

PROFESSIONAL STANDARDS

Doing it Right

Student Manual 2026

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2019 NAR Committee Liaison, Law and Policy

2014 Chair, NAR Interpretations and Procedures Advisory Board

2013 Chair, NAR Interpretations and Procedures Advisory Board

2012 Chair, NAR Professional Standards Committee

2011 President, North Carolina Association of REALTORS®

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History of the Code of Ethics

Pre-1900

- There was no licensing of real estate practitioners.
- Speculation, exploitation, and disorder was the rule.
- *Caveat emptor* (buyer beware) governed transactions.

1908

- NATIONAL ASSOCIATION OF REALTORS® formed

1913

- Code of Ethics adopted
 - Established professional standards of conduct.
 - The first business ethical code, after those of medicine, engineering, and law.
 - Standards to protect the buying and selling public.

1989 - the Present

- Since 1989 the Code has changed almost each year
 - Are you familiar with the most recent changes?
 - How the Code is enforced?
 - How to use the Code to your benefit?

The Code 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.

3. Business Ethics and the Code

- What are "business ethics?"
 - Industry codes and standards
 - Company policies and practices
 - Individual values
- Legal standards generally set minimum standards of conduct required by law, while ethical standards encompass principles higher than legal standards.
- Business ethics and the REALTORS® Code of Ethics

Note: REALTORS® engage in many specialty areas and may be subject to the various codes and canons of those fields (such as legal ethics, the Uniform Standards of Professional Appraisal Practice [USPAP], the National Auctioneers Association [NAA] Code of Ethics, and the codes of the NATIONAL ASSOCIATION OF REALTORS®' Institutes, Societies, and Councils, etc.).

Regardless of their real estate specialties or fields of practice, all REALTORS® are bound by the Code of Ethics of the NATIONAL ASSOCIATION OF REALTORS®.

Structure and Major Categories of the Code

1. Aspirational Concepts of the Preamble to the Code

- Under all is the land . . .
- The Golden Rule
- “Widely allocated ownership” and “widest distribution of land ownership”
- Maintain and improve the standards of our calling.
- Share our common responsibility for the integrity and honor of the real estate profession.
- Become and remain informed about issues affecting real estate.
- Share your experience and expertise with others.
- Identify and eliminate practices that damage the public or might discredit or bring dishonor to the real estate profession.
- Urge exclusive representation of clients.
- Refrain from taking unfair advantage of your competitors.
- Don't make unsolicited comments about other practitioners.
- If your opinion is sought about a competitor (or if you believe a comment is necessary), offer it in an objective, professional manner.
- Remember, the term “REALTOR®” stands for competency, fairness, high integrity, moral conduct in business relations.
- Keep in mind that no inducement of profit or instruction from clients can justify departure from the Code's duties.

Important Note: The Preamble may **not** be the basis for disciplining a REALTOR®.

2. Sections of the Code

- Three major sections
 - Duties to Clients and Customers
 - Duties to the Public
 - Duties to REALTORS®
- The Code's 17 Articles are broad statements of ethical principles

Important Note: Only violations of the Articles can result in disciplinary action.

- The Standards of Practice support, interpret, and amplify the Articles under which they are stated
 - REALTORS® may not be found in violation of a Standard of Practice, only its foundational Article.
 - Standards of Practice may be cited in support of an alleged violation of an Article (such as a violation of Article 1, as interpreted by Standard of Practice 1-3).
- “Interpretations to the Code of Ethics” (or Case Interpretations) found on nar.realtor include specific applications of the Articles and/or Standards of Practice.

Part 3: Code of Ethics: Arbitration Process

1. Background

- Ethics complaints deal with the perceived unethical “action” or “conduct” of a REALTOR®.
- Arbitration requests deal with contractual disputes or specific non-contractual disputes identified in Standard of Practice 17-4 of the Code of Ethics, involving money arising out of a real estate transaction.
- Mediation is the National Association's preferred dispute resolution system for otherwise arbitrable disputes.
- As of 2000, all REALTOR® associations must offer mediation as an optional service to its REALTORS®.
- In mediation, the disputing parties work with a neutral third-party, a mediation officer, to identify and discuss the issues relative to the dispute and to craft an enforceable resolution voluntarily entered into between the parties.
- Many difficulties between real estate professionals (whether REALTORS® or not) result from misunderstandings, miscommunication, or lack of adequate communication.

- Prior to pursuing an ethics complaint, arbitration request or mediation request, REALTORS® are encouraged to work with each other to resolve their differences.

2. Background

Arbitration is defined by -- and the arbitration of disputes is limited to -- circumstances that fall within the parameters of Article 17.

- They must be "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®.**"
 - For example, the desire to collect damages for an automobile accident is not an arbitrable matter under the Code just because two REALTORS® were involved in the accident. Such a claim is not one "arising out of their relationship as REALTORS®" as provided in Article 17.
- Arbitration requests must be filed within one hundred eighty (180) days after:
 - the closing, if any

or

 - the realization that a dispute existed, whichever is later.

Arbitration can be mandatory or voluntary. Participants in arbitration are:

Mandatory	Voluntary
REALTOR® principals associated with different firms	REALTORS® within the same firm
REALTOR® principals associated with different firms when requested by their REALTOR® licensees	REALTORS® and real estate professionals that do not hold REALTOR® membership
Clients and the REALTOR® principals who represent them as agents. In this situation, the client must agree to arbitrate the dispute through the association of REALTORS®.	REALTORS® and customers (no agency relationship)

3. Grievance Committee

Role of the Grievance Committee

A Grievance Committee makes a preliminary review of ethics complaints and arbitration requests to determine if a full due process hearing is warranted.

The Grievance Committee handles:

- **Ethics** complaints to determine if the complaint supports a violation of the Article(s) cited.

- **Arbitration** requests to determine if the request relates to a monetary dispute arising out of a real estate transaction that is properly subject to arbitration.

An appeal to the local association's Board of Directors can be made:

- If the Grievance Committee dismisses an ethics complaint or arbitration request
- Over the classification of the dispute as "voluntary" or "mandatory"

Once the Grievance Committee forwards an ethics complaint or arbitration request for hearing, the parties will have the opportunity to present their case to a hearing panel for a determination on the merits, unless the hearing panel chair or one of the parties believes there was a mistake in forwarding the matter to a hearing in the first place, in which case the hearing panel can consider that objection in what is called a "pre-hearing meeting."

4. Professional Standards Hearings

What is a Professional Standards Hearing?

Professional Standards hearings for ethics and arbitration are full "due process" hearings, including sworn testimony, and if desired by a party, representation by counsel.

Hearings are to be fair, unbiased, and impartial, to determine, based on the evidence and testimony presented, whether a violation of the Code occurred or an award should be rendered.

Who hears complaints?

Hearing panelists:

- are unpaid volunteers giving their time as an act of association service.
- can be disqualified from serving if it is determined that they are incapable of rendering an impartial decision.

At the hearing

1. Each party may make an opening statement to present their case.
2. Witnesses may be called to provide testimony.
3. Witnesses can be cross-examined by the other party.
4. Supporting documents/information may be presented.
5. Parties may make closing arguments.

The decisions of hearing panels

- Decisions are based on the evidence and testimony presented during the hearing.
- Hearing panels cannot conclude that an Article of the Code has been violated unless that Article(s) is specifically cited in the complaint.

5. Professional Standards Hearings: Ethics Hearing Results

Who can serve as counsel in an ethics hearing?

In Ethics Hearings, "counsel" can include legal representation and representation by another REALTOR® knowledgeable in the Code.

The Burden of Proof

Respondents in Ethics Hearings 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," defined as the "measure or degree of proof which will produce a firm belief or conviction as to the allegations sought to be established."

Ethics Hearing Panel Decisions

The hearing panel's decision includes:

1. Findings of fact
2. Conclusion
3. Recommended discipline (if any).

Findings of Fact

The findings of fact are the story behind the hearing panel's conclusion. The findings of fact are a written account of what took place based on the panel's assessment of all of the evidence and testimony presented. Findings of fact are not appealable and must support the hearing panel's conclusion.

Discipline

Discipline should correspond to the offense and the severity of the REALTORS®' actions.

- Unintentional or inadvertent violations should result in penalties designed to educate
- Intentional violations or repeated violations should result in more severe sanctions

Authorized forms of discipline include:

- Letters of warning or reprimand
- Fines up to \$15,000
- Attendance at educational courses/seminars
- Suspension or termination of membership
- Suspension or termination of services including MLS.

