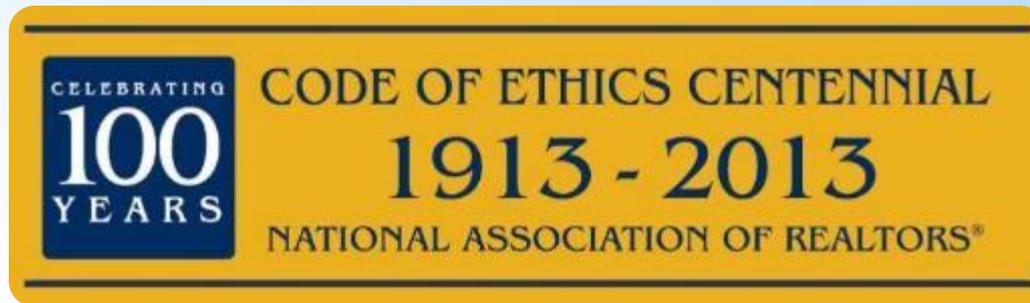


# REALTOR® CODE OF ETHICS CENTENNIAL

A Century of Pride and Professionalism

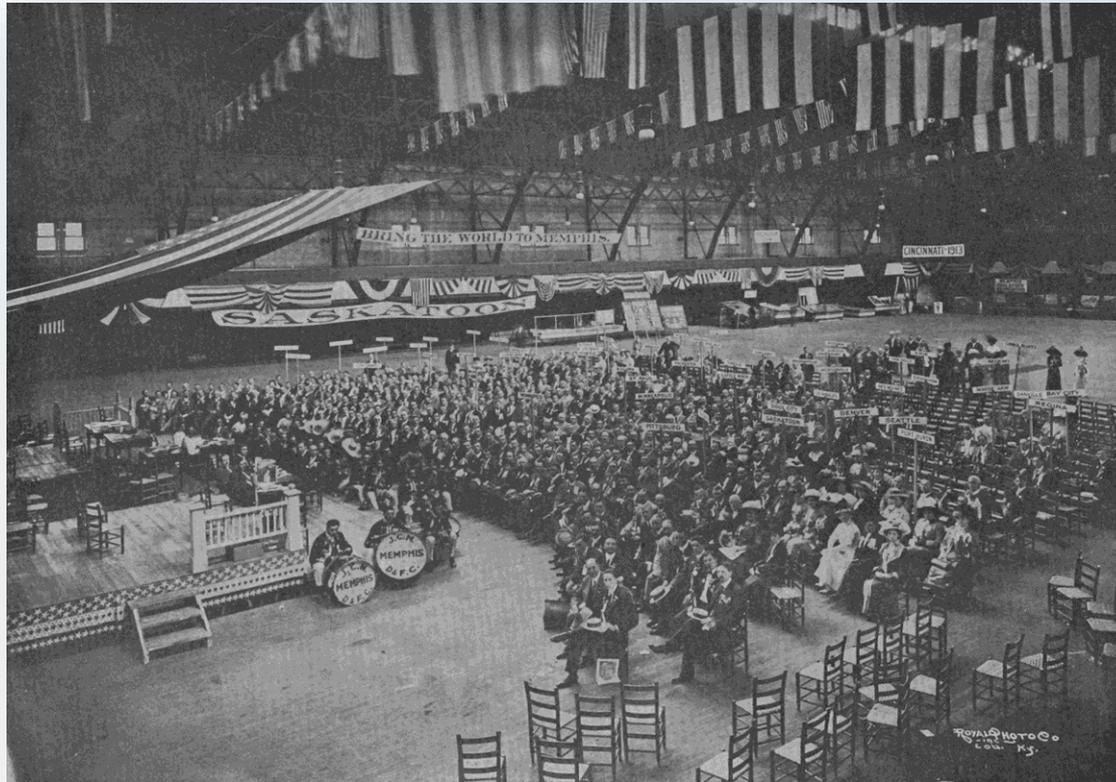


In 1908, the National Association of Real Estate Exchanges (now the National Association of REALTORS®) was founded by real estate practitioners determined to unite the real estate profession with the singular goal of establishing high ethical standards to protect buyers and sellers.



