



**CODE OF ETHICS
NATIONAL REAL ESTATE DEVELOPMENT COUNCIL
(NAREDCO)
SOLEMN PLEDGE BY MEMBERS OF NATIONAL COUNCIL AND
LOCAL COUNCILS**

This Solemn Pledge is being affirmed by the undersigned on behalf of the enterprise/organisation mentioned below, on assuming responsibilities as Member:

----- (Name & Designation)

----- (Enterprises/organisation with complete address)

It is recognised that Members of the National Council (NAREDCO) as well as Members of Local Councils (REDCO) are required to assume the following obligations and make the under mentioned commitment on taking Membership.

It is also recognised that default in observance of these obligations and commitments can eventually lead to cancellation of Membership; it is also recognized that in the event of final decision regarding cancellation of Membership no alternative redress against such cancellation shall be exercised.

It is hereby recognised that it is the responsibility of each Member to ensure that the public is protected against every possibility of fraud, mis-representation and unethical practices in every aspect of real estate work including development, construction, promotion, marketing, brokerage and that every Member must strive to maintain high standards of service in all these fields of real estate work.

CLAUSES COMMON TO ALL ASPECTS OF REAL ESTATE WORK

1. It will be the endeavor of every Member to remain fully acquainted with all relevant statutes, rules, regulations, public policies and provisions, and be completely informed about the matter affecting real estate work in the locality, the state, and the country, to enable the members to contribute responsibly toward formulation and development of public policies relating to this work.
2. Members dealing with problems relating to development of land and/or construction of buildings thereon, and/or subsequent marketing operations, shall ensure that all statutory obligations pertaining to the procurement of license/permission to undertake such project from the government/local authority have been fully complied.
3. Member undertakes to ensure that the project is so oriented that the buyers are required to pay for the property only in accordance with the terms and conditions contained in a comprehensive Sales Agreement, and to further ensure specifications and quality of construction incorporated in the Sales Agreement are fully honoured.



4. Members undertake to continuously promote and encourage upgradation of technology and skills through proper emphasis on training of manpower and use of standard materials in order to achieve the twin objectives of cost reduction and improvement of quality standards.
5. Members shall undertake that their enterprises as well as their associates shall willingly share with other Members results of their experiences for the larger benefit of the public.
6. Members undertake to avoid exaggeration, mis-representation or concealment of any pertinent facts and affirm their obligation to undertake competent and effective investigation which may disclose any unethical practices.
7. Members shall not deny equality in professional services to any individual on grounds of race, caste, creed, community, region, sex or country of origin. Members also undertake not to subscribe to any action which would cause discrimination against a person or persons on any such basis except where such preservations form part of social obligation undertaken by the nation and are approved by the government.
8. Members affirm that in the event of a controversy between any members or their associates, the dispute shall be submitted for arbitration in accordance with the regulations which may be prescribed by the Council from time to time, instead of becoming subject of litigation.
9. It is hereby affirmed that if a Member is charged with unethical practices or is directed to present evidence in any disciplinary proceedings or investigations, the concerned Member shall place all relevant facts before that appropriate Tribunal of the Council instead of resorting to litigation; failure to comply with this requirement can lead to termination of membership.
10. Members recognize that any payment received from a client is a sacred trust which must be applied to the project for which the client has made the payment and should not be diverted to any other activity or project which diversion might jeopardize the interest of the client.
11. It is hereby confirmed that the Members should take care at all times to present the correct picture in any advertisements and presentations to the public. No advertisement should be released without disclosing the name of the enterprise nor permit any person associated with it to use individual names or telephone numbers unless the connection with the enterprise is made clear in the advertisement.
12. Every member shall follow the spirit of ethical practices and fulfil the obligations accepted or incorporated in the contract or advertisement in which full facts relating to the status of the project must be disclosed, including the facts relating to ownership of land, position regarding mandatory approvals and future plans. It is recognized that the Membership shall be liable to be revoked when it is established, after appropriate hearings, that the Member :
 - i) received money in advance for booking plots or building without making proper arrangement regarding ownership of land and /or obtaining requisite sanction relating to sub-division of plots or layouts.
 - ii) demanded money additional to the contracted amount, and, in default, penalised the buyer by cancelling allotment of the plot/flat or withholding delivery of possession.
13. The member dealing with real estate development shall follow the following code in respect of all buildings:
 - i) if there is any ambiguity to the title of the land on account of legal or statutory provisions, it will be brought to the notice of the buyers disclosing factual position;

