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## Part I Commissions/ Programs/ Responsibilities

### A. Commissions --- Schedule 2016

#### Active Agent's Commission Split – Gross Commission

Level 1	0 -	\$50,000	65%
Level 2	50,001-	95,000	70%
Level 3	95,001-	135,000	75%
Level 4	135,001-	175,000	80%
Level 5	175,001+		85%

Gross commission is defined as the accumulated commission earned in a calendar year at settlement as shown on the settlement sheet (HUD-1). Net commission is the Agent's commission (gross times the split). The Commission Schedule is reviewed and revised as necessary annually. Associates shall start at level 1 each year until they have reached level 2 two years in a row for the two most current years or level 3 during the current year. Thereafter, each year, associates shall start at level 2. If an associate on level 2 fails to maintain level 2 or higher for two years in a row, the associate shall re-start at level 1. If an associate reaches level 4 two years in a row for the two most current years or level 5 during the current year then the associate shall begin the next year at level 3. If the associate on level 3 does not maintain level 3 or higher for two years in a row then the associates shall restart at level 2 and so on.

Broker approval is required when the listing commission is less than 3.0% for properties under \$250,000.00. Rebates to clients require Broker approval. Broker reserves the right to adjust the Agent's commission splits on an agent by agent basis. Incentive bonuses offered by a seller over and above the fee paid to Betsher & Associates will be passed through to the Agent if we receive a minimum commission of 2.5%. If we receive less than 2.5% the bonus will be used to make up the difference and the remainder will be passed on to the agent. Bonuses do not contribute to an increase in levels. Agents must document the bonus.

#### **Example Commission split at 65%**

Sale price	comm. %	comm.\$	referral Fee	Bonus	net to agent
<b>Example of commission</b>					
\$125,000	3.0	\$3,750.00	0	0	\$2,437.50
[125,000 x .03 x .65 = 2,437.50]					

**Example of an outgoing 25% referral fee**

\$125,000    3.0            \$3,750.00            25%            0            \$609.38  
[125,000 x .03 x .25 x .65 = 609.38]

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**Example of an incoming 20% referral fee**

\$125,000    3.0            \$3,750.00            20%            0            \$1,950.00  
[125,000 x .03 x .80 x .65 = \$1,950.00]

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**Example as above with a bonus of \$2,000 and a commission of 2.0%**

\$125,000    2.0            \$2,500.00            0            1,375.00            \$3,406.25  
[((125,000 x .02) +625.00) x .65 = 2,031.25; 2,031.75 + 1,375.00 = 3,406.25]

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**Example of an agent on referral**

\$125,000    3.0            \$3,750.00            20%            \$487.50  
[125,000 x .03 x .20 x .65 = \$487.50]

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**B. B & A Referrals to Other Companies**

When referring to outside companies our referral fee to them is 25%.

**C. Flat Fee**

Broker Flat Fee, if any, shall be split with the agent but shall not count toward "Gross Commission" as it applies in "Part I, A" above.

**D. "Intra-Company Agent" authority**

Betsher & Associates grants each agent automatic authority without assignment by the Broker to act as "intra-company agents" when representing customers or clients in a Dual agency situation.

**E. Associate Position Description and Responsibilities**

An associate is committed to assisting buyers and sellers with the purchase or sale of their home by managing their experience through communication and education with honesty, integrity, and professionalism.

Responsibilities of Associates Shall

- ❖ Communicate, communicate, communicate, be courteous and professional with all parties to a transaction and be patient. Getting to an executed contract is only 40% of the process.
- ❖ Represent the company in a manner that supports or enhances your reputation and the reputation of the company.

- ❖ Regularly maintain, nurture and enhance and continuously grow your personal contact list. You are expected to build your referral base one by one. Your goal is to develop a client for life.
- ❖ Make marketing routine, consistent and automatic. Understanding that 80% of all sales and 70% of all listings come from people you know and people they know. Maintain ongoing client communication. Three or four times a year remind your contacts you are in the real estate business by using a contact management system.
- ❖ Attend company meetings.
- ❖ Handle appointments.
- ❖ Arrange for coverage when you are away. See Q & A on this subject.
- ❖ Set annual goals.
- ❖ Attend at least one Realtor convention a year (local, state or national).
- ❖ Know the contracts and addenda and keep them up to date on your computer.
- ❖ Be computer literate.
- ❖ Realize it's a business and have fun.

#### Associate Expense Responsibilities

- ❖ A home computer system & supplies with internet access.
- ❖ Associate portion of the Company E & O Program. Currently \$115.00 semi-annually 2012, payable on the first day of December and June and adjusted annually in May. Adjustments for E & O will be made in agent's statements for agents with settlements scheduled December/January and June/July. Agents with no settlements during these times will be billed.
- ❖ The cost of installation & removal wood post signs and brochure boxes.
- ❖ Local, State and National Association fees.
- ❖ Multiple List, key pad etc. misc. fees, etc..
- ❖ Participate in the company customer follow-up program.
- ❖ Associates personal web site.

### **Questions and Answers**

Q What is communicating in a timely manner?

A Either immediately or within a very short period of time but never more than 24 hours even if there is no news. E-mail and texting<sup>3</sup> may be ok for some but use it sparingly. The telephone is still the best method of communication. Lack of communication leads to misunderstanding and mistrust and is both unprofessional and unnecessary. It is always your primary responsibility.

Q Do you have to work and be available 24/7?  
A No. Don't. If you don't respect your private and your family time no one else will. Make time for yourself and your family and let your clients know when you are unavailable.

Q What if the other agent is not doing his/her job?  
A You do it. Your client expects nothing less.