6. Professional Standards Hearings: Arbitration Hearing Results

The Standard of Proof

The standard of proof in which an arbitration hearing decision is based shall be a "preponderance of the evidence," defined as, "evidence which is of greater weight or more convincing than the evidence which is offered in opposition to it, that is, evidence which as a whole shows that the facts sought to be proved are more probable than not." *There are no findings of fact in arbitration.*

Arbitration Awards

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.

Making an Appeal

The fact that a hearing panel found no violation of the Code of Ethics is not appealable.

If a party believes that the hearing process was seriously flawed to the extent of denying a full and fair hearing, there are procedures for both ethics and arbitration to appeal that decision on what is called a "procedural deficiency."

Grounds for Appeal

In addition to procedural deficiencies, appeals brought by ethics respondents can also be based on:

- A perceived misapplication or misinterpretation of one or more Articles of the Code of Ethics
- The nature or gravity of the discipline proposed by the hearing panel

The appeal panel's decision is final.

7. Mediation

What is Mediation?

Mediation a powerful tool to help disputing REALTORS®, and sometimes REALTORS® and their clients, resolve disputes that might otherwise be arbitrated.

- Mediation must be offered by an association of REALTORS® as an alternative to arbitration. If the mediation is unsuccessful, the parties are free to arbitrate.
- Mediation is typically a voluntary process, though REALTOR associations can mandate mediation of otherwise arbitrable disputes pursuant to Article 17.
- Mediation can resolve disputes, promote amicable resolutions, and reduce the number of cases requiring the more formal and complex arbitration procedures of the association of REALTORS®.

Mediation Officer

The mediation officer is a neutral third party. If any party objects to the mediation officer (i.e., potential conflict of interest) another mediation officer can be assigned.

8. Benefits of Mediation

- Mediation process is private
- The parties have complete control over the outcome
- The mediator officer is an experienced facilitator familiar with real estate practice and custom
- Low cost
- Improves relationships (parties respond to each other and explain/explore information, needs, ideas and feelings)
- Maximum range of solutions beyond money.

Difference Between Mediation and Arbitration

Mediation	Arbitration
Low cost	Moderate cost
Little delay	Moderate delay
Maximum range of solutions	Win/lose/split
Parties control the outcome	Arbitrators control the outcome
Uncertain closure	Definite closure
Maintains/improves relationships	May harm relationships

Ombudsman Services

1. Introduction

What is an Ombudsman?

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

What is the purpose of an Ombudsman?

Ombudsman procedures are intended to provide enhanced communications and initial problem-solving capacity at the local level.

Many "complaints" received by boards and associations do not expressly allege violations of 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.

Who must provide Ombudsman services?

All associations must provide ombudsman services to their members and members' clients and customers, according to Professional Standards Policy Statement #59: Associations to Provide Ombudsmen Services, *Code of Ethics and Arbitration Manual*.

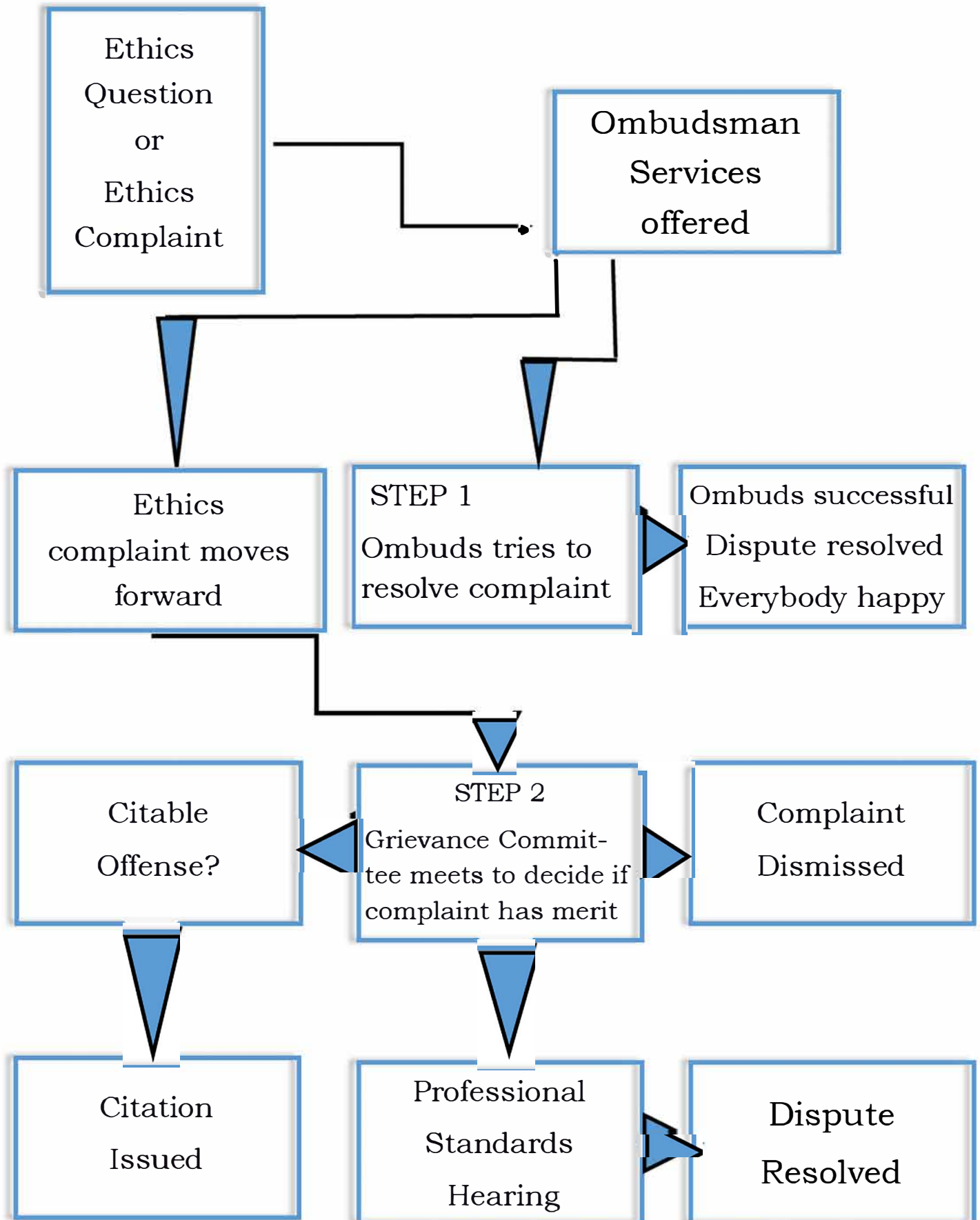
6. Referrals to the Grievance Committee or to State Regulatory Bodies

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 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.

Answer the following questions by stating where you would find the phrase/paraphrase. They may be found in the Preamble or in an Article. State the specific area: Preamble, Article or Standard of Practice.

1. _____ REALTORS® shall not accept any commission, rebate or profit on expenditures made for their client, without the client's knowledge & consent.
2. _____ 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.
3. _____ REALTORS®, acting as listing brokers, have an affirmative obligation to disclose the existence of dual or variable rate commission arrangements.
4. _____ REALTORS® shall not knowingly or recklessly make false or misleading statements about other real estate professionals, their businesses, or their business practices.
5. _____ REALTORS® shall disclose the existence of accepted offers, including offers with unresolved contingencies, to any broker seeking cooperation
6. _____ REALTORS®, when acting as principals in a real estate transaction, remain obligated by the duties imposed by the Code of Ethics
7. _____ REALTOR® firm websites shall disclose the firm's name and state(s) of licensure in a reasonable and readily apparent manner.
8. _____ 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.
9. _____ REALTORS® may not refuse to cooperate on the basis of a broker's race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity.
10. _____ When acting as a listing Broker, REALTORS® shall not access or use, or permit or enable others to access or use property on terms or conditions other than those established by the owner or seller.

