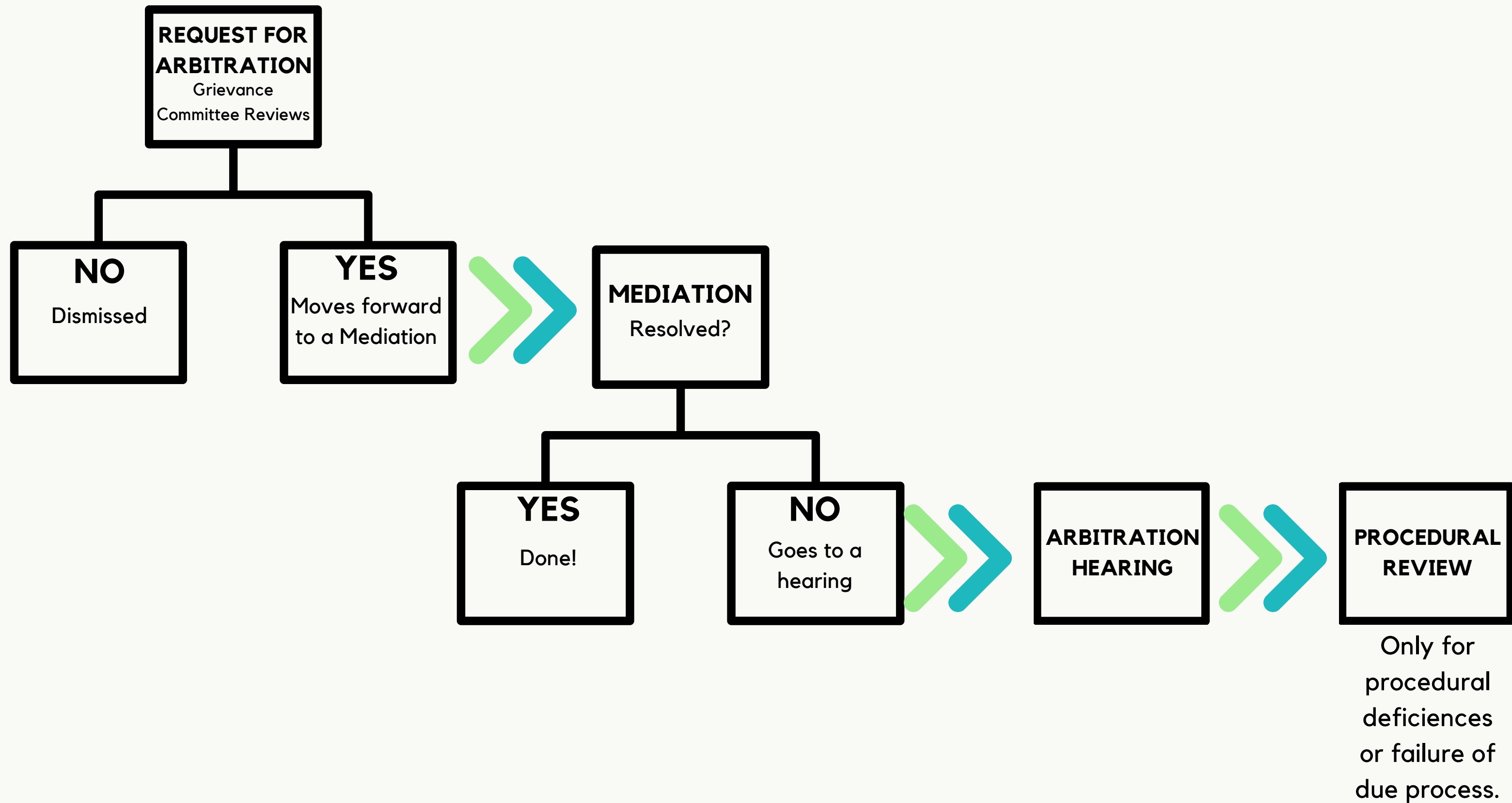



# *Ethics Appeal Must be Based on:*

- Procedural deficiency or failure of due process
- A perceived misapplication or misinterpretation of one or more articles of the Code of Ethics
- Nature or Gravity of the discipline proposed by hearing panel

**The fact that a hearing panel found no violation is NOT appealable.**

# *Professional Standards Procedures Requests for Arbitration*





# *Requests for Arbitration*

**Arbitration must fall within parameters set  
in Article 17.**

**Contractual disputes involving money  
arising out of a real estate transaction.**



# ***Parties to an Arbitration***

**Arbitration is between REALTOR® Principals from different firms.**

**A REALTOR® Principal is defined as licensed or certified individuals who are sole proprietors, partners in a partnership, officers or majority shareholders of a corporation, or office managers (including branch office managers) acting on behalf of principals of a real estate firm.**



# *What does a Grievance Committee do?*

Reviews arbitration requests to determine if a full due process hearing is warranted.

Is it related to a monetary dispute arising out of a real estate transaction that is subject to arbitration?



# *The Grievance Committee ensure that:*

- arbitration requests are in proper form
  - the appropriate parties are named
  - filing deadlines are followed
  - litigation or governmental investigations aren't pending related to the same transaction or event that might delay consideration of the matter by a hearing panel
  - the board can impanel an impartial hearing panel
  - (for arbitration) the amount involved is not too small or too large
- checklist of questions reviewed with each complaint



# *Arbitration Requests must be filed within 180 days after:*

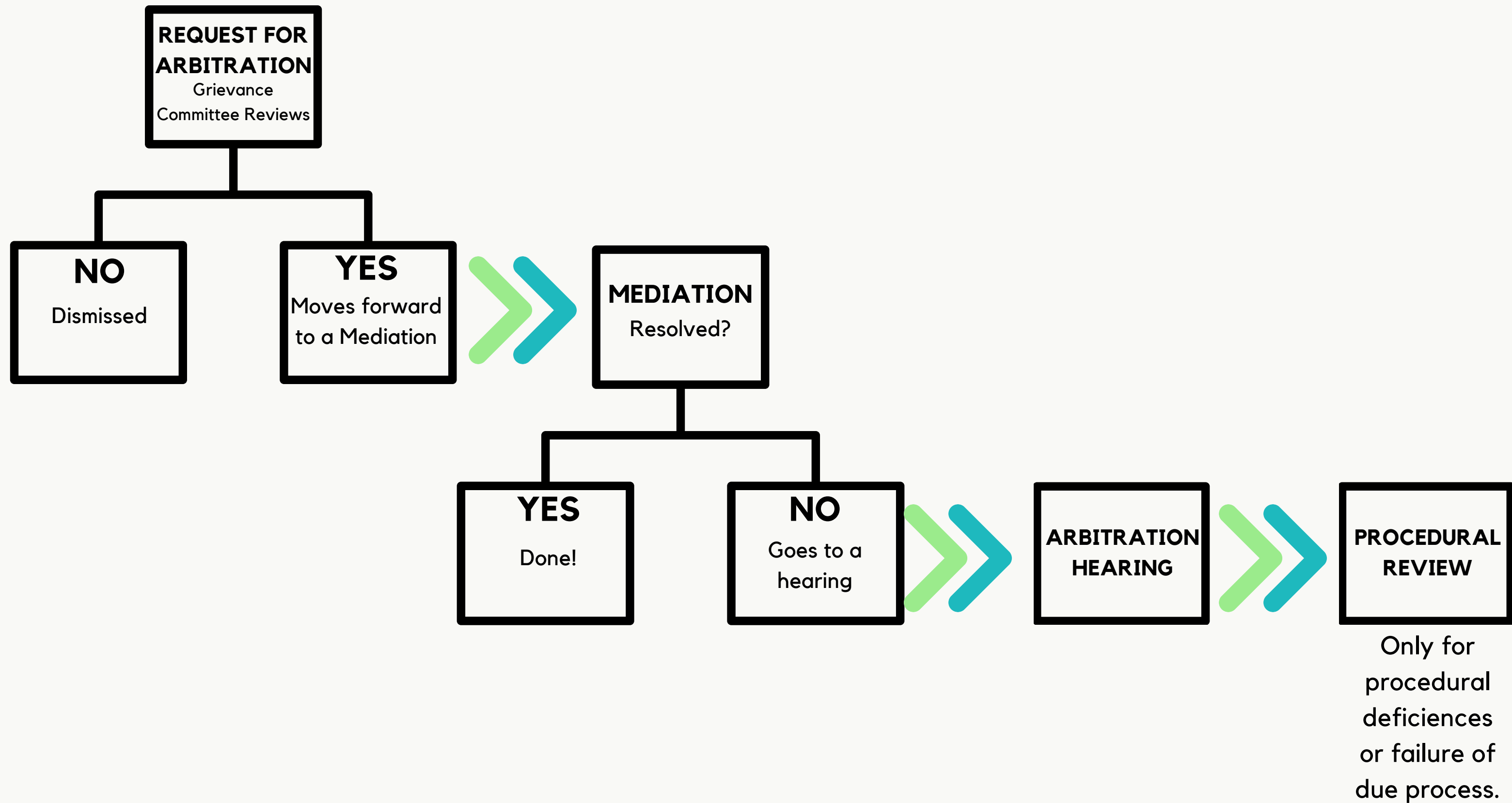
1)the closing

OR

2)the realization that a dispute  
existed, whichever is later.