The Real Estate Board of Kansas City created its own code of ethics, which was divided into 13 “positive” and 14 “negative” rules. Kansas City was one of several local boards that adopted its own code of ethics at this time, before the national Code existed.

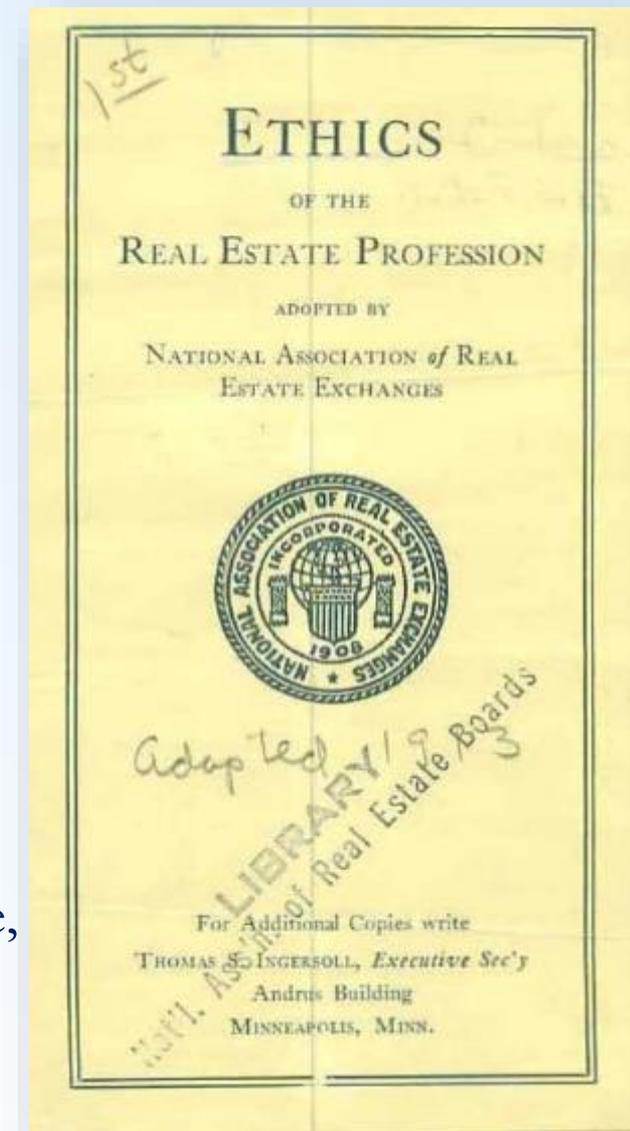
Frank Craven of Philadelphia, presenting his report of the NAREE's Ethics Committee at the 1912 annual convention in Louisville, KY, said: "We cannot suggest a better starting point than the Golden Rule, 'Do unto others as ye would that others should do unto you.'"



At the annual convention in Winnipeg in the summer of 1913, the Code of Ethics Committee submitted its long-awaited proposal for a national Code of Ethics. The Code was largely adapted from Kansas City's code, with some portions written by members of the committee. Like Kansas City's, it was divided into two sections:

“The Duty of Real Estate Men Towards Their Clients” and  
“The Duty of Real Estate Men Towards Other Real Estate Men.”

It was adopted after a brief discussion, with recommendations that it be printed and distributed to all members and adopted by local boards. Adoption of the national Code was voluntary, not mandatory, so some local boards continued to develop and use their own codes of ethics even after the National Association's Code was put in place. The 1913 Code was the first attempt at a national code of ethics for the real estate industry, one that would be revised and enhanced over time, rather than a finished document.