Ethics Enforcement



Summary of Administrative Time Frames—Ethics Proceedings

Situation

Time Table

Grievance Complaint filed	180 days . . .
Response required/# of days to submit	15 days from request for response being transmitted if response solicited
Complainant's appeal to Directors	20 days from transmittal of dismissal notice
Directors review	Next meeting

Professional Standards

Respondent provides response	15 days from request for response being transmitted; staff transmits response to the complainant within 5 days from receipt
Challenge forms	10 days to challenge from date forms transmitted to parties
Panel named	5 days after challenge forms are due
Hearing notice	21 days in advance of hearing
Complaint/response to panel	Board option
Notice of witnesses and counsel	15 days before hearing to Board /other party
Adjourned hearing	Not less than 15 days or more than 30 days from hearing (unless a "late" witness is allowed and then not less than 5 days from hearing)
Decision filed	Day of hearing, or no later than 48 hours after hearing
Transmit decision	5 days after decision filed with staff, except if it is necessary to obtain counsel's review

Appeal

Appeal filed	20 days after decision transmitted
Preliminary review	Within 10 days after appeal transmitted to association
Amendment received	Within 10 days of notice
Appeal heard	Next/special meeting giving 10 days minimum notice, but not later than 45 days after receipt
of appeal; Directors' written decision transmitted to parties within 5 days of appeal hearing.	(Revised 11/17)

Section 19. Grievance Committee's Review of an Ethics Complaint

A. Initial action upon receipt of an ethics complaint

Upon receipt of an ethics complaint from the Professional Standards Administrator, the Chairperson of the Grievance Committee shall review the complaint. Any evidence and documentation attached will be considered only to the extent necessary to determine whether a complaint will be referred for hearing. The Chairperson may assign one or more members of the Grievance Committee to review the complaint and to make any necessary evaluation. The member(s) may, if necessary, gather additional information on the matters complained of from the complainant if additional information is necessary to determine whether a complaint will be referred for hearing. The complaint shall be provided to the assigned members by the Professional Standards Administrator upon instruction from the Chairperson. *(Amended 11/15)*

The reviewer(s), if appointed, shall complete the assignment promptly and prepare a report and recommendation for the Grievance Committee. After reviewing the report, the Chairperson shall schedule a meeting of the Grievance Committee and may instruct the Professional Standards Administrator to provide members of the Grievance Committee with copies of the case file including the reviewer's report, if any. At the option of the Board, such file may be sent to the Grievance Committee members prior to the meeting or may be distributed at the meeting. *(Amended 4/94)*

B. Consideration of an ethics complaint by the Grievance Committee

In reviewing an ethics complaint, the Grievance Committee shall consider the following:

- (1) Yes___ No___ Is the ethics complaint acceptable in form as received by the Committee? If not in proper form, the Chairperson may request that the Professional Standards Administrator contact the complainant to advise that the complaint must be submitted in proper form. *(Revised 11/15)*

NOTE: *If deemed appropriate by the Chairperson, a member of the Grievance Committee may be assigned to contact the complainant and to provide procedural assistance to amend the complaint or resubmit a new complaint in proper form and with proper content. The Grievance Committee member providing such assistance shall ensure that only procedural assistance is provided to the complainant, and that the complainant understands that the member is not representing the complainant or advocating on behalf of the complainant.*
(Revised 11/15)

- (2) Yes___ No___ Are all necessary parties named in the complaint?
- (3) Yes___ No___ Was the complaint filed within one hundred eighty (180) days of the time that the alleged offense and facts relating to it could have been known by the complainant in the exercise of reasonable diligence or within one hundred eighty (180) days after the conclusion of the transaction or event, whichever is later? *(Revised 5/11)*
- (4) Yes___ No___ Is the respondent named in the complaint a member of the Board, and was the respondent a member of any Board at the time of the alleged offense?

- (5) Yes____ No____ Is criminal or civil litigation or any government agency investigation or other action pending related to the same facts and circumstances giving rise to the complaint alleging unethical conduct?
- (a) If criminal or civil litigation is pending related to the same facts and circumstances giving rise to the complaint alleging unethical conduct, the Grievance Committee shall instruct the Professional Standards Administrator to have Board legal counsel review the complaint filed and advise if any hearing should proceed (presuming the matter would otherwise warrant a hearing), with counsel considering the following:
- (1) similarity of factors giving rise to pending litigation or regulatory or administrative proceeding and the ethics complaint
 - (2) degree to which resolution of the pending litigation or regulatory or administrative proceeding could make consideration of the ethics complaint unnecessary
 - (3) degree to which pending litigation or regulatory or administrative proceeding would delay prompt disposition of the ethics complaint
 - (4) the nature of the alleged violation and the extent to which it could impact on cooperation with other Board Members
 - (5) the assurance of Board legal counsel that consideration of an ethics complaint would not deprive the respondent of due process
(Revised 11/18)
- (6) Yes____ No____ Is there any reason to conclude that the Board would be unable to provide an impartial Hearing Panel?
- (7) Yes____ No____ Are the specific Articles cited in the complaint appropriate in light of the facts provided? Should additional Articles be cited? Should certain Standards of Practice be cited in support of the Articles charged? Are any inappropriate Articles cited?
- (8) Yes____ No____ If the facts alleged in the complaint were taken as true on their face, is it possible that a violation of the Code of Ethics occurred? Complainants are not required to prove their case when initially filing an ethics complaint. A complaint may not be dismissed for lack of evidence if the allegation(s), taken as true on their face, could constitute a violation of the Code of Ethics and the complaint is in an otherwise acceptable form. *(Revised 11/15)*

If all relevant questions have been answered to the satisfaction of the Grievance Committee, and the allegations, if taken as true, could constitute a violation of the Code of Ethics, the Grievance Committee shall refer the complaint to the Professional Standards Committee for a hearing by an ethics Hearing Panel. *(Revised 11/15)*

GRIEVANCE COMMITTEE ACTION ON AN ETHICS COMPLAINT

Case Number:

Complainant:

Respondent:

The Decision is:

Yes___ No___ The Complaint referenced above is hereby referred to a Hearing Panel of the Professional Standards Committee for a hearing as a matter of an alleged violation of Article of the National Association Code of Ethics. A hearing date will be scheduled with a minimum of 21 day notice.

The Complaint ___ was ___ was not amended by the Committee.

If Amended:

Deleted Articles:

Reason:

Added Articles:

Reason:

Additional documentation, if any, needed for the hearing:

___ The Complaint referenced above should NOT be referred to a Hearing Panel because:

Check blank if appropriate:

___ The Complaint, even if the allegations are true, does not support a violation of the Code of Ethics.

___ The Complaint was filed more than 180 days after the facts constituting the matter could have been known in the exercise of reasonable diligence.

Chairman: _____ Date: _____

Section 42. Grievance Committee's Review and Analysis of a Request for Arbitration

A. Initial action upon receipt of a request for arbitration

The reviewer(s), if appointed, shall complete the assignment promptly and prepare a report and recommendation for the Grievance Committee. After reviewing the report, the Chairperson shall schedule a meeting of the Grievance Committee and may instruct the Professional Standards Administrator to provide members of the Grievance Committee with copies of the case file including the review's report, if any. At the option of the Board, such file may be sent to the Grievance Committee members prior to the meeting or may be distributed at the meeting. *(Amended 4/94)*

B. Consideration by the Grievance Committee of a request for arbitration

In reviewing a request for arbitration, the Grievance Committee shall consider the following:

- (1) Yes___ No___ Is the request for arbitration acceptable in the form as received by the committee? If not in proper form, the Chairperson may request that the Professional Standards Administrator contact the complainant to advise that the request must be submitted in proper form. *(Revised 11/15)*

NOTE: *if deemed appropriate by the Chairperson, a member of the Grievance Committee may be assigned to contact the complainant and to provide procedural assistance to amend the request or resubmit a new request in proper form and with proper content. The Grievance Committee member providing such assistance shall ensure that only procedural assistance is provided to the complainant, and that the complainant understands that the member is not representing the complainant or advocating on behalf of the complainant. (Revised 11/15)*

- (2) Yes___ No___ Are all necessary parties named in the request for arbitration? The duty to arbitrate is an obligation of REALTOR® principals. REALTOR® principals include 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.

- (3) Yes___ No___ Was the request for arbitration filed within one hundred eighty (180) days after the closing of the transaction, if any, or within one hundred eighty (180) days after the facts constituting the arbitrable matter could have been known in the exercise of reasonable diligence, whichever is later?

- (4) Yes___ No___ Are the parties members in good standing or otherwise entitled to invoke arbitration through the Board's facilities? Were the parties members at the time the facts giving rise to the dispute occurred?