# *Professional Standards Procedures Requests for Arbitration*





# ***What is Mediation?***

**A powerful tool to help REALTORS®  
and their clients resolve disputes that  
might otherwise be arbitrated.**

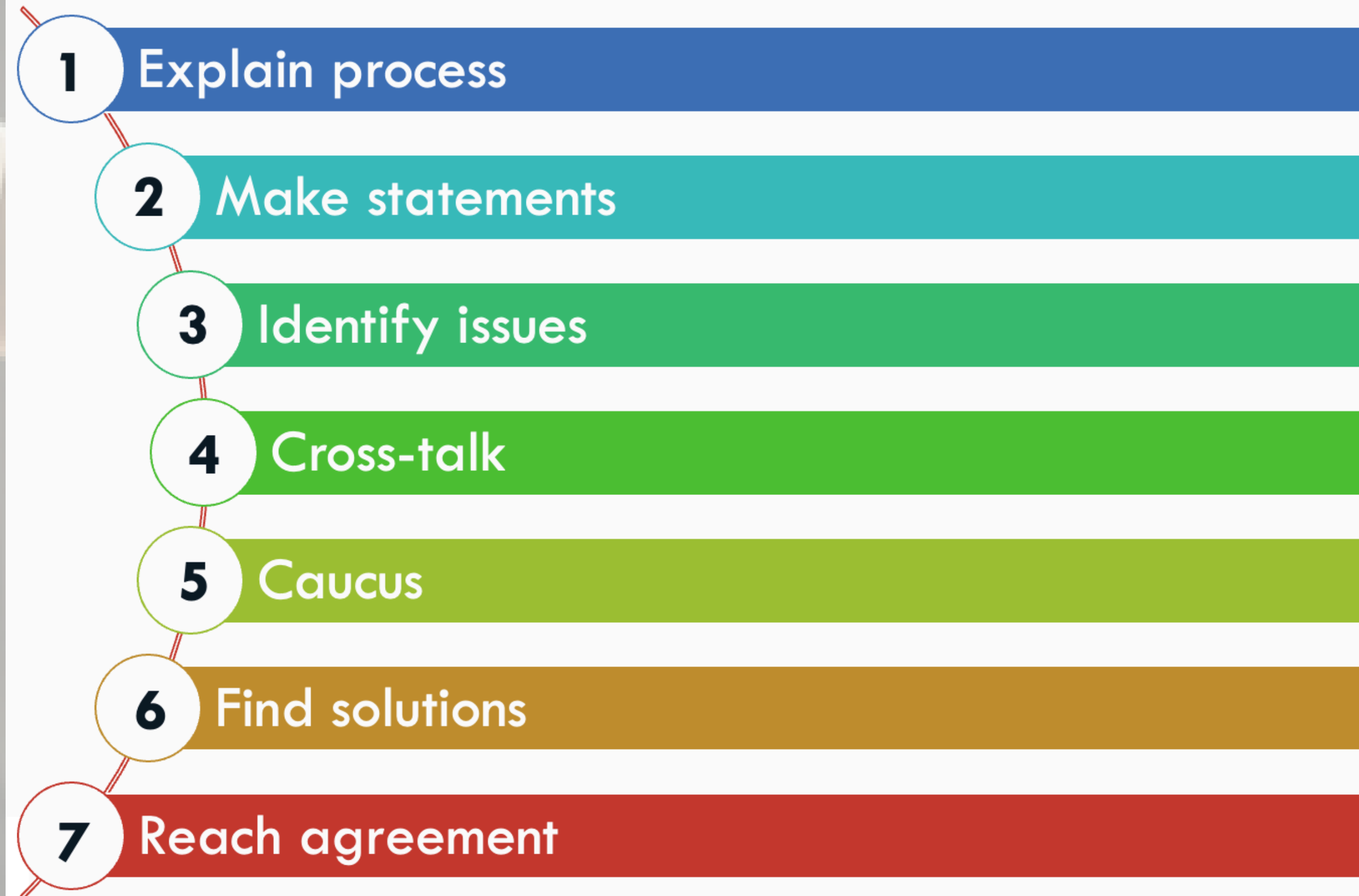


A blurred background image showing two people in business attire shaking hands, symbolizing agreement or resolution.

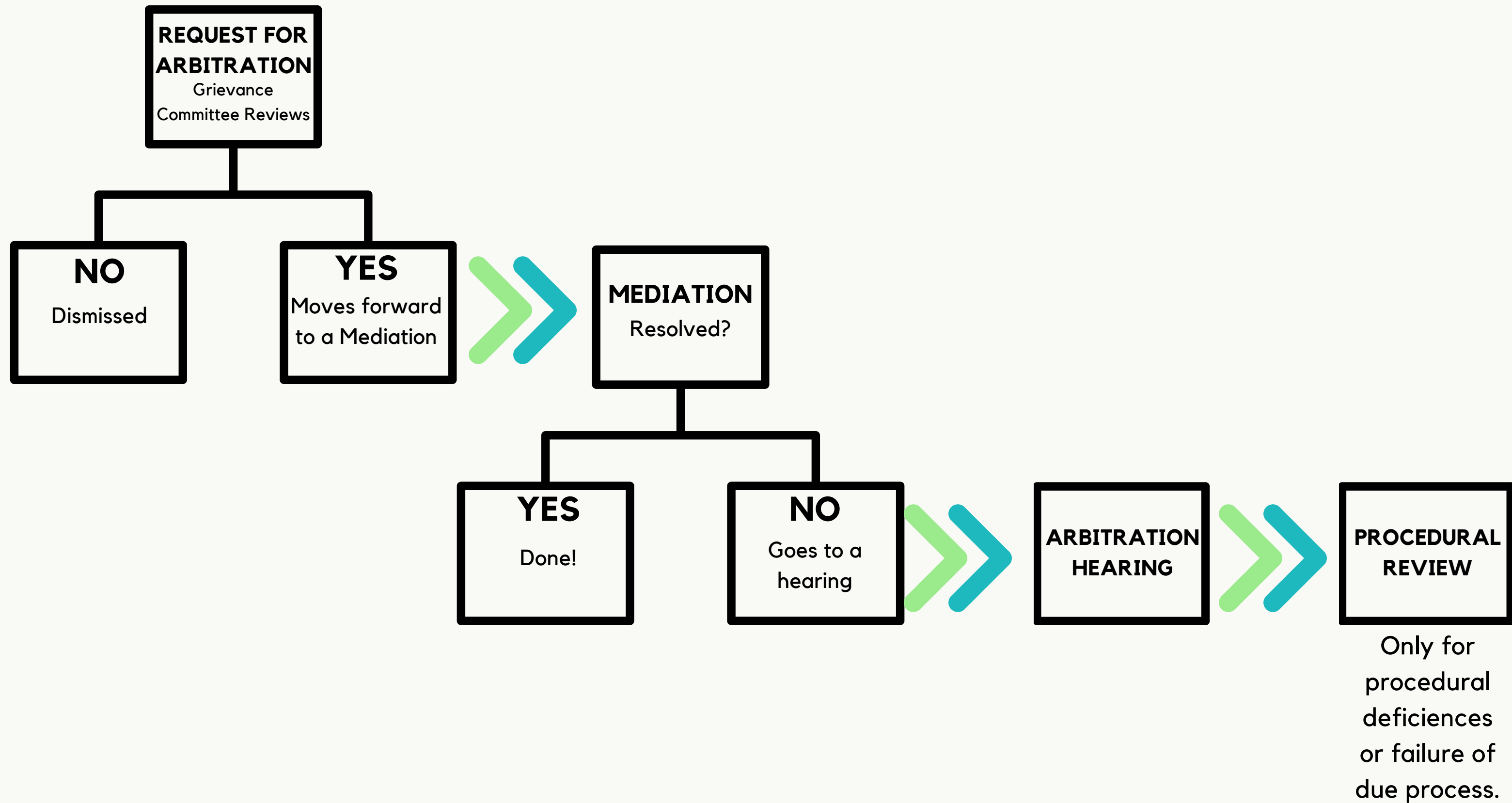
# *Mediation*

**The mediation officer, a neutral third-party, works with disputing parties to discuss the dispute and craft an enforceable resolution.**

# *Mediation Process*



# *Professional Standards Procedures Requests for Arbitration*





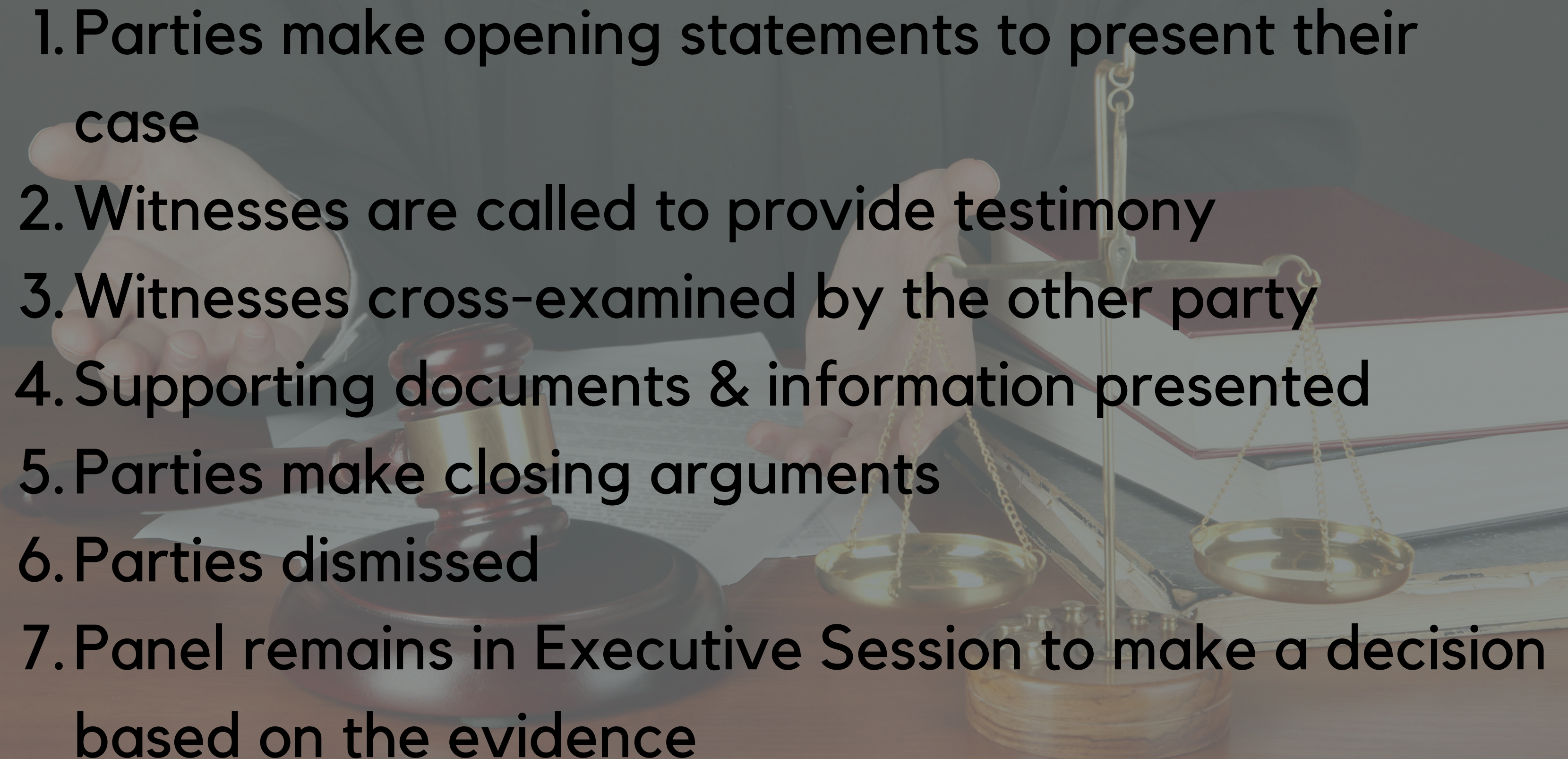
# *What is a Professional Standards Hearing?*