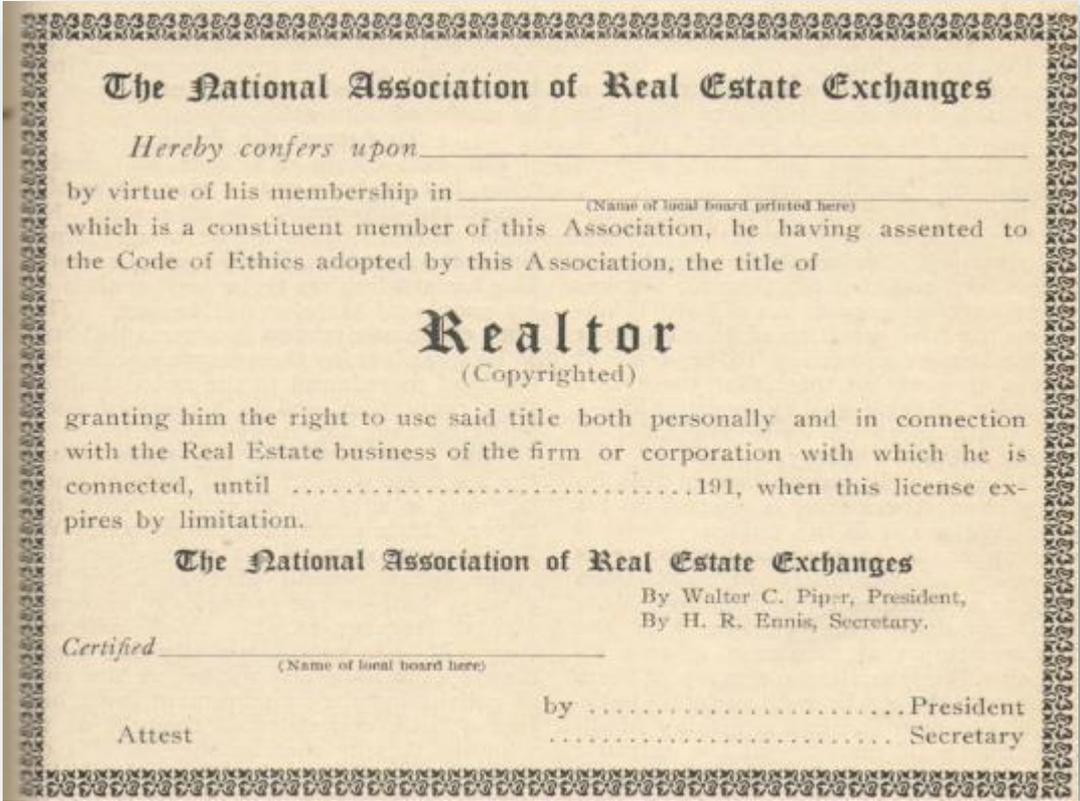


No provisions for enforcement were included in the original Code; the general assumption was that brokers, once made aware of the rules, would adhere to them. In 1914, some states (New York, Washington) began looking into the concept of licenses for real estate professionals.

The National Association discussed using the Code of Ethics as a set of guidelines for state legislators to use when writing the license laws, so that state governments would be responsible for enforcement.

However, since the process of enacting license laws was slow and the need for ethics enforcement was immediate, the National Association encouraged local boards to develop their own enforcement procedures instead.

In March of 1916, the National Association adopted the term “REALTOR” to distinguish members of the association who abide by the Code of Ethics from “curbstoners”.



In 1923, the National Association amended its bylaws to make it mandatory for each local board to adopt the national Code of Ethics and put in place a system to enforce the Code among their members.

At the 1924 annual convention in Washington, a new Code of Ethics was presented by the Ethics Committee, headed by A. H. Barnhisel of Tacoma, WA. The new Code included a preamble, “setting forth the social responsibility of the association and of the local real estate board who make up its membership.”

Said Barnhisel: “Any code that we adopt [...] should carry an adequate provision for its own enforcement. The jazz and joyride stage of realty operations has had its day. It is the business of Realtors to see that the new era of service to the individual and civic responsibility has come to stay.”

REALTOR CODE OF ETHICS

Committee Draft No. 1

PREAMBLE

Under all is the land. Upon its wide utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization. The Realtor is the instrumentality through which the land resources of the nation reaches its highest use and through which land ownership attains its widest distribution. He is a creator of homes, a builder of cities, a developer of productive farms.

*instrumentality*  
*lands for*  
*many purposes*

Such functions impose obligations beyond those of ordinary commerce; they impose grave social responsibility and a patriotic duty to which the Realtor should dedicate himself, and for which he should be diligent in preparing himself. The Realtor, therefore, is zealous to maintain and improve the standards of his calling and shares with his fellow Realtors a common responsibility for its integrity and honor.