- (5) Yes___ No___ Is litigation concerning an otherwise arbitrable matter pending in connection with the same transaction?

NOTE: *No arbitration shall be provided on a matter pending litigation unless the litigation is withdrawn with notice to the Board and request for arbitration, or unless the court refers the matter to the Board for arbitration.*

- (6) Yes___ No___ Is there any reason to conclude that the Board would be unable to provide an impartial Hearing Panel?

- (7) Yes___ No___ If the facts alleged in the request for arbitration were taken as true on their face, is the matter at issue related to a real estate transaction and is it properly arbitrable, i.e., is there some basis on which an award could be based?
- (8) Yes___ No___ If an arbitrable issue exists, are the parties required to arbitrate or is their participation voluntary?
- (9) Yes___ No___ Is the amount in dispute too small or too large for the Board to arbitrate?
- (10) Yes___ No___ Is the matter too legally complex, involving issues that the arbitrators may not be able to address in a knowledgeable way?
- (11) Yes___ No___ Are there a sufficient number of knowledgeable arbitrators available?

If all of the relevant questions have been considered, and a majority of the Grievance Committee conclude that the matter is properly arbitrable by the Board, the Grievance Committee shall send the request for arbitration to the Chairperson of the Professional Standards Committee for arbitration by an arbitration Hearing Panel. Complainants are not required to prove their case when initially filing an arbitration request. An arbitration request may not be dismissed for lack of evidence if the arbitration request is otherwise arbitrable, timely filed, and the arbitration is one of the circumstances described in Section 44, Duty and Privilege to Arbitrate. (Revised 11/15)

GRIEVANCE COMMITTEE ACTION ON ARBITRATION REQUEST

Yes ___ No ___ The matter describes a mandatory arbitration situation, involving a dispute:

___ Between a REALTOR® principal or Non-(principal) member of different firms.

___ Between a REALTOR® or Non- member (other than a principal) and another REALTOR® or Non- member (other than a principal) in a different firm provided the principal joins in the Request and requests arbitration with the principal broker of the other firm.

___ Between a client and a REALTOR® , if the client agrees to be bound by the arbitration.

OR

Yes ___ No ___ The matter describes a voluntary arbitration situation, involving a dispute:

___ Between REALTORS® and Non-principals affiliated with the same firm.

___ Between REALTORS® (principals) or Non-resident (principals) and non-member brokers.

___ Between a customer and a REALTOR® or a Non-resident member. If a contractual agreement has been created and all parties agree to be bound by the decision.

The Grievance Committee has determined that the Arbitration Request is:

___ Appropriate for Arbitration for the Association and constitutes a mandatory arbitration situation

___ Constitutes a voluntary arbitration situation.

___ Not Appropriate for Arbitration by the Association.

Chairman: _____ Date: _____

Pathways to Professionalism

The Code of Ethics and Standards of Practice of the National Association of REALTORS® establishes objective, enforceable ethical standards governing the professional conduct of REALTORS®. This list of suggested professional courtesies is meant to complement the Code of Ethics, may not be all-inclusive, and may be supplemented by local custom and practice.

These professional courtesies are intended to be used by REALTORS® on a voluntary basis and cannot form the basis for a professional standards complaint.

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 rooms.
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 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 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.

(Revised 5/23)

Appendix XI to Part Four

Ethics Mediation

Adoption of ethics mediation procedures

Ethics mediation is a process that may be adopted at the discretion of boards and associations. Ethics mediation will require adoption of these procedures (either verbatim or as amended locally) by action of the local board of directors (or as otherwise provided in the local bylaws).

Appointment of mediators

The chair of the Professional Standards Committee and/or the Board President will select one or more ethics mediators to act on behalf of the committee. Mediators should be thoroughly familiar with the Code of Ethics, state real estate regulations, and current real estate practice.

Complaints that may be mediated

Complaints brought by the public or by other REALTORS® may be mediated under these procedures. Complaints brought by the Grievance Committee may not be mediated.
(Revised 11/21)

Initiation of ethics mediation procedures

The ethics mediation process can be initiated in two ways. First, through filing a written ethics complaint. Second, through a personal, telephone, or written inquiry or complaint generally alleging potentially unethical conduct but which (a) is not filed on the appropriate form or (b) is not specific as to which Article(s) may have been violated.

Where a written ethics complaint in the appropriate form is received, it will be reviewed by the Grievance Committee so a determination can be made whether a possible violation may have occurred or, alternatively, whether the complaint should be dismissed as not requiring a hearing.

Where an informal inquiry or general letter of complaint is received, it will not be reviewed by the Grievance Committee, but will be referred to an ethics mediator. *(Revised 11/21)*

Participation in ethics mediation is voluntary

Persons inquiring about the process for filing ethics complaints will be advised that ethics mediation is available as an alternative to a formal ethics hearing provided that all parties agree to participate, and also be advised they may decline or withdraw from mediation and have their complaint considered at a formal ethics hearing. Similarly, REALTORS® complained about have the right to decline or withdraw from mediation and to have complaints against them considered at a formal ethics hearing.

Referral of complaints to the mediator

When either a written ethics complaint in the appropriate form is reviewed by the Grievance Committee and the Grievance Committee concludes that a hearing is warranted, or when a general letter of inquiry or complaint is received, the materials received will be referred to the ethics mediator who will contact the parties to schedule a meeting at a mutually agreeable time. *(Revised 11/21)*

During the mediation session the mediator will encourage all parties to openly and candidly discuss all issues and concerns giving rise to the inquiry or complaint, and to develop a resolution acceptable to all of the parties. *(Revised 11/21)*

Nature of the mediated resolution

The mediator and the parties have considerable latitude in fashioning a mutually acceptable resolution. Resolutions can include, but are not limited to, payment of disputed funds, repairs or restoration of property, written or oral apology, or acknowledgement of a violation of the Code of Ethics. In cases where a REALTOR® acknowledges that the Code has been violated, that admission may be sufficient to resolve the matter or, alternatively, the parties may agree that discipline should be imposed. The discipline may, at the agreement of all parties, include any of the forms of discipline established in the *Code of Ethics and Arbitration Manual* and may also include payment of monies to the complainant or to a third party. Also, the parties may agree that the complainant will withdraw a complaint or agree not to file a formal, written ethics complaint in return for the respondent's action or acknowledgement. Again, any discipline imposed must be agreed to by all of the parties.

Referrals to the Grievance Committee or to state regulatory bodies

Ethics mediators cannot refer concerns they have regarding the conduct of any party to mediation to the Grievance Committee, to the state real estate licensing authority or to any other regulatory body. This prohibition is intended to ensure impartiality and avoid the possible appearance of bias. *(Revised 11/21)*

Refusal to comply with agreed upon discipline

Failure or refusal of a respondent to comply with the terms of any 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 an ethics complaint. The time the matter was originally brought to the board or association's attention shall be considered the filing date for purposes of determining whether an ethics complaint is timely filed.

Associations will continue to process filed ethics complaints until withdrawn by the complainant. *(Revised 05/15)*

Confidentiality of mediation process

The allegations, discussions, and decisions rendered in ethics mediation proceedings are confidential and shall not be reported or published by the board, any member of a tribunal, or any party under any circumstances except those established in the *Code of Ethics and Arbitration Manual* of the National Association as from time to time amended.

The Five Elements of “Due Process”

In assessing whether this demonstration has been or can be made, the courts look to the five elements, which, over the centuries of judicial experience, have come to be recognized as the sine qua non of “due process.”

- **Equality.** The system must not discriminate procedurally between parties. If one party is entitled to counsel, then all are entitled. If notice is provided one, it must be provided for all. The essential requirement for Equality is that the system provide a “level playing field” for the disputants. Discrimination in appearance or fact is an anathema to the Equality required to satisfy due process.
- **Economy.** The cost of access to the system must not be a barrier to its use or operate to the disadvantage of one or the other parties. This means that grievance and arbitration proceedings should not be made a Board profit center and, in fact, may have to become subsidized to assure open access.
- **Expedition.** As “justice delayed is frequently justice denied,” there is an affirmative obligation on the part of the system to expedite ethics and arbitration proceedings. This does not foreclose orderly procedure with adequate time to ensure notice, time to prepare, opportunity to identify and gather witnesses, and otherwise develop facts and arguments. It does, however, foreclose dilatory tactics, unreasonable extension of time, and protraction of hearings.
- **Evidence.** The system must be designed and function to elicit evidence, not assumptions; proof, not presumptions. While strict rules of evidence in the judicial sense do not apply, there must be control of what is admitted as relevant and judgment as to what is mere speculation and hearsay designed to prejudice rather than inform.
- **Equity.** The system must produce decisions that reflect a sense and substance of “rightness” and “reasonableness.” In matters involving unethical conduct, the punishment should fit the offense. The judgment should reflect consideration of extenuating circumstances and a balancing of competing values and

objectives. Moreover, the predictability, consistency, and uniformity of the system's performance is an important measure of Equity.