- Full “due process” hearings
- Fair, unbiased, and impartial
- To determine whether an award should be rendered





# *What happens at an Arbitration Hearing?*

1. Parties make opening statements to present their case
  2. Witnesses are called to provide testimony
  3. Witnesses cross-examined by the other party
  4. Supporting documents & information presented
  5. Parties make closing arguments
  6. Parties dismissed
  7. Panel remains in Executive Session to make a decision based on the evidence
- 
- A background image showing a courtroom scene. In the foreground, a wooden gavel rests on a dark surface. To the right, a pair of brass scales of justice is visible. In the background, a person in a white robe, likely a judge, is partially visible, holding a book. The scene is dimly lit, with a focus on the legal symbols.



# *Arbitration Hearing Results*

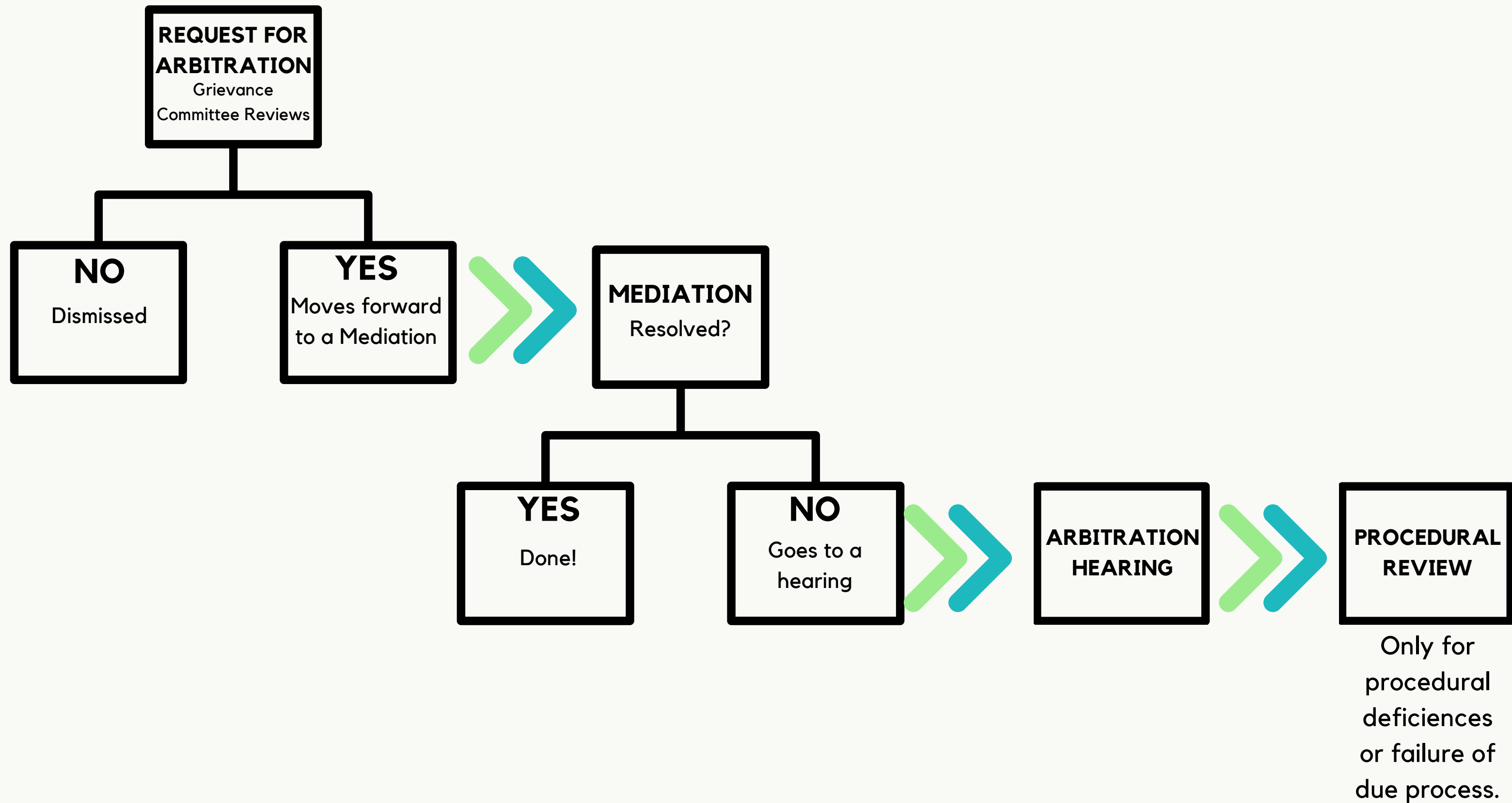
The panel will award an amount to the prevailing party.

The amount cannot be more than what was requested in the arbitration request, though it can be less.

Parties can submit for a Procedural Review



# *Professional Standards Procedures Requests for Arbitration*





*BREAK*

Let's take a 5 minute break! We'll be right back!



# *Part Five*

## *Case Studies of Selected Articles of the Code of Ethics*



# 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.

As the exclusive agent of Client A, REALTOR® B offered Client A's house for sale, advertising it as being located near a public transportation stop. Prospect C, who explained that his daily schedule made it necessary for him to have a house near the public transportation stop, was shown Client A's property, liked it, and made a deposit. Two days later, REALTOR® B read a notice that the transportation running near Client A's house was being discontinued. He informed Prospect C of this, and Prospect C responded that he was no longer interested in Client A's house since the availability of public transportation was essential to him. REALTOR® B informed Client A and recommended that Prospect C's deposit be returned.

Client A reluctantly complied with REALTOR® B's recommendation, but then complained to the Association of REALTORS® that REALTOR® B had not faithfully protected and promoted his interests; that after Prospect C had expressed his willingness to buy, REALTOR® B should not have made a disclosure that killed the sale since the point actually was not of major importance. The new transportation route, he showed, would put a stop within six blocks of the property.



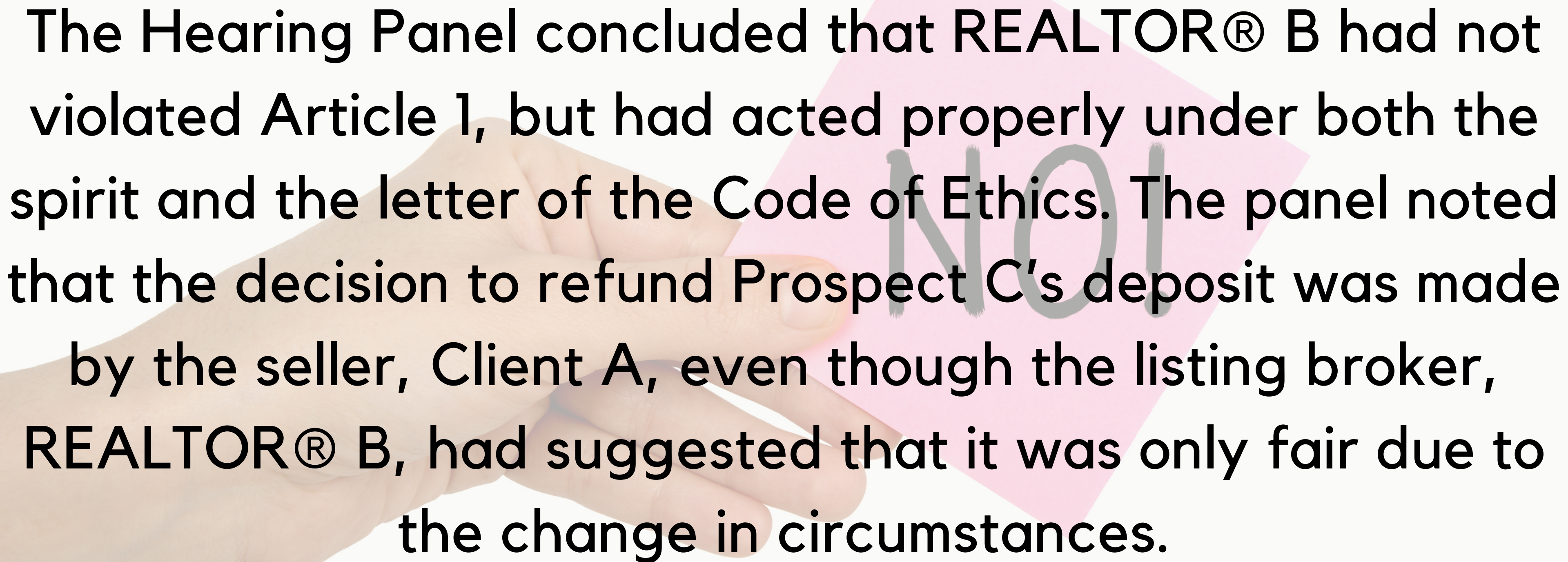
In a hearing before a Hearing Panel of the Association's Professional Standards Committee, REALTOR® B explained that in advertising Client A's property, the fact that a transportation stop was less than a block from the property had been prominently featured. He also made the point that Prospect C, in consulting with him, had emphasized that Prospect C's physical disability necessitated a home near a transportation stop. Thus, in his judgment, the change in routing materially changed the characteristics of the property in the eyes of the prospective buyer, and he felt under his obligation to give honest treatment to all parties in the transaction, that he should inform Prospect C, and that in so doing he was not violating his obligation to his client.