In the interpretation of his obligations, he can take no safer guide than that which has been handed down through twenty centuries, embodied in the Golden Rule:

"Whatsoever ye would that men should do unto you, do ye also unto them."

*each*

Accepting this standard as his own, every Realtor pledges himself to observe its spirit in all his dealings and to conduct his business in accordance with the following Code of Ethics, adopted by the National Association of Real Estate Boards:

X. G. Hart:

"He is a developer of land for many purposes, a creator of homes, a builder of cities."

*Better than*  
*any one*

The above covers Paragraph 1, 1915, Code, which reads as follows:

"FOLLOW THE GOLDEN RULE: In his attitude toward fellow brokers as toward all mankind each should endeavor to the best of his ability to at all times follow the Golden Rule - "Do unto others as ye would that they should do unto you."



NATIONAL  
ASSOCIATION of  
REALTORS®

1943 President Cyrus Crane Willmore, speaking to the Board of Directors: “Realtors are determined that their sons in the armed forces shall come home to an America where private property and private business still survive.

Many associations are bigger than ours -- none, however, strikes its roots more deeply into the fundamentals of American life.

We can feel, therefore, that our battle, ably led by unselfish leaders, not only involves our livelihood, but can command the loyalty of all those who believe in Americanism, in family life, in home and farm ownership.

Property ownership is fundamental to our way of life. The first five words of our Code of Ethics should be impressed upon the minds of every man, woman and child in our country. They are, ‘Under all is the Land.’”

In May of 1946, the Committee of Professional Standards is formed, with Philadelphia's Roland R. Randall as chair.



Chairman Randall, presiding. From left to right: Walter Schmidt, Cincinnati, Alton Maxim, Portland, Me., Lowell Baker, Spokane, Chairman, Randall, Philadelphia, Carrie Maude Jones, Secretary of the Committee, Chicago, Ward Smith, Tacoma and Joseph Lund, Boston.

“The idea of a Committee on Professional Standards grew out of criticism from members of the National Association of Real Estate Boards that the term Realtor ‘didn’t mean anything.’

Some members felt that the Code of Ethics was not adhered to rigidly, if at all.

Other members felt that, after 25 years, changes should be made in the Code and additions made to it.

The Professional Standards Committee was therefore appointed for the first time this year. Its purpose, as the name implies, is to devote its attention to the raising of professional standards nationally in the transaction of business concerning real estate in all its branches.”

Roland R. Randall

In March of 1947, the Professional Standards Committee began work on a complete revision of the Code.

Said chairman Randall: “It has been 23 years since a change has been made in our Code of Ethics and as changes have come in our business life over the last two decades, it has become quite apparent that new provisions should be added and certain sections should be clarified. ...

The second big project of this Committee will be to work out a plan of procedure for enforcing our Code of Ethics and tightening up on violations in order to make this term of ours called "Realtor" mean something.”

In 1947, the Washington (DC) Real Estate Board and NAREB were sued by Justice Department for antitrust violations.

The Code of Ethics called for local boards to assume standard rates of commission in order to protect consumers from arbitrary and unfair business practices. The federal government considered this to constitute price-fixing, a violation of the Sherman Act of 1890.

A criminal case was filed first; NAREB was acquitted in 1948. A civil case then followed, making its way to the Supreme Court.

In May of 1950, the US Supreme Court delivered its opinion in the federal antitrust case against NAREB, finding that publishing commission rates violated the Sherman Act. It also found, however, that the National Association had the public's best interests in mind by promoting the practice, and was not guilty of any wrongdoing.

## The REALTOR'S Pledge

I AM A REALTOR

*I Pledge Myself:*

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

To be honorable and honest in all dealings;

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

To act fairly towards all in the spirit of the Golden Rule;