Every Board may expect every decision it renders as a result of a grievance or arbitration proceeding to be evaluated by the Courts under the five E's – Equality, Economy, Expedition, Evidence and Equity – to determine if it satisfies due process. The Board has no power or capacity to constitute itself a "court of last resort." But, if a Board can satisfy a court that its decision has satisfied the five E's, the court will let the decision on the merits stand.

It is this ultimate right which courts of law reserve to review the decisions of private judicial systems that foreclose Boards of REALTORS® from any form of interference with or any effort to inhibit the exercise of that right. Thus, a Board may not, even in an arbitration matter, foreclose a REALTOR® who believes he has been denied due process in the course of a hearing or arbitration from seeking judicial review. Notwithstanding the obligation to arbitration and to abide by the award in arbitration imposed by Article 14 of the Code, no REALTOR® should be held to have violated the Code by insisting on judicial review. Sanctioning a member for seeking judicial review of a Board decision would be perceived, beyond question, as an effort to oust the jurisdiction of the courts to deny the protection of the law, and as an irresponsible and unreasonable exercise of Association power.

An Awesome Responsibility

REALTORS® have elected to be their own judge. But, in making that election, they have committed their judgments to be judged. The enforcement of the Code of Ethics is an awesome responsibility.

To vindicate the Code of Ethics, it is first necessary to vindicate the integrity of the process that is the due of every REALTOR®.

Hearing Panelists' Roles, Preparation, and Etiquette

Hearing Panelists' Roles

Chairperson

- Familiarize yourself with the case.
- Know how to pronounce everyone's name, including those of the hearing panelists, parties, witnesses, and counsel.
- Start the hearing on time.
- Be flexible as necessary (such as allowing a witness to testify out of order if it makes sense to do so), but be firm. You are in charge of the hearing process.
- Make sure the hearing table is cleared of miscellaneous material.
- Call a recess if emotions run high among parties, witnesses, counsel, or hearing panelists.
- Familiarize yourself with the concepts of due process.
- Learn the procedures and read through the relevant appendices in [NAR's Code of Ethics and Arbitration Manual](#).
- If you are unsure about how to proceed, call a recess and meet with staff, other members of the hearing panel, and/or counsel for assistance.
- Read the "Hearing Panelist Preparation and Etiquette" checklist.

Hearing Panel

- Familiarize yourself with the case.
- Wait to be acknowledged by the chair before asking questions.
- If you find that you personally need to take a recess or if you think a recess is necessary to correct a problem, then pass a note to the chair.
- Read the “Hearing Panelist Preparation and Etiquette” checklist below.

Hearing Panelist Preparation and Etiquette

Confidentiality Note: It is essential for all panel members, including the chair, to maintain confidentiality before, during, and after a hearing. Do not discuss the case with anyone, except as required by the board of directors, bylaws, or law.

Pre-Hearing

- Dress in professional business attire.
- Review all hearing materials
 - Ethics:** Review all relevant Code Articles, Standards of Practice, and Case Interpretations.
 - Arbitration:** Review the Arbitration Guidelines in the Code of Ethics and Arbitration Manual.
- You may write questions out in advance, but be certain to go into hearing with an open mind.
- Be impartial going into the hearing. Ask to be excused from the panel if you are not absolutely certain you can be impartial.
- Do not discuss the case under any circumstances, except as authorized by the Code of Ethics and Arbitration Manual.

- Only the tribunal, staff, and/or board counsel are permitted to be in the hearing room before the hearing.
- Be sure the recorder is turned off until the hearing begins.
- Do not talk to either party, their counsel, or their witnesses prior to the hearing for any reason. If a party, their counsel, or a witness approaches you prior to the hearing, politely explain that they can make their comments to or ask their questions of staff. To protect the integrity of the process, you need to remain neutral and be perceived as being impartial.

During the Hearing

- Chair follows procedural guide provided in the [Code of Ethics and Arbitration Manual](#).
- Chair takes and maintains charge of the proceeding, calmly and sensitively explaining “rulings.”
- Chair strives to focus discussions on relevant subjects.
- Chair asks witnesses to leave the room after they are sworn in and after presenting their testimony.
- Doors are to be kept closed throughout.
- Give the hearing full attention.
- Watch your body language. Sit straight, lean forward, and look alert and attentive.
- Avoid movements such as head-shaking (in agreement or disbelief), rolling your eyes, or raising your eyebrows.
- Avoid showing you are tired, bored, or annoyed. No napping!
- Be an excellent listener. Ask for clarification from the appropriate person, when necessary, if you do not understand something.
- Do not make statements; only ask relevant questions.
- When asking questions:

- watch your tone of voice
 - wait to be recognized by the chair and, ideally, save questions until after the parties have had an opportunity to question each other
 - avoid asking leading questions
 - ask questions in a positive and generally open ended manner
 - ask questions to clarify a point not understood, not to assist either party
 - stay away from judgment words and phrases such as “do you mean to tell me”
- When addressing anyone during the hearing:
 - speak slowly and evenly
 - do not interrupt; only one person should speak at a time
 - be consistent; do not use the first name of one party and the surname of another
- Allow each side to present his or her case without interference or interruptions.
 - Distinguish between “hearsay” and legitimate evidence, but be neutral.
 - Stop everything if antitrust issues come up; consult counsel.
 - Address all procedural questions to the chair (pass a note, if necessary, or ask for a recess).
 - Do not eat, drink, or smoke during the hearing.
 - If a break is necessary for some reason, request a recess.
 - Do not wear a company name badge.

- Keep all surfaces clean and uncluttered, except for relevant hearing materials. Remove pop cans, lunch bags, coffee cups, etc.
- Shut off all cell phones and pagers.
- Do not try to assist either side. It is not your fault if a party presents a weak case.
- Do not refer to “general practices” of the market area or board.
- Avoid laughing even if something is funny. It is possible that one or both of the parties might not appreciate your sense of humor, upon appeal.
- Do not leave the hearing to take a call.
- Relax, smile, and be courteous and professional at all times.

Post-Hearing

- Turn off the recording and make sure that once parties leave, all doors are closed.
- Only the tribunal, staff, and/or board counsel are permitted to be in the hearing room during the executive session.
- During executive session, panelists may disagree, but should debate all dissenting opinions in a professional and productive manner. Focus on the goal to make the best decision or award possible, considering the evidence presented.
- Do not ask parties and witnesses more questions once the hearing has adjourned. No submissions of additional information are permitted, either.
- Concisely present an opinion. Avoid making personal or derogatory comments about any party, witness, or counsel.
- The complaint may not be amended.

- The matter stands as presented and the hearing panel may not request further clarification or documentation or refer ethical concerns to the grievance committee.
- Only after finding the respondent in violation of the Code of Ethics, for progressive discipline purposes, you may ask for a respondent's professional standards record.
- Write findings of fact under the assumption that the reader knows absolutely nothing about the case.
- If discipline is included, be specific about exactly when the discipline must be fulfilled and include any additional penalties that may be automatically invoked for failure to comply by the date specified.
- Do not take phone calls or answer email from the parties concerning the case. Remind the parties that all communication and clerical flows through the staff executive and you are not at liberty to discuss the matter with them.
- If physically approached by a party wanting to discuss the case, decline to discuss any aspect of the case or the hearing panel's decision making process. Be polite and professional but firm. Direct the party back to staff, reminding them that all communication flows through staff per [Section 10, Communication and Clerical](#), of the [Code of Ethics and Arbitration Manual](#).
- Do not discuss the case with anyone other than those who you are authorized to discuss the case with in keeping with the [Code of Ethics and Arbitration Manual](#). Remember, if you breach confidentiality, you are subject to an allegation of a violation of Article 14 of the [Code of Ethics](#).

Is it Arbitrable?