Do you think Realtor B is in  
violation of the Code?





A hand holding a pen, with a large pink 'NO!' sign in the background.

The Hearing Panel concluded that REALTOR® B had not violated Article 1, but had acted properly under both the spirit and the letter of the Code of Ethics. The panel noted that the decision to refund Prospect C's deposit was made by the seller, Client A, even though the listing broker, REALTOR® B, had suggested that it was only fair due to the change in circumstances.




# 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.

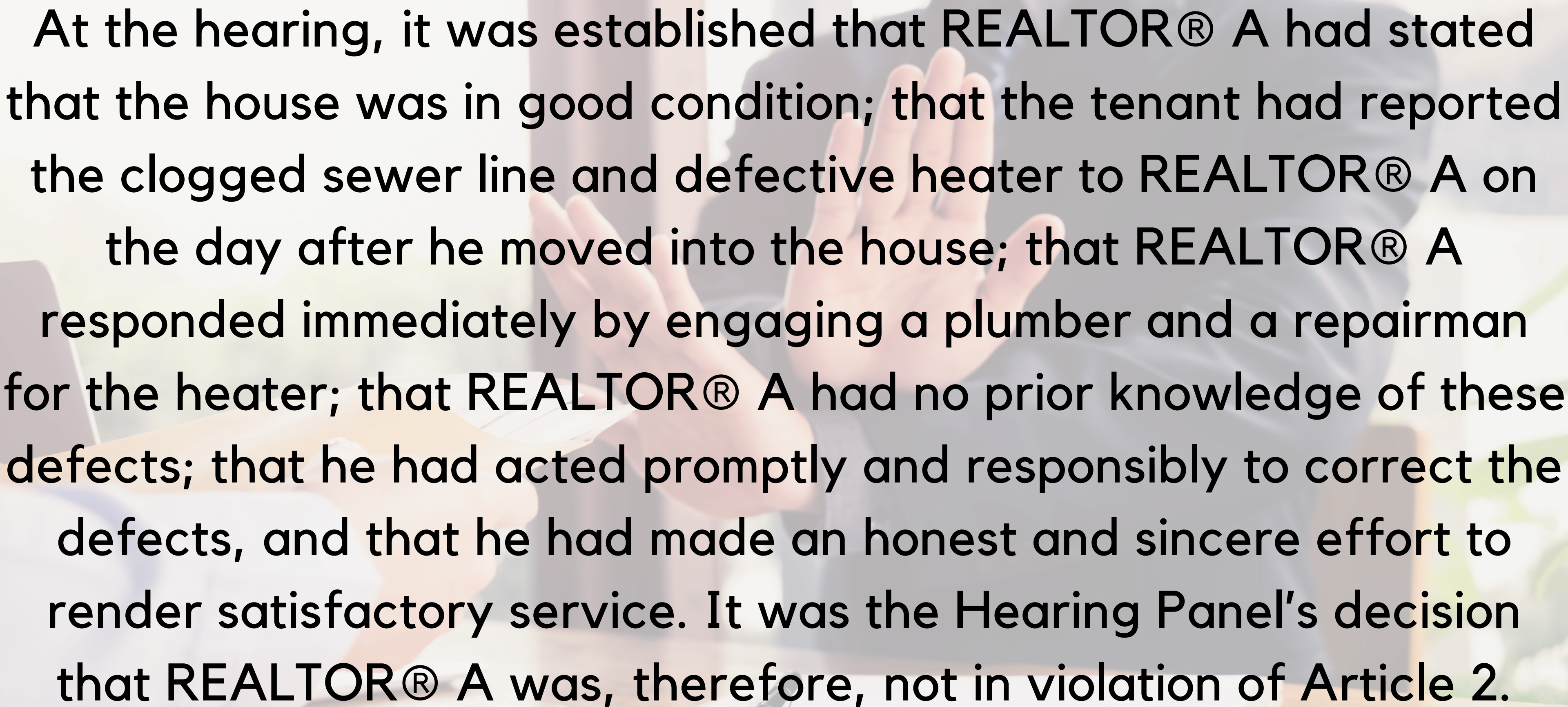
REALTOR® A, acting as a property manager, offered a vacant house for rent to a prospective tenant, stating to the prospect that the house was in good condition. Shortly after the tenant entered into a lease and moved into the house, he filed a complaint against REALTOR® A with his Association of REALTORS®, charging misrepresentation, since a clogged sewer line and a defective heater had been discovered, contrary to REALTOR® A's statement that the house was in good condition.



A man in a dark suit and white shirt stands with his back to the camera, looking at a brick wall. His arms are crossed, and a shadow is cast on the ground to his right.

**Do you think Realtor A is in  
violation of the Code?**





At the hearing, it was established that REALTOR® A had stated that the house was in good condition; that the tenant had reported the clogged sewer line and defective heater to REALTOR® A on the day after he moved into the house; that REALTOR® A responded immediately by engaging a plumber and a repairman for the heater; that REALTOR® A had no prior knowledge of these defects; that he had acted promptly and responsibly to correct the defects, and that he had made an honest and sincere effort to render satisfactory service. It was the Hearing Panel's decision that REALTOR® A was, therefore, not in violation of Article 2.

# 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.**

Client A called on REALTOR® B to list a small commercial property. In stipulating the price at which he wished to list the property, Client A explained that he was aware that it was a relatively low price, but he wanted a quick sale and, he added, a higher price could benefit very little at that time because of certain tax considerations. He told REALTOR® B that a number of prospective buyers had spoken to him about the property within the past year. He gave their names to REALTOR® B and said he felt sure that among them there would be a ready buyer at the price. He told REALTOR® B that he wanted the property submitted to them first.



The next day, REALTOR® C, who had unsuccessfully solicited the listing and learned that the property was listed exclusively with REALTOR® B, called REALTOR® B to ask that he be accepted as a cooperating broker. REALTOR® B told REALTOR® C that because of unusual circumstances the best service to his client did not require cooperation; that a prospective buyer was at that time seriously considering the property; and that under the circumstances he preferred not to invite cooperation.

REALTOR® C complained to the Association of REALTORS® charging REALTOR® B with a violation of Article 3 by refusing to cooperate. Pursuant to the complaint a hearing was scheduled before a Hearing Panel of the Association's Professional Standards Committee.

During the hearing, REALTOR® B outlined fully the circumstances under which the property had been listed by him, and maintained that the interest of Client A would not be advanced by acceptance of cooperation by REALTOR® C.



Do you think Realtor B is  
in violation of the Code?



A person wearing a light blue button-down shirt is shown from the chest up. They are pointing their right index finger directly at the viewer. The background is a plain, light color.

**The panel concluded that REALTOR® B's reasons for not accepting cooperation in this instance were valid and that his action did not constitute a violation of Article 3.**

# 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. th 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.

Client A contacted REALTOR® B to list a vacant lot. Client A said he had heard that similar lots in the vicinity had sold for about \$150,000 and thought he should be able to get a similar price. REALTOR® B stressed some minor disadvantages in location and grade of the lot, and said that the market for vacant lots was sluggish. He suggested listing at a price of \$97,500 and the client agreed.

In two weeks, REALTOR® B came to Client A with an offer at the listed price of \$97,500. The client raised some questions about it, pointing out that the offer had come in just two weeks after the property had been placed on the market which could be an indication that the lot was worth closer to \$150,000 than \$97,500. REALTOR® B strongly urged him to accept the offer, stating that because of the sluggish market, another offer might not develop for months and that the offer in hand simply vindicated REALTOR® B's own judgment as to pricing the lot. Client A finally agreed and the sale was made to Buyer C.

