



# REALTOR® CODE

With all revisions in effect as of January 1, 2008

## **PREAMBLE TO THE REALTOR® CODE OF ETHICS**

Under all is the land. Upon its wise utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization. Through the REALTOR®, the land resource of the nation reaches its highest use and private land ownership its widest distribution. The REALTOR® is instrumental in moulding the form of his or her community and the living and working conditions of its people.

Such functions impose grave social responsibilities which REALTORS® can meet only by diligent preparation, and considering it a civic duty to dedicate themselves to the fulfillment of a REALTORS® obligations to society.

The REALTOR® Code of Ethics of The Canadian Real Estate Association (CREA) is universally recognized by real estate professionals and consumers alike as the measure of professionalism in real estate. The REALTOR® Code is intended to define the high standard of performance the public has a right to expect from those licensed to display the REALTOR® trademark.

In the same manner that the real estate marketplace is a dynamic, demanding environment, so the REALTOR® Code is, has been, and will continue to be a demanding document; a plan for professionalism in real estate, capable of including and accommodating every change, challenge and controversy which arises.

Since 1913, when the first Code of Ethics was approved by the National Association of Real Estate Boards, it has served as the ten commandments of the real estate fraternity, binding REALTORS® together in a common continuing quest for professionalism through ethical obligations based on honesty, integrity, fairness, accountability and professionally competent service.

The REALTOR® Code has been amended many times over the years to reflect the changing needs of the public and the values of society. Most recently, the REALTOR® Code was revised in 2005 to accommodate new technologies and an evolving marketplace and to focus on the REALTOR® trademark as an assurance of a high level of brokerage service and protection.

Any charge filed shall read as a violation of the REALTOR® Code and/or one or more of the Articles of the Standards of Business Practice. An Interpretation may only be cited in support of the charge or the defence. Penalties for violation of the REALTOR® Code shall be established by the local board or other body authorized to conduct discipline proceedings.

## **THE REALTOR® CODE OF ETHICS**

The exclusive designation for a member of The Canadian Real Estate Association is the trademark REALTOR®. It symbolizes a commitment to competence, service and professional conduct.

In the quest for these high standards, REALTORS® in Canada have been bound together by a Code of Ethics since 1959.

As REALTORS®, we accept a personal obligation to the public and to our profession. The Code of Ethics of The Canadian Real Estate Association embodies these obligations. As REALTORS®, we are committed to:

- Professional competent service
- Absolute honesty and integrity in business dealings
- Co-operation with and fairness to all
- Personal accountability through compliance with CREA's Standards of Business Practice

To meet their obligations, REALTORS® pledge to observe the spirit of the Code in all of their activities and conduct their business in accordance with the Standards of Business Practice and the Golden Rule –Do unto others as you would have them do unto you.

## **STANDARDS OF BUSINESS PRACTICE**

### **Article 1: Informed of Essential Facts**

A REALTOR® shall be informed regarding the essential facts which affect current market conditions.

### **Article 2: Disclosure of Role - Agency**

A REALTOR® shall fully disclose in writing to and is advised to seek written acknowledgement from, his/her clients and those customers who are not represented by other registrants regarding the role and nature of the service the REALTOR® will be providing. This disclosure shall be made at the earliest possible opportunity and in any event prior to the REALTOR® providing professional services which go beyond providing information as a result of incidental contact by a consumer.

### **Article 3: Primary Duty to Client**

A REALTOR® shall protect and promote the interests of his/her client. This primary obligation does not relieve the REALTOR® of the responsibility of dealing fairly with all parties to the transaction.

### **Article 4: Discovery of Facts**

A REALTOR® has an obligation to discover facts pertaining to a property which a prudent REALTOR® would discover in order to avoid error or misrepresentation.

### **Article 5: Written Service Agreements**

A REALTOR® shall ensure that all Service Agreements with consumers with the exception of Service Agreements with Buyers are in writing in clear and understandable language, expressing the specific terms, conditions, obligations and commitments of the parties to the agreement.

### **Article 6: Written Transaction Agreements**

REALTORS® shall ensure that agreements regarding real estate transactions are in writing in clear and understandable language, expressing the specific terms, conditions, obligations and commitments of the parties to the agreement. A copy of each final agreement shall be furnished to each party upon their signing or initialing, and shall be dealt with in accordance with the instructions of the parties involved.

### **Article 7: Expenses Related to the Transaction**

A REALTOR® shall, prior to the signing of any agreement, fully inform the signing party regarding the type of expenses directly related to the real estate transaction for which that party may normally be liable.