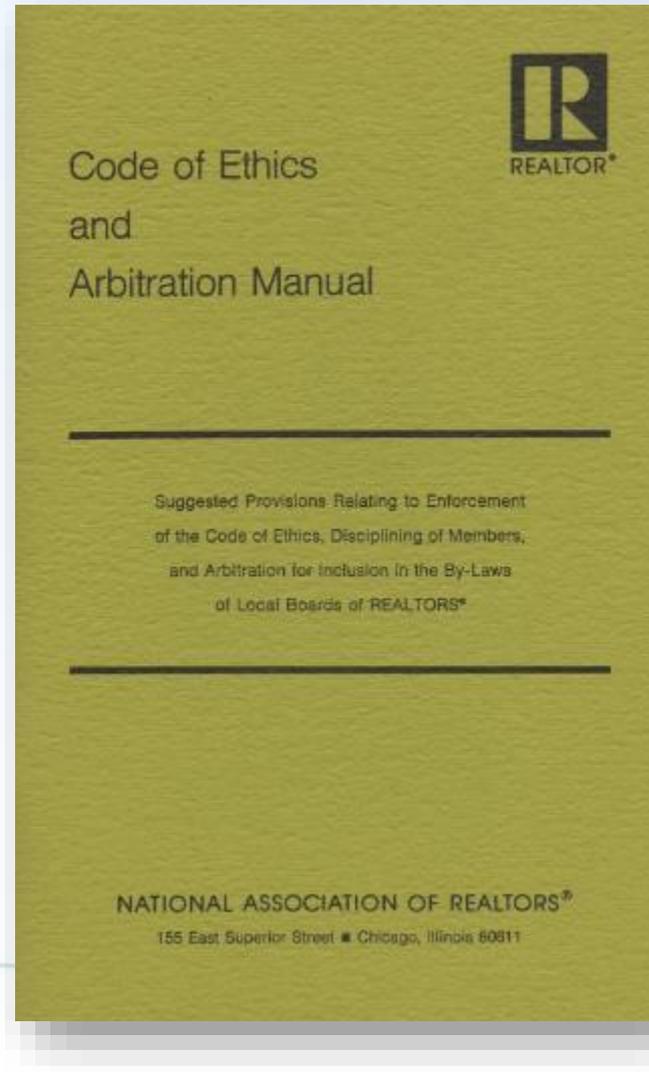
To serve well my community, and through it my country;

To observe the Realtor's Code of Ethics and conform my conduct to its lofty ideals.