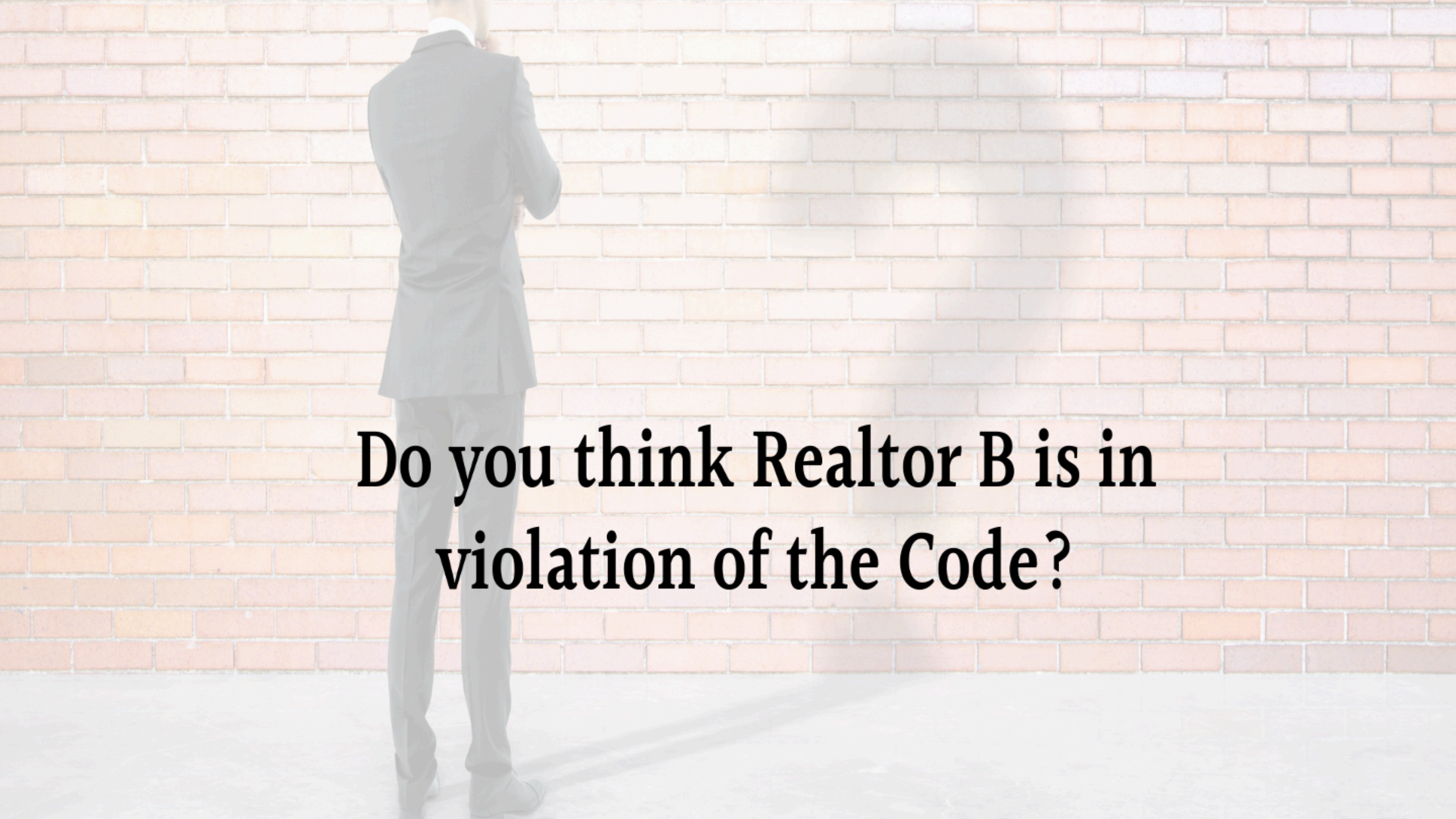


Two months later, Client A discovered the lot was no longer owned by Buyer C, but had been purchased by Buyer D at \$165,000. He investigated and found that Buyer C was a brother-in-law of REALTOR® B, and that Buyer C had acted on behalf of REALTOR® B in buying the property for \$97,500.

Client A outlined the facts in a complaint to the Association of REALTORS®, charging REALTOR® B with collusion in betrayal of a client's confidence and interests, and with failing to disclose that he was buying the property on his own behalf.

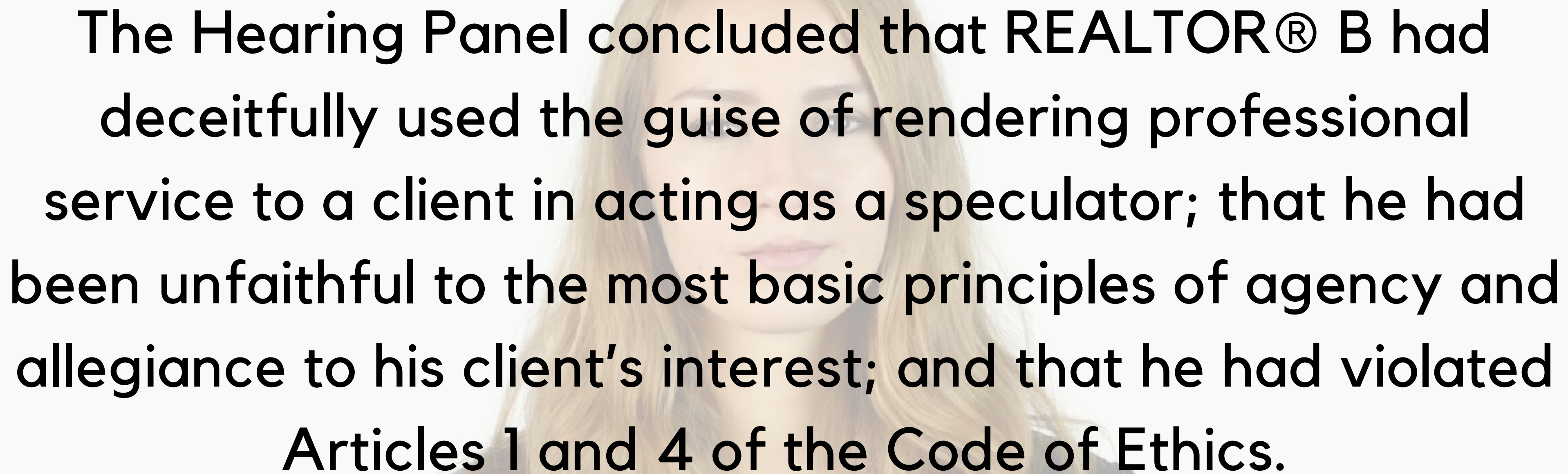
At a hearing before a panel of the Association's Professional Standards Committee, REALTOR® B's defense was that in his observation of real estate transactions there can be two legitimate prices of property—the price that a seller is willing to take in order to liquidate his investment, and the price that a buyer is willing to pay to acquire a property in which he is particularly interested. His position was that he saw no harm in bringing about a transaction to his own advantage in which the seller received a price that he was willing to take and the buyer paid a price that he was willing to pay.



A man in a dark suit and white shirt stands with his back to the camera, looking at a brick wall. His arms are crossed. The wall is made of light-colored bricks. The floor is a light, reflective surface. The text "Do you think Realtor B is in violation of the Code?" is overlaid on the image in a large, bold, black serif font.

**Do you think Realtor B is in  
violation of the Code?**





The Hearing Panel concluded that REALTOR® B had deceitfully used the guise of rendering professional service to a client in acting as a speculator; that he had been unfaithful to the most basic principles of agency and allegiance to his client's interest; and that he had violated Articles 1 and 4 of the Code of Ethics.

# 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.**

Seller A and Buyer B were negotiating the sale of an apartment building, but couldn't agree on the price. Finally, they agreed that each would engage an appraiser and they would accept the average of the two appraisals as a fair price. Seller A hired REALTOR® C, a licensed appraiser, and Buyer B hired REALTOR® D. Both REALTORS® were informed of the agreement of the principals. The two appraisal reports were submitted. The principals averaged the two valuations and made the transaction at the price determined.

Six months later, it came to the attention of Seller A that REALTOR® C was managing the building that he had appraised. Upon making further inquiries he learned that REALTOR® C for several years had managed five other buildings owned by Buyer B, and that he had been Buyer B's property manager at the time he accepted the appraisal assignment from Seller A.



At this point Seller A engaged REALTOR® E to make an appraisal of the building he had sold to Buyer B. REALTOR® E's valuation was approximately 30% higher than that arrived at six months earlier by REALTOR® C.

These facts were set out in a complaint against REALTOR® C made by Seller A to the local Board of REALTORS®. The complaint charged that since REALTOR® C was an agent of Buyer B; since he managed all of Buyer B's properties; since he had become manager of the property he had appraised for Seller A in connection with a sale to Buyer B; and since he had not disclosed his relationship to Buyer B, he had acted unethically, and in the interest of his major client had placed an excessively low valuation on the property he had appraised for Seller A.

At the hearing, Seller A also brought in a witness who stated that he had heard Buyer B say that he had made a good buy in purchasing Seller A's building because Seller A's appraiser was his (Buyer B's) property manager.

Buyer B, appearing as a witness for REALTOR® C, disputed this and protested that he had paid a fair price. He substantiated REALTOR® C's statement that management of the building formerly owned by Seller A was never discussed between them until after it had been purchased by Buyer B.





Do you think Realtor A is in  
violation of the Code?



It was concluded by the Hearing Panel that whether or not management of the building was discussed between Buyer B and REALTOR® C prior to its purchase by Buyer B, REALTOR® C had a logically contemplated interest in it as a property manager in view of the fact that he had served as property manager for all other properties owned by Buyer B. In view of this contemplated interest, he was bound by the terms of Article 5 to disclose this interest to his appraisal client, Seller A. He had failed to do this, and so was found in violation of Article 5 of the Code of Ethics.

# Article 6

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

REALTOR® A, a property manager, bought at wholesale prices, janitorial supplies used in cleaning and maintenance of an office building which he managed for his client, Owner B. In his statements to Owner B, he billed these supplies at retail prices.

REALTOR® A's practice came to the attention of Owner B who filed a complaint with the local Association of REALTORS®, charging REALTOR® A with unethical conduct in violation of Article 6 of the Code of Ethics.