### **Article 8: Disclosure of Benefits to Clients**

REALTORS® shall:

- (a) obtain the consent of their Clients prior to:
  - (i) accepting Compensation from more than one party to a transaction, or
  - (ii) accepting any rebate or profit on expenditures made for a Client.
- (b) disclose to their Clients any financial or other benefit the REALTOR® or his/her firm may receive as a result of recommending real estate products or services to that party.

## **Article 9: Disclosure of Benefits to Customers**

REALTORS® shall disclose to customers:

- (a) any financial or other benefit the REALTOR® or his/her firm may receive as a result of recommending real estate products or services to that party.
- (b) any rebate or profit accepted by the REALTOR® or his/her firm for expenditures made for that party.

## **Article 10: Outside Professional Advice**

The REALTOR® shall encourage parties to a transaction to seek the advice of outside professionals where such advice is beyond the expertise of the REALTOR®.

## **Article 11: Personal Interest in Property**

A REALTOR® shall not buy or sell, or attempt to buy or sell an interest in property either directly or indirectly for himself or herself, any member of his or her Immediate Family, or any entity in which the REALTOR® has a financial interest, without making the REALTORS® position known to the buyer or seller in writing.

## **Article 12: Skilled and Conscientious Service**

A REALTOR® shall render a skilled and conscientious service, in conformity with standards of competence which are reasonably expected in the specific real estate disciplines in which the REALTOR® engages. When a REALTOR® is unable to render such service, either alone or with the aid of other professionals, the REALTOR® shall not accept the assignment or otherwise provide assistance in connection with the transaction.

## **Article 13: Advertising - Content/Accuracy**

All Advertising and promotion of properties shall accurately reflect property and other details and prominently display the name of the brokerage and any additional information required by provincial regulation.

## **Article 14: Advertising Listings of Other REALTORS®**

REALTORS® may only advertise a property if such Advertising has not been restricted at the request of the Seller and is in accordance with provincial and federal regulations.

## **Article 15: Advertising Claims**

Claims or offerings in Advertising must be accurate, clear and understandable.

## **Article 16: Discrimination**

The REALTOR® shall not deny professional services to or be a party to any plan to discriminate against any Person for reasons of race, national or ethnic origin, religion, colour, sex, family status, age or sexual orientation, marital status or disability.

## **Article 17: Compliance with Board/Association Bylaws**

The REALTOR® shall abide by the By-Laws, Rules, Regulations and policies established by the REALTORS® Real Estate Board, Provincial/Territorial Association and The Canadian Real Estate Association (CREA).

## **Article 18: Compliance with Statutory Requirements**

The business of a REALTOR® shall be conducted in strict accordance with all statutory and regulatory requirements.

## **Article 19: Discrediting another Registrant**

The REALTOR® shall never publicly discredit any other Registrant. If the REALTORS® opinion is sought, it should be rendered with strict professional integrity and courtesy.

## **Article 20: Respecting Contractual Relationships**

The agency or other contractual relationship of a Registrant shall be respected by all REALTORS®. Negotiations regarding an offer or the acceptance of an offer with any party who is exclusively represented shall be carried on with the Registrant representing the party except with the consent of the Registrant.

## **Article 21: Principal (Broker) Responsibility**

The principal of a brokerage is required to supervise and control the activities of the REALTOR® and other personnel for whom he/she is responsible.

## **Article 22: Cooperation with Board/Association**

Should a REALTOR® be asked to co-operate in any way in connection with a disciplinary investigation or proceeding, the REALTOR® shall place all pertinent facts before the proper Committee of the real estate Board or Association to which the REALTOR® belongs.

## **Article 23: Arbitration**

In the event of a dispute between REALTORS® associated with different brokerages of the same local Board/Association regarding the Compensation earned or to be earned in connection with a real estate transaction, the dispute shall be submitted for arbitration in accordance with the By-Laws, Rules and Regulations of their local Board/Association.

## **Article 24: Inter-Board and Inter-provincial Arbitration**

In the event of a dispute between REALTORS® associated with different brokerages and belonging to different local Boards/Associations, regarding the Compensation earned or to be earned in connection with a real estate transaction, the dispute shall be submitted to arbitration in accordance with the By-Laws and Rules and Regulations of the appropriate Provincial/Territorial Association. Should the REALTORS® belong to different Provincial/Territorial Associations, the dispute shall be arbitrated in accordance with the By-Laws and Rules and Regulations of The Canadian Real Estate Association.