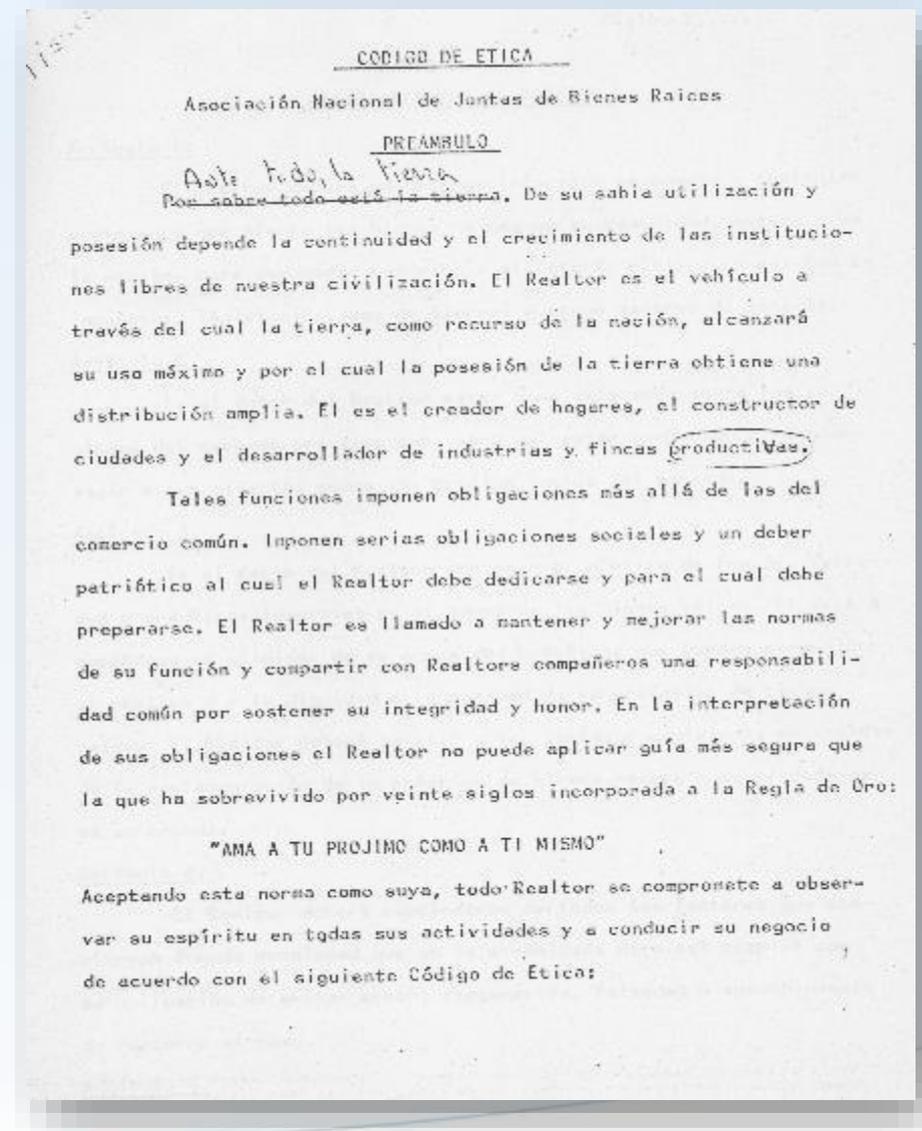


1954

In 1973, the first *Code of Ethics and Arbitration Manual* was published.



In February of 1974, the first Spanish translation of the Code was presented to the National Association, prepared by Louis Cordova, president of the Puerto Rico Association of REALTORS®.



Also in 1974, one new article was added, Article 10:

“The REALTOR shall provide equal professional services to all persons regardless of race, creed, sex or country of national origin.”

In 1989, Article 10 of the Code was amended to include religion, handicap, and familial status among protected classes that can not be denied equal professional services, mirroring the classes included in federal Fair Housing laws.

In 2010, Article 10 was revised to include sexual orientation as a protected class.

In November 1998, the National Association's Professional Conduct Working Group published *Pathways to Professionalism*, a voluntary list of guidelines addressing issues of professional courtesy and etiquette, based on the Code of Ethics.

November 1999 saw the adoption of a mandatory New Member Code of Ethics Orientation program and Quadrennial Ethics Training program for existing members. The first four-year cycle for the Quadrennial Ethics Training was set to begin Jan. 1, 2001 and end on Dec. 31, 2004.

The Code is a living, growing (and sometimes shrinking!) document.

- **First Code:** 23 articles
- **Current Code:** 17 articles
- **Longest Code:** 36 articles (1915)
- **Shortest Code:** 17 articles (current version, adopted 1994)

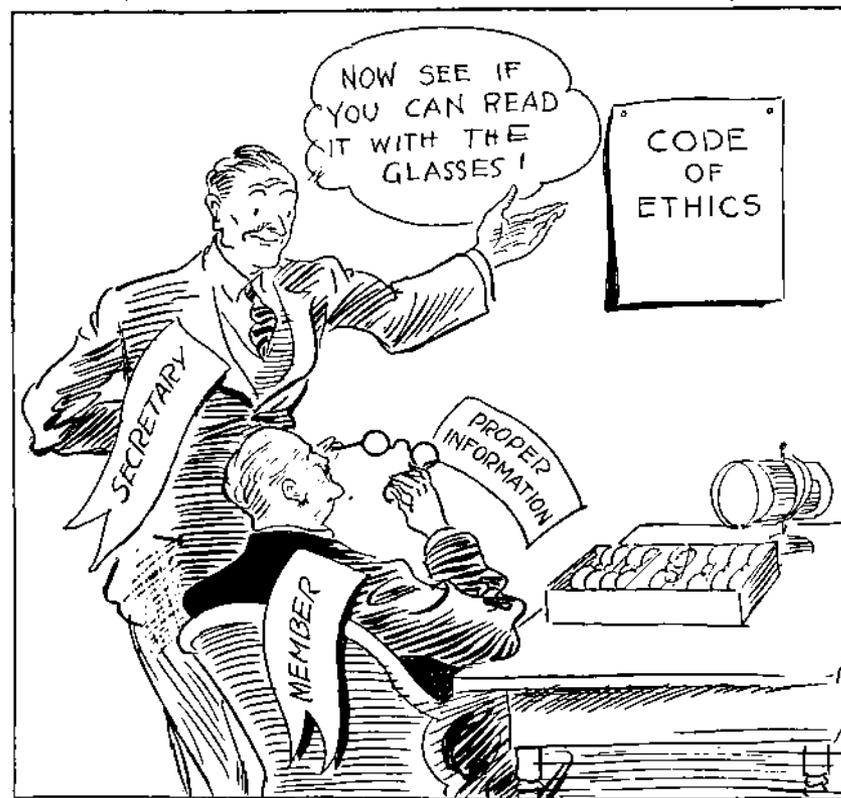
The Code has been amended 40 times in its 100 year history.