In questioning during the hearing called by the Association's Professional Standards Committee, REALTOR® A's defense was that the prices at which he billed these supplies to his client were no higher than the prices which Owner B had been paying prior to putting the property under REALTOR® A's management. It was clearly established that no disclosure of this profit or supplies used in property management had been made, and also that in proposing the management contract, REALTOR® A had held out to Owner B the inducement of attainable economies in operation.





Do you think Realtor A is in  
violation of the Code?



**REALTOR® A was found by the Hearing Panel to be in violation of Article 6.**



# 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.**

Buyer A engaged REALTOR® B to locate a small commercial property. Buyer A explained his exact specifications, indicating that he did not wish to compromise. They agreed that if REALTOR® B could locate such a property within Buyer A's price range, he—the buyer—would pay a finder's fee to REALTOR® B.

Two weeks later, REALTOR® B called Buyer A to advise that Seller C had just listed a property with him that met all of Buyer A's specifications except that the listed price was a bit higher than Buyer A wanted to pay. Buyer A inspected the property and liked it, but said he would adhere to his original price range. REALTOR® B called Buyer A three days later to say that Seller C had agreed to sell at Buyer A's price. The sale was made and REALTOR® B collected a commission from Seller C and a finder's fee from Buyer A which was not disclosed to Seller C, REALTOR® B's client.

Several weeks later, Seller C learned about the finder's fee that REALTOR® B had collected from Buyer A and filed a complaint with the Association of REALTORS® charging REALTOR® B with unprofessional conduct. The complaint specified that when REALTOR® B had presented Buyer A's offer at less than the listed price, he, the seller, was reluctant to accept it, but REALTOR® B had convinced him that the offer was a fair one and not likely to be improved upon in the current market; and that REALTOR® B had dwelt at length on certain disadvantageous features of the property in an attempt to promote acceptance of the offer. The complaint charged that REALTOR® B had actually been the agent of the buyer while holding himself out as the agent of the seller. Further, Seller C asserted that REALTOR® B had never mentioned that he was representing the buyer or intended to be compensated by the buyer.



At the hearing, REALTOR® B's defense was that he had served both buyer and seller faithfully; that he had not accepted Seller C's listing until after he had agreed to assist Buyer A in locating a property; and that in his judgment the listed price was excessive and the price actually paid was a fair price.



Do you think Realtor B is  
in violation of the Code?

A Hearing Panel of the Association's Professional Standards Committee, which heard the complaint, concluded that REALTOR® B had acted in violation of Article 7 of the Code of Ethics. His efforts to represent the buyer and the seller at the same time, and the fact that he intended to be compensated by both parties, should have been fully disclosed to all parties in advance.



# 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.**

REALTOR® A, a listing broker, obtained a signed offer to purchase, together with Buyer C's check for \$10,000 as an earnest money deposit. Buyer C's offer was subject to the sale of his current residence. REALTOR® A presented the offer to Seller B who accepted it. REALTOR® A then inadvertently deposited the earnest money check in his personal checking account. Since Buyer C's offer was contingent on the sale of his current home, Seller B's house remained on the market. A week later, REALTOR® A received another offer to purchase Seller B's house from another broker and presented it to the seller as a back-up offer. Buyer C was informed about this new offer and reluctantly concluded that he would be unable to waive the sale contingency in order to proceed with the purchase of Seller B's house. He then asked REALTOR® A for his \$10,000 check back. REALTOR® A explained that he had mistakenly deposited Buyer C's check in his personal bank account which had been attached since he received Buyer C's offer, and he was temporarily unable to refund the deposit to Buyer C.

Buyer C filed a complaint with the Association of REALTORS®, which was received by the Grievance Committee. The Grievance Committee concluded that the complaint warranted a hearing and referred it to the Professional Standards Committee. At the hearing, REALTOR® A explained that his bank account had been unexpectedly attached following the loss of a civil suit which he was appealing; that his deposit of Buyer C's check in his personal account was a simple error; that he was arranging for the prompt release of his account; and that everything would be straightened out in three or four days, which should not be of great inconvenience to Buyer C.





Do you think Realtor B is  
in violation of the Code?

It was the conclusion of the Hearing Panel that REALTOR® A was in violation of Article 8 of the Code of Ethics for having failed to put Buyer C's earnest money deposit in a special account separate from his personal funds.

# 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.

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.



A minority couple called on REALTOR® A and expressed interest in purchasing a home in the \$390,000 to \$435,000 price range with at least three bedrooms, a large lot, and located in the Cedar Ridge area of town. Being familiar with Cedar Ridge through handling of numerous listings in that area, REALTOR® A explained that houses in Cedar Ridge generally sold in the price range from \$540,000 to \$660,000. The couple thereafter indicated that they would then like to see “what was available” within their budget. After further discussion with the couple concerning their financial circumstances and the maximum price range they could afford, REALTOR® A concluded that the couple could not afford more than \$412,500 as an absolute maximum.


The couple was then shown homes which met the criteria they had described to REALTOR® A. However, although REALTOR® A discussed with the couple the amenities and assets of each of the properties shown to them, they expressed no interest in any of the properties shown. A few days later, the minority couple filed charges with the Professional Standards Administrator of the Association, charging REALTOR® A with a violation of Article 10 of the Code Ethics, alleging that REALTOR® A had violated the Article by an alleged act of racial steering in his service to the minority couple.

At the hearing, the complainants elaborated upon their charge of the alleged racial steering by REALTOR® A, telling the Hearing Panel that they had specifically expressed an interest in purchasing a home in the Cedar Ridge area, but were not shown any homes in Cedar Ridge. REALTOR® A responded by producing e-mail records documenting the housing preference of the couple as they had described it to him, including price range and demonstrating that he had shown them a number of listings that met the requirements as expressed by them, although admittedly none of the properties shown were located in Cedar Ridge. However, REALTOR® A explained that he had advised the couple that there were no listings available in Cedar Ridge falling within their budget. Further, REALTOR® A produced listing and sales information concerning numerous homes in Cedar Ridge which confirmed an average sales price of \$540,000 to \$660,000.



REALTOR® A told the Hearing Panel that he had, in fact, offered equal professional service to the minority couple by showing them properties which met the criteria they had presented to him. He pointed out to the Hearing Panel that the couple was charging him with "racial steering" which presumably they were relating to the denial of equal professional service. REALTOR® A stated, "If there were listings in Cedar Ridge in the \$390,000 to \$435,000 price range with at least three bedrooms and a large lot, and I had refused to show them such listings, then they might have a point in their charge. But there are no such listings available now, nor have there been at any time since the original development of the Cedar Ridge area five years ago. I could not show them what did not and does not exist."



A man in a dark suit and white shirt stands with his back to the camera, looking at a brick wall. His arms are crossed, and a shadow is cast on the ground to his right.

**Do you think Realtor A or B is in  
violation of the Code?**



The Hearing Panel concluded that REALTOR® A had properly met his obligation to offer equal professional service and was not in violation of Article 10.



# 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.

REALTOR® A sold a light industrial property to Buyer B, a laundry operator. Several months later, Buyer B engaged REALTOR® A's services to appraise the property and to supply an appraisal report for use in possible merger with another laundry. REALTOR® A carried out this appraisal assignment and submitted his report. Buyer (now Client) B was dissatisfied with the report feeling that the valuation, in comparison with the market price that he had paid was excessively low. Client B then engaged an appraiser specializing in industrial property, and after receiving the second appraisal report, filed a complaint with the Board of REALTORS® charging REALTOR® A with incompetent and unprofessional service as an appraiser.

At the hearing, questioning established that REALTOR® A could cite no other industrial property appraisal he had made, and that his appraisal experience had been limited exclusively to residential property. The hearing also established that when the client proposed the appraisal, REALTOR® A had readily accepted the assignment and that he had at no time disclosed the extent and limitations of this appraisal experience with his client.





Do you think Realtor B is  
in violation of the Code?

A young man with dark hair and glasses, wearing a dark suit, white shirt, and dark tie, is looking directly at the camera. The background is a blurred office interior with a window showing blinds on the right.

**REALTOR® A was found by the Hearing Panel to be in  
violation of Article 11.**

# 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.**




Prospect A observed a sign on a vacant lot reading: "For Sale — Call 330-5215." Thinking he would be dealing with a For Sale by Owner, he called the number on the sign. He was surprised that the lot was exclusively listed by REALTOR® A, and the telephone number on the sign was the home number of REALTOR® B in REALTOR® A's office.

Prospect A filed a complaint against REALTOR® A and REALTOR® B alleging a violation of Article 12 of the Code of Ethics.

At the hearing, REALTOR® A stated that he permitted REALTOR® B to put up the sign. REALTOR® B's defense was that the sign was not a "formal" advertisement, such as an online advertisement, business card, or billboard, to which he understood Article 12 to apply.



A man in a dark suit and white shirt stands with his back to the camera, looking at a brick wall. His arms are crossed, and a shadow is cast on the ground to his right.

**Do you think Realtor A or B is in  
violation of the Code?**



The Hearing Panel determined that the sign was an advertisement within the meaning of Article 12; that its use violated that Article of the Code; and that both REALTOR® A and REALTOR® B were in violation of Article 12.

# 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.**


Client A dropped in to see his friend, REALTOR® B, who had recently provided professional services to Client A's company. Client A said the company was sending him on business to China; that the trip would involve a good deal of air travel in remote areas; and that he would like to leave a power of attorney with his wife while he was gone "just in case." He asked REALTOR® B if he would prepare a power of attorney for him and REALTOR® B said, "It's a simple document. I'll be glad to prepare one for you," and did.

This action came to the attention of the Grievance Committee of the Association of REALTORS®, which, after review, filed a complaint with the Association's Professional Standards Committee, charging REALTOR® B with a violation of Article 13 of the Code of Ethics.