Case #1:

Ima Weazell, and Sunshine Real Estate, owe my company the listing and selling portion of the commission on 176 Lighthouse Rd. It was our company's listing at the time the buyer was shown the property and made the original offer through our Broker Faith Dearborn. Ima Weazell solicited the listing while it was still listed with us! Faith discovered this on January 9th. Ima Weazell then listed the home and sold 176 Lighthouse Road to OUR buyer. I have confirmed the total commission they collected was \$38,000 so they owe our firm \$19,000 as the listing company and \$19,000 as the selling company.

Case #2

One of our team members, Ima Weazell, left Ocean View Realty and started her own team Ima Weazell Group with Sunshine Real Estate. We had a good working relationship. I am the team leader, Sue Sinclair is our listing agent and Ima Weazell handled the buyers we referred to her for several years. She had been working with a couple, the Burke's, referred by the team before she left our firm. She asked if she could continue to work with them and we agreed that would be acceptable as long as she paid Ocean Realty a \$10,000 referral fee when she closed on a transaction with the Burke's as the purchasers.

With this understanding, we agreed to terminate the buyer representation agreement with our firm so she could enter into a new agreement under Sunshine Real Estate. The closing took place today and Ima says she is not going to pay the agreed upon fee. We parted on good terms and we are surprised at her attitude. So now that Ima won't pay us, we feel that her new firm, Sunshine Real Estate, is responsible since that firm collected the commission on the transaction.

Ronald Greenfield, Broker of Record

Background on June 2025 Changes

Changes to Standard of Practice 10-5 and Professional Standards Policy Statement #29 were approved by NAR's Board of Directors at the 2025 REALTORS® Legislative Meetings, effective June 5, 2025.

Background Information

Article 10 of the Code of Ethics reads as follows:

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

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

Standard of Practice 10-5, effective **January 1, 2025**, reads as follows:

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

PS Policy Statement 29, effective **January 1, 2025**, reads as follows:

A REALTOR® shall be subject to disciplinary action under the Code of Ethics with respect to all of their activities. *(Revised and effective November 13, 2020)*

At their November 2020 meeting, the Board of Directors approved amendments to Standard of Practice 10-5 prohibiting REALTORS® from using harassing speech, hate speech, epithets, or slurs and amendments to Professional Standards Policy Statement 29 that made the Code of Ethics applicable to all of a REALTOR®'s activities.

At a series of Spring 2025 meetings, the Professional Standards Interpretations and Procedures Advisory Board, in collaboration with counsel, carefully considered amendments to Standard of Practice 10-5 and Professional Standards Policy Statement 29. The changes that became effective June 5, 2025 create a more specific definition of "harassment," aligning with the definition in the NAR Member Code of Conduct, and focus Article 10's application, along with the entire Code of Ethics, on instances in which REALTORS® are operating in their professional capacity. These amendments are intended to reduce risk to state and local associations and their volunteer leadership who administer and enforce Article 10 while preserving and re-enforcing the obligations of Standard of Practice 10-5. Additionally, the proposed changes provide clarity to members so that they can better understand and comply with Article 10.

Standard of Practice 10-5, effective June 5, 2025, reads as follows:

REALTORS®, in their capacity as real estate professionals, in association with their real estate businesses, or in their real estate-related activities, ~~must~~ shall not ~~use harassing speech, hate speech, epithets, or slurs~~ harass any person or persons based on race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity.

As used in this Code of Ethics, harassment is unwelcome behavior directed at an individual or group based on one or more of the above protected characteristics where the purpose or effect of the behavior is to create a

hostile, abusive, or intimidating environment which adversely affects their ability to access equal professional services or employment opportunity.

PS Policy Statement 29, effective June 5, 2025, reads as follows:

29. Applicability of the Code of Ethics:

While REALTORS® are encouraged to follow the principles of the Code of Ethics in all of their activities, ~~A~~ REALTOR® shall be subject to disciplinary action under the Code of Ethics only with respect to ~~all of their~~ their capacity as real estate professionals, in association with their real estate businesses, or in their real estate-related activities.

Important Notes Regarding Enforcement:

One of the goals of the amendments is to create additional clarity for state and local associations as they continue to enforce the Code of Ethics. In that spirit: The changes do not override prior enforcement actions that were reviewed and rendered prior to June 5.

- For ongoing cases related to SOP 10-5 on which a decision has not yet been rendered, state and local associations are to use discretion when deciding to apply the amended language—or not—based on the individual circumstances of the case. For instance, a case that started the review and grievance process using the original SOP 10-5 and policy statement language prior to June 5th should continue using them to address the Article 10 complaint. A case that arose prior to June 5th but the review and grievance process occurred after June 5th will apply the newly amended language to the Article 10 complaint.

NAR is available to provide additional information and assistance related to individual cases as needed. Should you have questions or a specific case you would like to discuss, please reach out to narpolicyquestions@nar.realtor.

Effective June 5, 2025 Revisions to the Code of Ethics and Standards of Practice

1. Standard of Practice 1-12, (underscoring indicates additions, strikeouts indicate deletions):

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 broker compensation is not set by law and is fully negotiable;
- 3) The options and amounts of compensation, if any, that may be offered to subagents, buyer/tenant agents, and/or brokers acting in legally recognized non-agency capacities.
- ~~2)4)~~ 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)5)~~ 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)

Rationale: The amendments to Standards of Practice 1-12 and 1-13 reiterate the commitments agreed to in the settlement agreement regarding cooperative compensation and plainly and clearly reaffirm the fact that broker compensation remains fully negotiable.

2. Standard of Practice 1-13, (underscoring indicates additions, strikeouts indicate deletions):

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

- 1) the Realtor®'s company policies regarding cooperation;
- 2) the fact that broker compensation is not set by law and is fully negotiable;

- 3) *the amount of compensation to be paid by the client, if any;*
- 4) *the potential for additional or offsetting compensation from other brokers, from the seller or landlord, or from other parties;*
- 5) *any potential for the buyer/tenant representative to act as a disclosed dual agent, e.g., listing broker, subagent, landlord's agent, etc.; and*
- 6) *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)*

Rationale: The amendments to Standards of Practice 1-12 and 1-13 reiterate the commitments agreed to in the settlement agreement regarding cooperative compensation and plainly and clearly reaffirm the fact that broker compensation remains fully negotiable.

3. Standard of Practice 1-16, (underscoring indicates additions, strikeouts indicate deletions):

When acting as a listing broker or property manager, 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 established~~ by the owner or seller.

Rationale: This amendment clarifies the difference between two similar and often confusing Standards of Practice, plainly stating that Standard of Practice 1-16 applies to those acting as listing brokers or property managers, while Standard of Practice 3-9 applies to those acting as cooperating brokers or in capacities other than listing brokers or property managers.

4. Standard of Practice 3-1, (underscoring indicates additions, strikeouts indicate deletions):

~~REALTORS®,~~ When acting as exclusive agents or brokers of sellers/landlords, REALTORS® will work with sellers/landlords to 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)

Rationale: With offers of cooperative compensation no longer being communicated through the MLS, these amendments reflect the post-settlement reality that offers of compensation may be more difficult to ascertain in a timely fashion, especially in fast-moving transactions. These amendments allow for necessary flexibility while maintaining the ethical obligation for cooperating brokers to work with sellers and landlords to establish the terms of offers to cooperate.

5. Standard of Practice 3-2, (underscoring indicates additions, strikeouts indicate deletions):

If compensation is offered or advertised by the listing broker, any change in offered compensation ~~offered for cooperative services~~ must be communicated ~~prior to the time that REALTOR® submits an offer to purchase/lease the property~~ as soon as practical. 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.~~

REALTORS® are prohibited from delaying or withholding delivery of a buyer's/tenant's offer while attempting to negotiate compensation. These ethical obligations in no way restrict the REALTORS® or clients' ability to negotiate compensation in the clients' best interest, including in offers to purchase or lease.

Rationale: Standard of Practice 16-16 remains one of the most misunderstood areas of the Code of Ethics, with many individuals wrongly assuming it prohibits negotiation of compensation at a certain point in a transaction. These amendments retain Standard of Practice 16-16's ethical duty that prohibits delaying or withholding an offer while negotiating compensation and move these obligations to Standard of Practice 3-2, which similarly addresses negotiation of compensation. Additionally, with the settlement agreement's requirements for written agreements and conspicuous language disclosing offers and amounts of compensation on both sides of a transaction, the specific situation that Standard of Practice 16-16 prohibits (a buyer representative using a purchase offer to attempt to modify the terms of a listing broker's agreement with their client) is now extremely unlikely to happen.