- **Number of times Code was revised/amended, by decade:**

- 1910s – 3
- 1920s – 2
- 1930s – 0
- 1940s – 0\*
- 1950s – 4
- 1960s – 2
- 1970s – 2
- 1980s – 4
- 1990s – 10
- 2000s – 10
- 2010s - 3

\*Revision was prepared in 1948, but postponed until 1955.

The Code of Ethics has been described as an “uncommon event with uncommon men and women making an uncommon commitment to business integrity and fair dealing.” (William D. North, “A Gift of Vision”)



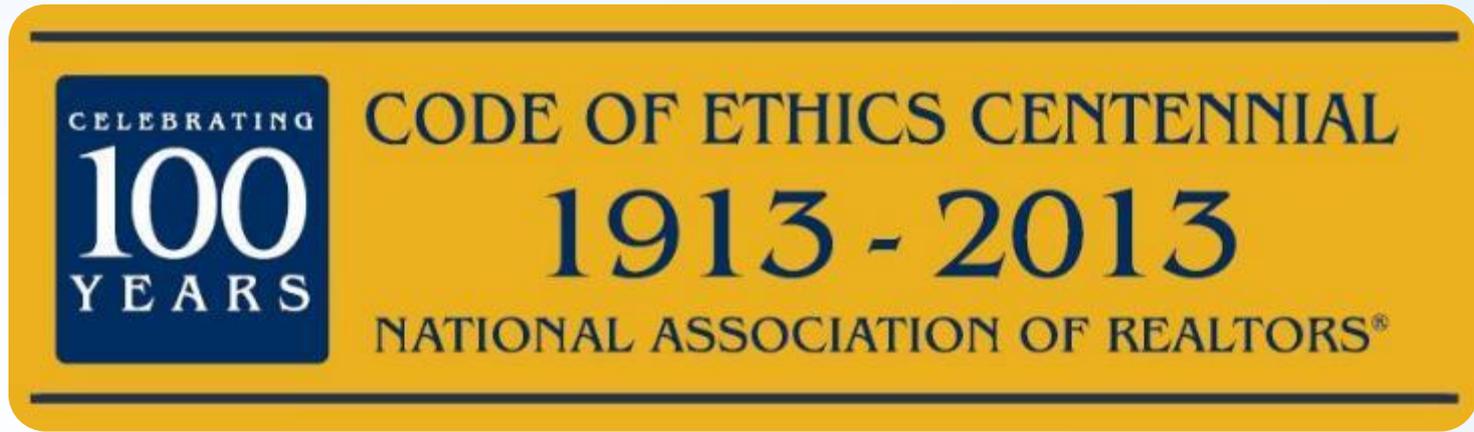
For the last 100 years, the REALTOR® Code of Ethics has held members of the National Association to a higher criterion of excellence, reaffirming their commitment to encouraging and protecting property ownership and ensuring wise stewardship of our nation's land and resources.

In its second century, the Code will continue to adapt to the needs of a vibrant, professional, ethical real estate community and continue to distinguish REALTORS® and their commitment to integrity.

For more information on how you can celebrate the Code of Ethics Centennial, please visit <http://www.realtor.org/topics/code-of-ethics-centennial>

To purchase commemorative Centennial items, please visit the REALTOR® Team Store at <http://www.realtorteamstore.com/>

# REALTOR® Code of Ethics Centennial: A Century of Pride and Professionalism



Developed in recognition of the Code of Ethics Centennial on behalf of the REALTORS® of America by the Board Policy and Programs Department, National Association of REALTORS®.

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