REALTOR® B's defense was that he understood Client A's request to be essentially for a real estate service since from his general knowledge of Client A's personal affairs, he knew that Client A could have no reason for giving his wife a power of attorney except to put her in a position to act in real estate transactions. He contended that because his preparation of a legal document was directly related to real estate matters, he had rendered real estate, not legal, services to Client A.



A man in a dark suit and white shirt stands with his back to the camera, looking at a brick wall. His arms are crossed, and a shadow is cast on the ground to his right.

**Do you think Realtor A or B is in  
violation of the Code?**



It was the judgment of the Hearing Panel that REALTOR® B's defense was without merit; that by preparing the power of attorney, he had engaged in the practice of law in violation of Article 13 of the Code.



# 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.

Buyer A filed a complaint against REALTOR® B, the listing broker, involving a property purchased earlier by Buyer A.

REALTOR® B was notified of the complaint, directed to be present at a hearing, and requested to present to a Hearing Panel of the Association's Professional Standards Committee all pertinent facts relating to the transaction. REALTOR® B's response was a statement that he would refuse to submit any information in the matter to a Hearing Panel and would not attend the scheduled hearing, on the grounds that the complaint itself was not justified.

Buyer A filed a complaint against REALTOR® B, the listing broker, involving a property purchased earlier by Buyer A.

Explaining his position, REALTOR® B stated that his participation in the transaction was exclusively as the agent of the seller; that he had not been representing the buyer; and hence, could not be subject to a complaint by the buyer for simply transmitting information on behalf of the seller.

All of his statements concerning the property, REALTOR® B said, were based on information supplied to him by his client, the seller. Any error in this information, he contended, might well provide the basis for a lawsuit between the buyer and seller. As the agent of the seller, he felt that he was not answerable to the buyer for having done no more than transmit information provided to him by the seller.



YES

Do you think Realtor B is  
in violation of the Code?

NO

REALTOR® B was advised by the Association that his reasoning was incorrect; that he was obligated by Article 14 to submit pertinent facts to a Hearing Panel of the Association's Professional Standards Committee and to participate in the hearing. REALTOR® B agreed to comply, and a hearing on the complaint was held.

# Article 15

**REALTORS® shall not knowingly or recklessly make false or misleading statements about other real estate professionals, their businesses, or their business practices.**



Following a round of golf early one morning, Homeowner A approached REALTOR® X. "We've outgrown our home and I want to list it with you," said Homeowner A. "I'm sorry," said REALTOR® X, "but I represent buyers exclusively." "Then how about REALTOR® Z?," asked Homeowner A, "I've heard good things about him." "I don't know if I would do that," said REALTOR® X, "while he does represent sellers, he doesn't cooperate with other brokers and, as a result, sellers don't get strong offers for their properties."

Later that day, Homeowner A repeated REALTOR® X's remarks to his wife who happened to be a close friend of REALTOR® Z's wife. Within hours, REALTOR® Z had been made aware of REALTOR® X's remarks to Homeowner A earlier in the day. REALTOR® Z filed a complaint against REALTOR® X charging him with making false and misleading statements. REALTOR® Z's complaint was considered by the Grievance Committee which determined that an ethics hearing should be held.

At the hearing REALTOR® Z stated, "I have no idea what REALTOR® X was thinking about when he made his comments to Homeowner A. I always cooperate with other REALTORS®." REALTOR® X replied, "That's not so. Last year you had a listing in the MLS and I spent months working with the buyers that submitted a purchase offer. You didn't pay me the offer of compensation, though; you paid another broker who stole my clients from me at the last minute, and all he did was submit the purchase offer."

REALTOR® Z countered REALTOR® X's statements, indicating he had made a blanket offer of compensation in the MLS, and that his refusal to pay REALTOR® X had nothing to do with him not cooperating with other brokers, but the fact that there was a procuring cause dispute at the end of the transaction. Upon questioning by panel members, REALTOR® X admitted he had no personal knowledge of any instance in which REALTOR® Z had refused to cooperate with any other broker, but assumed that his failure to pay the compensation REALTOR® X felt he had earned was likely how REALTOR® Z treated other brokers.

YES

Do you think Realtor B is  
in violation of the Code?

NO



The Hearing Panel, in its deliberations, noted that cooperation and compensation are not synonymous. In fact, Standard of Practice 3-10 provided that 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. In that respect, the Hearing Panel felt REALTOR® Z had, in fact, cooperated with REALTOR® X. However, to characterize REALTOR® Z's refusal to pay requested compensation because of a genuine commission dispute as a "refusal to cooperate", and to make the assumption and subsequent statement that REALTOR® Z "did not cooperate with other brokers", was false, misleading, and not based on factual information. Consequently, REALTOR® X was found in violation of Article 15.

# 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.**

At the conclusion of a detailed listing presentation, REALTOR® B asked the sellers whether they had any questions. "No," said Seller Z. "Your presentation was professional and complete and we very much appreciate your time. We have appointments with two other firms and after we talk to them we'll make our decision." REALTOR® B thanked the sellers and encouraged them to contact him with any questions they might have. "I really look forward to being your broker," he added.

Several days later, REALTOR® B noticed that Seller Z's property had come on the market, listed with REALTOR® A. REALTOR® B and REALTOR® A were friends, but were also quite competitive, both frequently pursuing the same potential seller-clients. "I wonder why Seller Z decided to list with REALTOR® A," mused REALTOR® B, "it won't matter if I just call and ask why they decided to list with my friend REALTOR® A instead of me." REALTOR® B called the sellers and left a message on their voicemail asking for a return call at their convenience.



That evening, Seller Z returned REALTOR® B's phone call. REALTOR® B started the conversation by thanking Seller Z and his wife for their time. "What I'd like to know is why you chose to give your listing to REALTOR® A instead of me?" he then asked. "Don't get me wrong, REALTOR® A is a good broker and will do a good job for you. I'm not suggesting you cancel your listing with REALTOR® A but if your listing expires and REALTOR® A hasn't sold it, I'd be pleased to talk to you about listing with me."

Seller Z did not follow up on REALTOR® B's offer and the following weekend at REALTOR® A's open house Seller Z and his wife recounted REALTOR® B's follow-up phone call. Over the next few days REALTOR® A debated filing an ethics complaint. He weighed his friendship with REALTOR® B against what he saw as his duty to bring potentially unethical conduct to the attention of the association of REALTORS®. Somewhat reluctantly, he filed an ethics complaint alleging a violation of Article 16, as interpreted by Standard of Practice 16-13.

At the hearing, REALTOR® A called Seller Z as a witness. Seller Z faithfully recounted the substance of REALTOR® B's conversation with Seller Z and his wife, commenting that while REALTOR® B had said he was only trying to understand why he hadn't been given the listing, it appeared to Seller Z that REALTOR® B wanted Seller Z to cancel his listing with REALTOR® A. Then REALTOR® B testified in his own defense. He acknowledged he had been aware that REALTOR® A had already exclusively listed the property when he contacted Seller Z and asked for a follow-up appointment. He defended his actions stating he was not trying to induce Seller Z to cancel the listing, he was simply trying to find out what he had said – or failed to say – that led Seller Z to list with REALTOR® A instead of with him, and wanted Seller Z and his wife to be fully aware of the services he would provide if their listing with REALTOR® A expired.



YES

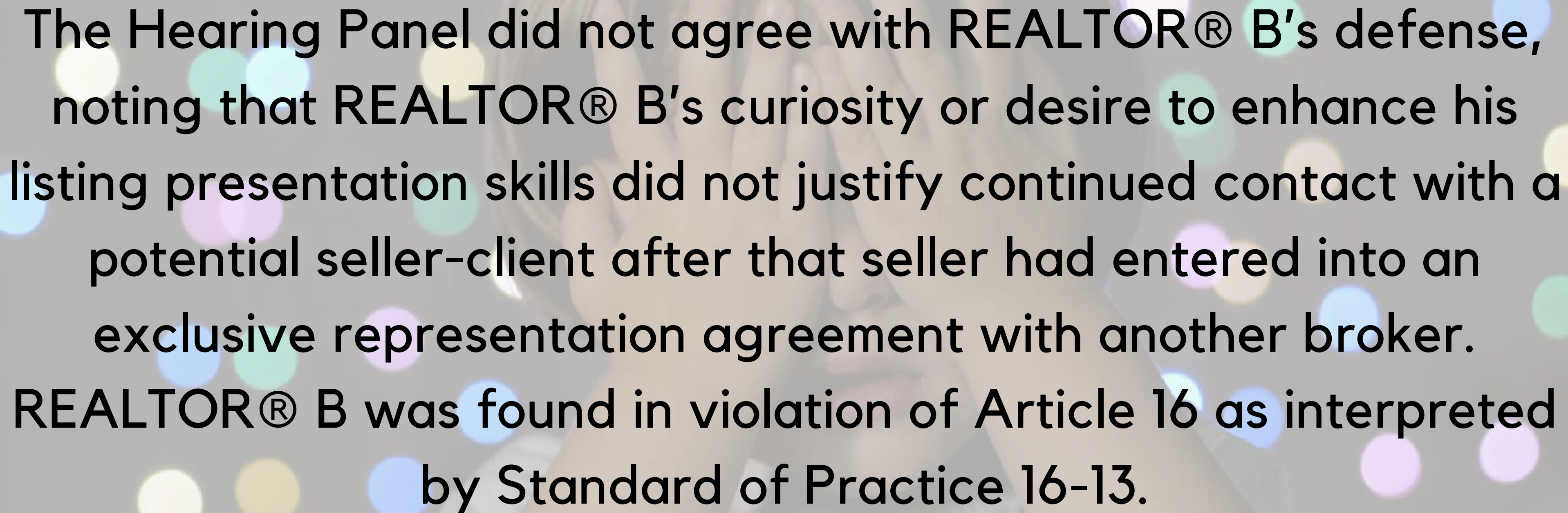
Do you think Realtor B is  
in violation of the Code?