## **Article 25: Avoid Controversies**

The business of a REALTOR® shall be conducted so as to avoid controversies with other REALTORS®.

## **Article 26: CREA Trademarks**

A REALTOR® shall only use the trademarks of The Canadian Real Estate Association in accordance with CREA's rules, regulations and policies.

## **Article 27: Intellectual Property Rights of Boards/Associations**

REALTORS® shall respect the intellectual property and other ownership rights of other REALTORS®, Boards, Provincial/Territorial Associations and CREA.

## **Article 28: REALTORS® Acting as Principal**

A REALTOR®, when acting as a principal in a real estate transaction, remains obligated by the duties imposed by the REALTOR® Code

## DEFINITIONS

The following definitions are illustrative only and are intended simply to assist the reader's understanding of the Code of Ethics and Standards of Business Practice. Throughout this document, words that are defined have been capitalized.

**Advertising** means any marketing activity to promote the brokerage, the REALTOR® or a transaction and includes any verbal, written or graphic representation in any form, including electronic media.

**Appraisal** means an opinion of the value of specified interests in, or aspects of, identified real estate based on an analysis of relevant data and performed by persons who have the required training in the preparation of appraisals.

**Board** means a member local real estate board/association or provincial/territorial association and includes, where appropriate, a compliance body.

**Buyer** means a Person acquiring or attempting to acquire an interest in real estate through a Purchase.

**Client** means a Buyer or a Seller whom a REALTOR® is representing as agent.

**Compensation** means the payment to a REALTOR® for services related to a Purchase or Sale and includes commissions, fees and any other form of remuneration or reward for services rendered by a REALTOR®.

**Confidential Information** means any personal or business information relating to the individual that ought to be considered confidential by its nature.

**Customer** means a Buyer or Seller who is not a Client.

**CREA's Trademarks** include, but are not limited to, the words REALTOR® and REALTOR Link®, the REALTOR® and REALTOR Link® logos, Multiple Listing Service®, MLS® and the related MLS® logos.

**Dual Agency** means a relationship in which a brokerage or a REALTOR® represents, as agent, more than one party in the same Transaction.

**IDX (Internet Data Exchange)** refers to a reciprocal system whereby consenting brokerages agree to advertise on their Internet websites, each other's active listings, either from the MLS® database of the board or from mls.ca, subject to subject to the rules of the applicable real estate board and the REALTORS® oversight, supervision and accountability.

**Immediate Family** means a spouse, son, daughter, parent, brother or sister and includes persons who are in such categories because of marriage, common-law relationships or adoption as well as entities in which such persons have any direct or indirect financial interest.

**Listing** means an agreement between a brokerage and a Client granting the brokerage the authority to offer for sale the Client's real property with defined terms and conditions. A listing on MLS® must involve agency and an offer of compensation to the selling office.

**Opinion of Value** means an estimate of the value of specified interests in, or aspects of, identified real estate which may be based wholly or partly on comparative market analyses. An Opinion of Value may contain more or less analysis of relevant data than an appraisal and may be performed by a REALTOR®.

**Person** includes, where applicable, an individual, a partnership, a corporation and any other entity legally capable of buying and selling real estate.

**Purchase** includes an actual or proposed exchange, option, lease or other acquisition of an interest in real estate.

**REALTOR®** is a registered trademark of REALTOR® Canada Inc., a company owned equally by the Canadian Real Estate Association and the National Association of REALTORS® and refers to licensed real estate practitioners who are members of The Canadian Real Estate Association.

**Registrant** means a person licensed by a jurisdiction to trade in real estate.

**Sale** includes an actual or proposed exchange, option, lease or other disposition of an interest in real estate.

**Seller** means a Person disposing of or attempting to dispose of an interest in real estate by Sale.

**Service Agreement** means an agreement that establishes a relationship between a brokerage and a Person which identifies the responsibilities of each party and includes the services to be performed by the brokerage and any compensation payable.

**VOW (Virtual Office Website)** refers to a brokerage or REALTOR® Internet website, or a feature of a such Internet website, through which the REALTOR® provides real estate brokerage services to consumers with whom the REALTOR® has first established a broker-consumer relationship, where the consumer has the opportunity to search for MLS® data, either from the MLS® database of the board or from mls.ca, subject to the rules of the applicable real estate board and the REALTORS® oversight, supervision and accountability.