Lastly, the amendments to Standard of Practice 3-2 reflect the fact that there are no longer unilateral offers of compensation communicated through the MLS while retaining an ethical obligation to communicate any change in compensation that was previously offered as promptly as possible.

6. Standard of Practice 3-9, (underscoring indicates additions, strikeouts indicate deletions):

When acting as a cooperating broker, or in a capacity other than as a listing broker or property manager, REALTORS® shall not ~~provide access to listed~~ access or use, or permit or enable others to access or use, property on terms or conditions other than those established by the owner or the seller.

Rationale: This amendment clarifies the difference between two similar and often confusing Standards of Practice, plainly stating that Standard of Practice 1-16 applies to those acting as listing brokers or property managers, while Standard of Practice 3-9 applies to those acting as cooperating brokers or in capacities other than listing brokers or property managers.

7. Standard of Practice 9-2, (underscoring indicates additions, strikeouts indicate deletions):

When assisting or enabling a client or customer in establishing a contractual relationship (e.g., listing and representation agreements, purchase agreements, leases, etc.) in person, electronically or through any other means, 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.

Rationale: Standard of Practice 9-2 was adopted in 2007 to address ethical concerns with doing business electronically, which was a relatively new practice at the time. These amendments clarify that a REALTOR®'s ethical duty to make reasonable efforts to explain and disclose terms of a contractual relationship applies regardless of whether business is handled electronically or otherwise.

8. Standard of Practice 10-1, (underlining indicates additions, strikeouts indicate deletions):

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, however, REALTORS® may provide other demographic information. ~~nor REALTORS® shall they not engage in any activity which may result in panic selling or steering, however, REALTORS® may provide other demographic information.~~

Rationale: While Article 10 has always implicitly prohibited steering under the ethical duty to provide equal professional services, this amendment to Standard of Practice 10-1 states this clearly and explicitly.

9. SOP 10-5, (underscoring indicates additions, strikeouts indicate deletions)

REALTORS®, in their capacity as real estate professionals, in association with their real estate businesses, or in their real estate-related activities, must shall not use harassing speech, hate speech, epithets, or slurs harass any person or persons based on race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity.

As used in this Code of Ethics, harassment is unwelcome behavior directed at an individual or group based on one or more of the above protected characteristics where the purpose or effect of the behavior is to create a hostile, abusive, or intimidating environment which adversely affects their ability to access equal professional services or employment opportunity.

Rationale: In its current form, Standard of Practice 10-5 presents a confusing application to Article 10 because Standard of Practice 10-5 is broadly written with language not otherwise defined in the Code of Ethics. This has resulted in legal challenges across the country challenging both the language and application of Standard of Practice 10-5 to Article 10. The changes being considered create a more specific definition of "harassment," which aligns with the definition in the NAR Member Code of Conduct and focus Article 10's application on instances in which REALTORS® are operating in their professional capacity. The proposed changes provide much needed clarity to members so that they can better understand and comply with Article 10, bring Article 10 in line with similar ethical requirements applied by other large trade associations across the country, and reduce risk to state and local associations and their volunteer leadership who administer and enforce Article 10.

10. Standard of Practice 16-11, (underscoring indicates additions, strikeouts indicate deletions):

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)

This ethical obligation in no way impacts REALTORS® or consumers' ability to negotiate compensation.

Rationale: The amendments to Standards of Practice 1-12, 1-13, and 16-11 reiterate the commitments agreed to in the settlement agreement regarding cooperative compensation while plainly and clearly reaffirming the fact that broker compensation remains fully negotiable.

11. Delete Standard of Practice 16-16

Rationale: Standard of Practice 16-16 remains one of the most misunderstood areas of the Code of Ethics, with many individuals wrongly assuming it prohibits negotiation of compensation at a certain point in a transaction. These amendments retain Standard of Practice 16-16's ethical duty that prohibits delaying or withholding an offer while negotiating compensation and move these obligations to Standard of Practice 3-2, which similarly addresses negotiation of compensation. Additionally, with the settlement agreement's requirements for written agreements and conspicuous language disclosing offers and amounts of compensation on both sides of a transaction, the specific situation that Standard of Practice 16-16 prohibits (a buyer representative using a purchase offer to attempt to modify the terms of a listing broker's agreement with their client) is now extremely unlikely to happen.

Lastly, the amendments to Standard of Practice 3-2 reflect the fact that there are no longer unilateral offers of compensation communicated through the MLS while retaining an ethical obligation to communicate any change in compensation that was previously offered as promptly as possible.

PROFESSIONAL STANDARDS COMMITTEE 2025 REALTORS®
NAR NXT MEETINGS November 17, 2025
Changes effective January 1, 2026

To amend Article 7 to limit its disclosure and approval requirements to a REALTOR®'s client or clients.

Rationale: Due to the practice changes outlined in the settlement agreement, there are now commonly situations where buyers have agreed in writing that their broker shall be compensated a certain amount, with the potential for some of that compensation coming from the listing side of the transaction and the buyer being responsible for any remaining compensation. In these scenarios, the buyer's broker is being compensated by more than one party, however the Committee believes it is not necessary that the seller and their broker know what is contained in a contract in which they are not parties. This amendment maintains the ethical duty of disclosure to one's client while making it clear that there is no obligation to disclose the contents of a buyer-broker agreement to sellers or their brokers.

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.

To add a new Standard of Practice 1-17 requiring that REALTORS® disclose to clients and customers when they are lacking familiarity or knowledge with a property type or area prior to providing real estate services.

Rationale: This new SOP reinforces Article 1's duty to protect and promote the interest of clients by requiring that REALTORS® disclose when they are unfamiliar with a property type or area before accepting an assignment to provide real estate services.

Standard of Practice 1-17

Prior to providing real estate services, REALTORS® must: be knowledgeable about the type of property, have access to the information and resources necessary to serve their client or customer, and be familiar with the area where the property or properties are located unless lack of any of these is disclosed to the party requesting the services.

This is in no way meant to establish geographical territories, but instead to ensure that clients and customers are informed as to a REALTOR®'s limited familiarity with a property type or area and to have their informed consent to provide services.

To delete Standard of Practice 3-4.

Rationale: Standard of Practice 3-4's requirement to disclose a variable rate commission was predicated on a unilateral offer of compensation in the MLS. Because of the practice changes due to the settlement agreement, cooperative compensation, if even offered, has become one variable in any number of variables involved in a negotiated transaction. The elimination of Standard of Practice 3-4 is another step in modernizing the Code with regard to these practice changes.

If this recommendation is approved, Standard of Practice 3-4 will be deleted (strikeouts indicate deletions):

~~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)~~

To amend Standard of Practice 17-4 to update the language to ensure compliance with the tenets of the settlement agreement.

Rationale: These amendments reinforce the settlement agreement by establishing that compensation awarded in arbitration may not exceed the amount outlined within the terms of the buyer representation agreement.

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

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, or the amount of compensation outlined within the terms of any valid buyer representation agreement between the buyer and the complainant, whichever is less, 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)

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, or the amount of compensation outlined within the terms of any valid buyer representation agreement between the buyer and the complainant, whichever is less, 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)

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. 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 buyer or tenant, or the amount of compensation outlined within the terms of any valid buyer representation agreement between the buyer and the complainant, whichever is less. 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)

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)

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)

The Committee approved amendments to Case Interpretations pertaining to SOP 10-5.
The Committee approved cosmetic changes to NAR's Model Schedule of Fines.
The Committee approved amendments to existing Code Comprehension pieces to align with amendments made to the Code of Ethics at the previous committee meeting.