- ii) it shall be ensured that building materials used in the construction are of standard quality;
- iii) if any change is made in the approved plans and broad specifications, buyers should be fully informed. Where, however, the specifications are changed in compliance with orders of any statutory authority, the buyers can be called upon to pay extra costs involved;
- iv) Payment of final installment shall not be demanded from buyers before the building is ready for occupation/transfer of possession;
- v) Rates charged will be for the built-up area which would clearly imply and include the area under periphery of walls, area of toilets within the construction, area of covered balcony if exclusively used by the buyer, and proportionate area of common services including common passage, staircase, common lifts, common toilets, meter room etc;
- vi) Variations in the area offered to be sold and actually sold will be confined to the minimum and the causes of such variation shall be explained to the buyer;
- vii) Agreement between the Member and buyer will provide escalation clause only after taking care of increase in the price of building material and wages in accordance with the standard CPWD formulae;
- viii) The maintenance of a building in an apartment block or complex after its handing over to developer/cooperative society shall always be the prime concern of both parties. It shall be ensured that all flat owners pay maintenance charges to the maintenance wing of the developer/cooperative society of flat owners, in accordance with a mutually arrived at Agreement. While it shall be incumbent upon the maintenance wing of the developer/cooperative society of flat owners to provide adequate maintenance as defined in the Agreement, the failure to pay maintenance charges by flat owners shall invite penalties/charges to maintenance wing to developer/cooperative society in accordance with the said agreement.

CLAUSES CONCERNING BROKERAGE

14. The brokerages enterprises Member shall always endeavour to remain fully informed about the regulations, statutes, proposed legislation, public policies and current market conditions, for enabling it to be in a position to properly advise the clients. It shall also be the endeavour of the brokerage enterprise to eliminate scope of unethical practices which may cause damage to a client/and or bring discredit to the real estate profession. The brokerage enterprise must aim at providing competent service in keeping with the high standards relating to the fields in which the enterprise operates and shall not undertake to provide any specialised professional services which may be outside the field of competence, unless the enterprise procures competent assistance relating to such requirement and unless the facts are fully disclosed to the client. Where such outside assistance is secured it shall be identified to the client and the contribution of such outside enterprise must be set forth in clear terms.
15. Brokerage enterprise shall ensure that the financial obligations and commitments regarding Real Estate transactions are invariably recorded in writing, incorporating the exact agreement between the parties; copy of such agreement shall be furnished to each party upon signing of the agreement.
16. The brokerage enterprise recognizes its duty to protect the public against any misrepresentation, unethical practice or fraud in Real Estate work, ensuring that all properties are listed solely on merit and without exaggeration, concealment, deception or misleading



information. In accepting employment as agent, the Brokerage Enterprise subjects itself to protect and promote the interests of the client, maintaining also the obligation to treat fairly all parties to the transaction.

17. Brokerage Enterprises shall not acquire an interest in, directly or through any member of the family or for any entity in which it has substantial ownership interest, in property listed by it, without making the correct position known to the owner. In selling property the Brokerage Enterprise shall reveal the facts of any ownership and/or interest in such property, revealing full facts thereof to the purchaser. The Brokerage Enterprise shall not accept any commission, rebate or profit on expenditures incurred on behalf of the principal-owner, without the Member's knowledge and consent.
18. The Brokerage Enterprise recognizes that all contracts and agreements relating to ownership, use and/or occupancy of real estate properties should be in writing and signed by all parties or by their lawfully authorized agents.

Place

(Signature)

Date

(Designation)

(Name & address of Enterprise)