NO

# Article 16

## 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.**



The Hearing Panel did not agree with REALTOR® B's defense, noting that REALTOR® B's curiosity or desire to enhance his listing presentation skills did not justify continued contact with a potential seller-client after that seller had entered into an exclusive representation agreement with another broker. REALTOR® B was found in violation of Article 16 as interpreted by Standard of Practice 16-13.





# *Part Six*

*Pathways to  
Professionalism and  
Marketing the Code of  
Ethics*

# *Using the Code of Ethics in Your Business*

- Provides a competitive advantage
- Guarantees customer will receive accurate, timely information and their interests will always be served first
- Use as a tool when training new agents
- A continual reminder of the professional services REALTORS® provide



A group of five business professionals are seated around a conference table in a modern office setting. From left to right: a woman with dark hair in a grey sleeveless top, a man with a beard in a grey blazer holding a blue mug, an older woman with short white hair and glasses in a light blue shirt, a man in a dark suit, and a woman with dark hair in a white shirt gesturing with her hand. There are laptops, a coffee cup, and a pen holder on the table. The background shows a staircase and office lights.

# *Look to the Code for Guidance*

- Use it to model your professional behavior when confronted with questions such as . . .
  - Should I work with more than one agent?
  - What do you think about this other agent?



# *The Code is Available in 15 Different Languages!*

- You can assist foreign buyers who might have difficulty understanding the code by printing it in a language they understand
  - English
  - Chinese (Simplified & Traditional)
  - Danish
  - French
  - German
  - Italian
  - Japanese
  - Korean
  - Portuguese
  - Romanian
  - Russian
  - Spanish
  - Tagalog
  - Vietnamese

# *Promote Your Ethical Responsibility to the Consumer*

- The Code can be used as a marketing tool
- Shows consumer you have agreed to abide by this standard of professionalism
- Code can be printed and customized with your company name
- Display your REALTOR® pin
- Reference the code in all your professional correspondence

# *The Pathway to Professionalism:*

## *Six Timeless Tips*



Follow the “Golden Rule”

Show courtesy and respect to everyone

Communicate with all parties in a timely fashion

Always present a professional appearance

Be aware of and meet all deadlines

Be aware of and respectful of all cultural differences



# *Respect for Property*

1. When showing a property, be responsible for your clients/customers and keep the group together.
2. Make reasonable and timely accommodations to provide access to listed properties.
3. Make reasonable and timely requests to access listed properties.
4. Leave the property as you found it (lights, heating, cooling, drapes, etc.) If you think something is amiss (e.g. vandalism), contact the listing broker immediately.
5. Be considerate of the seller's property. Do not allow anyone to eat, drink, smoke, dispose of trash, use bathing or sleeping facilities, or bring pets. When instructed or appropriate, remove footwear when entering property.
6. Obtain permission from appropriate parties (e.g., listing broker) before photographing, videographing, or streaming the interiors or exteriors of properties, or allowing others to do so.

# *Respect for the Public*

1. Follow the "Golden Rule": Do unto other as you would have them do unto you.
2. Respond promptly to inquiries and requests for information.
3. Schedule appointments and showings as far in advance as possible.
4. Communicate promptly if you are delayed or must cancel an appointment or showing. If a prospective buyer decides not to view an occupied home, promptly communicate the situation to the listing broker or the occupant.
5. When entering a property ensure that unexpected situations, such as pets, are handled appropriately.
6. Never criticize property in the presence of the occupant.
7. When showing an occupied home, always ring the doorbell or knock—and announce yourself loudly before entering.  
Knock and announce yourself loudly before entering any closed room.
8. Present a professional appearance.
9. If occupants are home during showings, ask their permission before using the bathroom.
10. Encourage the clients of other brokers to direct questions to their agent or representative.
11. Communicate clearly; ensure specialized language and real estate terminology is understood.
12. Be aware of and respect cultural differences. Show courtesy and respect to everyone.
13. Be aware of—and meet—all deadlines.
14. Promise only what you can deliver—and keep your promises.
15. Do not tell people what you think—tell them what you know

# *Respect for Peers*

1. Respond to other real estate professionals' communications promptly and courteously.
2. Contact the listing broker if there appears to be a discrepancy in the listing information.
3. Inform anyone accessing the property about important information, (e.g., pets, security systems, video and audio recording equipment).
4. Inform if sellers or listing agent will be present during the showing.
5. Show courtesy, trust, and respect to other real estate professionals.
6. Avoid the inappropriate use of endearments or other denigrating language.
7. Do not prospect at other REALTORS®' open houses or similar events.
8. Secure property and lockbox and/or return keys promptly.
9. Real estate is a reputation business. What you do today may affect your reputation—and business—for years to come.



***Let's test your Code of Ethics knowledge!***

**Answer True or False**

**All REALTORS® are bound by the Code of Ethics.**

**TRUE**

**Remember, regardless of real estate business specialty, all  
REALTORS® are bound  
by the Code of Ethics.**



**The authority to conduct arbitration is established in  
Article 17 of the Code of Ethics.**

**TRUE**

Specifically, as outlined in Standard of Practice 17-4.

**When the Code of Ethics and state law conflict, state law takes precedence.**



**TRUE**

The Code of Ethics is never opposed to the law.

**Boards and associations have considerable latitude  
determining how Ombudsmen will be utilized.**

**TRUE**

Ombudsman handle a variety of issues related to potential ethics violations before they mature into formal complaints.



**The Code of Ethics is divided into three major sections, titled: "Duties to Clients and Customers", "Duties to the Public", and "Duties to Community."**

**FALSE**

It is “Duties to other REALTORS®” and NOT “Duties to Community.”

**The Standards of Practice support, interpret, and  
amplify their respective Articles.**



**TRUE**

**First adopted in 1913, the purpose of the Code of Ethics was to establish a professional standard of conduct for real estate practitioners.**

**TRUE**

Before the first adopted Code of Ethics there was speculation,  
exploitation, and general disorder.



**The official “Interpretations of the Code of Ethics” are specific fact situations that explain the Articles and Standards of Practice of the Code of Ethics.**

**TRUE**

Only those found at [nar.realtor](#) are approved and sanctioned  
as official case interpretations.

**Only REALTORS® may file ethics complaints and  
make requests for arbitration.**



**FALSE**

**Anyone may file an ethics complaint against a REALTOR® at any board or association where that REALTOR® holds membership.**

**The Code of Ethics always has required that REALTORS® respect other brokers' exclusive relationships.**

**TRUE**

One of the two original sections in the Code of Ethics adopted in 1913 was "Duties to other Brokers."



**The Code of Ethics is continually reviewed and revised.**

**TRUE**

This is why it is considered a living document.

**Decisions in arbitration hearings cannot be appealed.**



**FALSE**

The process is called a Procedural Review. It can be filed if a party feels there was a lack of due process or a procedural deficiency.

**The Preamble to the Code of Ethics, if violated, may  
be the basis for disciplinary action.**

**FALSE**

Only Articles of the Code of Ethics may be violated.



**The Code of Ethics includes 17 Articles that are broad statements of ethical principles.**

**TRUE**

**Enforcing the Code of Ethics rests with each state's  
regulatory body and each local association of  
REALTORS®.**



**FALSE**

Enforcing the Code of Ethics does not rest with a state's regulatory body (DBPR). State regulatory bodies often have their own procedures for processing complaints unrelated to NAR's Code of Ethics.

**Ethics complaints only cover disputes between  
REALTORS® of different firms over referral fees.**

**FALSE**

Ethics complaints are related to perceived unethical behavior.



**REALTORS® should refrain from using harassing speech, hate speech, epithets, or slurs.**

# TRUE

According to Article 10, Standard of Practice 10-4,  
“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.”

**Mediation is optional at MIAMI Association of  
REALTORS®.**

**FALSE**

Mediation is **mandatory** at MIAMI. If unsuccessful, the matter is scheduled for an Arbitration hearing.



**Disciplinary action in an ethics hearing can include a fine of no more than \$1,000.**

**FALSE**

The maximum fine allowed is \$15,000.

**The standard of proof in an arbitration hearing is a  
“preponderance of evidence.”**

**TRUE**



**The Code of Ethics is available for download in more than a dozen languages.**

**TRUE**

The Code of Ethics is available in approximately 15 different languages.

**An Ombudsman determines entitlement to compensation in an Arbitration hearing.**

**FALSE**

The Award of Arbitrators in an Arbitration hearing is determined by a panel of five Professional Standards Committee members.



**Mediation is the preferred dispute resolution system  
of the National Association of Realtors®.**

**TRUE**

**Based on Pathways to Professionalism guidelines, one way a REALTOR® can demonstrate respect for property is by notifying the listing broker if inaccurate information appears on a listing.**

**FALSE**

This point is made in "Respect for Peers."



**The Code of Ethics is what sets REALTORS® apart from other real estate professionals, because it establishes a higher level of performance and professionalism.**

**TRUE!**

A group of six diverse business professionals in an office setting. They are all smiling and looking at documents or papers they are holding. The background shows office shelves and a whiteboard. The image has a dark, semi-transparent overlay.

# Thank You for Being a MIAMI Member!

PROFESSIONALSTANDARDS@MIAMIRE.COM

(305) 468-7000

# REALTOR® PLEDGE

I AM A REALTOR®

I Pledge Myself

To strive to be honorable and to abide by the Golden Rule;

To strive to serve well my community, and through it, my country;

To abide by the REALTORS'® Code of Ethics and to strive to conform my conduct to its aspirational ideals;

To act honestly in all real estate dealings;

To protect the individual right of real estate ownership and to widen the opportunity to enjoy it;

To seek better to represent my clients by building my knowledge and competence.