Ethics of the Real Estate Profession
Adopted by
National Association of Real Estate Exchanges

Adopted 1913

DUTIES TO CLIENTS

1. Be absolutely honest, truthful, faithful and efficient. Ever bear in mind that the broker is an employee, that his client is his employer and is entitled to the best service the real estate men can give – his information, talent, time, services, loyalty, confidence and fidelity.
2. Be conservative in giving advice and, where not reasonably well posted, refrain from giving opinion of value.
3. Inspect client's property, if possible, before offering it for sale, and always inform the buyer if that has not been done.
4. Do not depreciate the price of property unless the price is too high; ask that the price be reasonable, and tell the owner that it must be so if he expects his agent to make an attempt to sell it.
5. Obtain sole agency, in writing, if it is property worthy of a special effort to sell.
6. Advocate that the real consideration be shown in a deed to property, or one dollar and other valuable considerations.
7. Do not give special information to inquiries over the telephone, or otherwise, unless they are willing to give their names and addresses. Let them understand that the broker deals in the open, and expects them to do likewise.
8. An agent should not ask for a net price on property, unless he intends to buy it himself, and so notifies his client.
9. He should request his client not to discuss price with the prospective buyer, but persuade his client to refer the matter to the agent, - thus strengthening the agent's position with the buyer, and thus helping the agent to make a better deal for his client.
10. An agent should always exact the regular real estate commission of the Association of which he is a member, and always give his client to understand at the beginning that he is entitled to such and expects it.
3. Always be loyal, square, frank and earnest in the matters that require the co-operation of brokers, and always speak kindly of competitors, refusing to pass judgment on others from hearsay evidence.
4. Advertise nothing but facts, and be careful not to criticize by any method a competitor's proposition.
5. Give an honest opinion concerning a competitor's proposition when asked to do so by a prospective purchaser, even though such opinion will result in a sale by the competitor.
6. Refuse to put a "For Sale" or "For Rent" sign on property on which a competitor already has his sign, provided the placing of such sign was through the authorization of the owner.
7. If an agent can not efficiently handle a proposition, he should refer the matter to some competitor who can.
8. Solicit co-operation of other members of the Association in selling Sole Agency listings, unless there is a deal on, or there is some particular buyer in sight, to whom a sale is expected, and always be ready and willing to divide the regular commission equally with any member of the Association who can produce a buyer for any client.
9. Invoke friendly arbitrations by the Real Estate Association rather than through the courts of law, in settling differences with other agents.
10. Do not disregard the rights of other agents. Never refuse to work through an owner's regular agent, or refuse to try to sell his property to a live buyer unless handling the entire deal and getting all the commission.
11. A broker will not put his name in the newspapers in connection with a deal unless really representing a least one of the parties and receiving a part of the commission, for such publicity is a sham, and the result is to the disadvantage of all.
12. When a sale or exchange is handled by two agents, each agent shall be given due credit in the report of such sale or exchange.
13. Do not relay property, - i.e., do not submit to one agent or broker that which is obtained from another unless the case be exceptional, in which case the third agent should know that the property is not obtained direct. A broker who relays represents neither side, and is not entitled to the same consideration as either of the other agents.

DUTIES TO OTHER BROKERS

1. An agent should respect the listings of his brother agent, and co-operate with him to sell, - provided the other agent has the most suitable place.
2. Advise an owner to renew a selling contract with some other agent, rather than solicit the agency, provided the other agent has made a reasonable attempt to sell the property during the life of his contract.

CODE COMPREHENSION

ARTICLE 3

Misrepresenting the Availability of Access to Property and Duty to Cooperate, SOP 3-8 and 3-10



QUESTION:

A buyer's agent entered a property I have listed without authority. I know that is a violation of Article 3 as supported by Standards of Practice 3-9. If that same buyer's agent also falsely informed their client that they had been given permission, is that also a violation of Article 3 as supported by Standard of Practice 3-8 or 3-10?

ANSWER:

No – a cooperating broker misrepresenting that they've been given permission to access a listed property and subsequently providing access on unauthorized terms is covered specifically under Standard of Practice 3-9.

Standards of Practice 3-8 and 3-10 both address the ethical duty of listing brokers or agents to cooperate with other brokers and agents. As an example, if a listing agent were to advertise a client's property as not available for showings until a certain date (whether as a "delayed showing" or "coming soon" status in the local MLS, or otherwise) but then offer showings to a certain preferred broker or brokers, it could be a violation of Article 3, as supported by Standard of Practice 3-8. Similarly, if a listing agent falsely claimed that a property isn't available to be shown in an attempt to avoid a certain potential buyer or their agent / broker, this could also be a violation of Article 3, as supported by Standard of Practice 3-8.

Standard of Practice 3-10 addresses similar concepts of inequitable treatment by prohibiting listing brokers or agents from denying property access to, or withholding property information from, prospective buyers, tenants, or their agents in disregard of the best interests of the seller / landlord. While local associations or MLSs may govern who has access to properties via a lockbox system, it is still the duty of every REALTOR® to provide timely and equitable access to listed property to prospective buyers and their agent representatives whenever it is in the seller/landlord's best interests. In addition, MLS Policy Statement 7.31 provides that REALTOR® associations and MLSs should approve "any lockbox or other access device that provides reasonable, timely access to listed property" and states that local associations and MLSs, at their discretion, may allow a listing broker or agent to issue temporary codes or access to lockboxes and properties on terms and conditions agreed to by the seller/landlord. These provisions foster both a nimble system that allows for safe, reasonable, and timely property access for cooperating agents and prospective buyers or tenants, as well as ensure REALTORS® can easily comply with the duties of Article 3.

CODE COMPREHENSION

ARTICLE 12

Display of Competitor's Listings on Social Media



QUESTION:

I want to advertise newly listed properties on my Facebook and other social media profiles. **May I do that even though I am not the listing broker for those properties?**

ANSWER:

Linking to another broker's website doesn't require specific authority. However, copying and publishing another broker's listing information is considered advertising and does require specific authority from the listing broker. The NAR Code of Ethics and several NAR MLS policies impact this practice. State licensing laws may also apply.

CODE OF ETHICS

Reproduced below are excerpts from several areas of the Code of Ethics that likely will be applicable.

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) ”

Note that decisions on whether someone has advertised without authority, as with any alleged violation of the Code of Ethics, are made after a full due-process hearing by a local association's professional standards committee.

CASE INTERPRETATIONS

12-15, Links to Other Websites; and 12-16, Copying and Publishing other Brokers' Listings.

[nar.realtor/code-of-ethics-and-arbitration-manual/case-interpretations-related-to-article-12](https://www.nar.realtor/code-of-ethics-and-arbitration-manual/case-interpretations-related-to-article-12)

MLS POLICIES:

In addition to the Code of Ethics, several NAR MLS Policies apply. The first is model MLS rule Section 2.7, reproduced below.

SECTION 2.7: ADVERTISING OF LISTINGS FILED WITH THE SERVICE

“ A listing shall not be advertised by any participant other than the listing broker without the prior consent of the listing broker. ”

As with alleged violations of the Code of Ethics, decisions on whether someone has violated this locally adopted rule, would be a decision made by the appropriate tribunal, per the process in the local MLS rules.

QUESTION:

May I display an IDX feed on my social media profiles?

ANSWER:

Yes, provided your display conforms to the IDX rules. Pay particular attention to these three key factors:

1. IDX displays of listing information must automatically update not less frequently than every 12 hours. (IDX Rule Section 18.2.5). Note that there are software companies with proprietary products that facilitate IDX compliant displays within a social media platform.
2. The MLS Participant must have “control” of the IDX display. For purposes of this policy “control” means actual and apparent control of the participant, and must be presented to the public as being the participant’s display.
 - a. Actual control requires that the participant has developed the display, or caused the display to be developed for the participant pursuant to an agreement giving the participant authority to determine what listings will be displayed, and how those listings will be displayed.
 - b. Apparent control requires that a reasonable consumer receiving the participant’s display will understand the display is the participant’s, and that the display is controlled by the participant. Factors evidencing control include, but are not limited to, clear, conspicuous, written or verbal identification of the name of the brokerage firm under which the participant operates.

Note: All electronic display of IDX information conducted pursuant to this policy must comply with state law and regulations, and MLS rules. (MLS Policy Statement 7.58)

3. Local MLSs may prohibit any advertising (or cobranding) on pages displaying IDX-provided listing information. (IDX Rules, Section 18.3.16)

ADDITIONAL LOCAL OPTIONS:

Pursuant to [MLS Policy Statement 7.98](#), MLSs may authorize displays of listing information outside of IDX. This is a matter of local discretion and must also include the specific consent of the listing broker. This policy authorizes a local MLS to create other display options at local discretion with listing information beyond IDX and VOW.

For a discussion of the factors brokers should consider when deciding where to advertise their listings, view NAR's resource [Internet Display of Listings: Broker Considerations for Syndication](#).