Q I'm going to be away for a couple of days or on vacation. How do I get someone to cover for me? How do I compensate them for their time?  
A We work as a team and each member of the team may on occasion need help. If you have time and can help please do so to the best of your availability. If you're the one benefiting from help make sure that it is not a one way street. Reciprocal arrangements are encouraged. Traditionally in the real estate industry agents will give a referral fee to the helping agent somewhere between 10-20% of the transaction depending on the situation. If the help is minimal some agents will give the helping agent a dinner gift certificate or something similar as a thank you.

Q Does Betscher & Associates have a dress code?  
A No. However, each occasion can be different and you need to dress for the occasion. The general rule is to be neat and clean as you would want other associates to be if they came into the office when you were meeting with a client.

Q Who is my real client when I get a referral?  
A You have two clients and both are equally important. Your first, and possibly your most important client, is the person who gave you the referral. Keep them up to date and do a good job and you will get continuing referrals from them. Your second client is the person or persons who have been referred to you.

Q How do I give referrals to other agents, especially referrals to out of town agents?  
A While out-of-town referrals are a relatively easy thing to do they can be hit or miss. Some large brokers and even some small brokers belong to various relocation networks. These networks can be cumbersome and arbitrary and usually cut off the agent giving the referral from the process once the referral to the new agent is made. While the agent giving the referral usually gets 20%, the agent in receipt of the referral pays the referral company 35-40%. Many top agents will not take referrals for this reason.

You can frequently find brokers in the area where your client anticipates living by looking on the internet or by using the internet phone pages. A quick call to the broker/manager (sort of an interview ó comfort gauge) can be an excellent way to select an office. You would, of course, identify yourself, ask who might be a good fit for your client and talk to that person. If you are comfortable, send the referral form. They are usually very happy to pay a referral fee of 20-25% rather than 35-40% and you can keep in direct contact with your client and the other agent. You may have made a friend in another city. Try it ó it works great

Q Does Betscher & Associates have floor duty?

A No. Associates are expected to field all calls on their listings. In addition, associates who get calls on someone else's listing should either transfer the caller to the listing agent or get the caller's name and number and call the listing agent with the information.

#### **F. Broker Position Description And Responsibilities**

The Broker is committed to assisting associates reach their desired level of success by providing support, leadership, motivation, education and cooperation in an environment that promotes their independent success.

#### **Responsibilities ó Broker Shall**

- ❖ Communicate in a timely, courteous, and professional manner with all parties.
- ❖ Provide the tools and atmosphere whereby associates can effectively conduct and grow their business.
- ❖ Provide regular training and mentoring.
- ❖ Recruit new associates by encouraging our associates to sponsor others.
- ❖ Understand that associates want their own business not the broker's business.

#### **G. Sale or Purchase of Personal Residence**

In general there is no, or in certain circumstances only the company fee, charge for an associate's sale or purchase of his/her personal residence (foreclosure, short sale excepted) as long as the associate has earned an equal or greater amount in net commissions during the preceding twelve month period or within the six months before and after the sale or purchase of the associate's home.

## Part II Independent Contractor Agreement

Betsher & Associates Realtors, Inc. is licensed as a real estate broker in the State of Maryland, Pennsylvania and Florida and performs acts designated within the Statutes of those states and enjoys goodwill and a reputation for dealing with the public, and maintains an office for the purpose of serving the public as a real estate company.

\_\_\_\_\_ is licensed as a salesperson or associate broker in the State of Maryland and/or Pennsylvania and/or Florida and is properly qualified to deal with the public as such.

The effective of this agreement shall start when the licensee starts or transfers his/her license to Betsher & Associates. Broker and Associate agree to associate pursuant to the following terms and conditions.

1. **Employment Status.** Broker retains Associate as an independent contractor to assist Broker in the performance of real estate related activities. With respect to the clients and customers for whom service is performed within the scope of this Agreement, Associate will be construed to be an agent of Broker; otherwise, Associate will not be deemed a servant, employee, joint venture or partner of Broker for any purpose. Associate will not be treated as an employee for Federal tax purposes with respect to the services performed for Broker under this Agreement. Associate is responsible for paying his/her own estimated income tax payments, self-employment taxes, occupational taxes and other taxes, if any, to the appropriate governmental entities. Broker will not withhold any taxes from compensation due to Associate, nor will Broker provide workers' compensation insurance for Associate.

2. **Associate.** Associate will use his/her best efforts to procure real estate-related business for Broker and will conduct his/her business in reputable manner and in conformance with all laws, rules, regulations and codes of ethics that are binding upon or applicable to real estate licensees, and with Broker's office policy manual, if any.

A. **Compliance.** Associate recognizes and acknowledges the obligation to keep abreast of all legal and other issues that affect the real estate industry as they may change from time to time. Associate will not commit any act that violates state real estate license law.

**Fair Housing.** Broker and Broker's company support and practice Fair Housing principles. Associate has been advised that failure to comply with Fair Housing principles will result in appropriate disciplinary action and possible termination of this Agreement. Associate warrants and represents that his

Associate's intent to attend Fair Housing instructional programs, keep current on developments in Fair Housing as it affects real estate marketing and sales, and comply with the Fair Housing laws and regulations. Associate understands this acknowledgment, warranty and representation and agrees to it voluntarily.

**Broker Policy and Procedure Manual.** Associate agrees to comply with the manual, if any, and such modifications, addenda and changes as may be incorporated therein from time to time.

**B. License Renewal, Continuing Education, Dues.** Associate will be responsible for timely renewing Associate's real estate license and for completing all legally required continuing education in a timely manner and maintaining the records that evidence such completion as required by the appropriate regulatory authority or commission. Associate will be responsible for paying all license fees, membership dues and fines.

**C. Broker Supervision.** Associate will be deemed to be working under Broker's supervision only to the extent required by the controlling state statutes. Associate will perform all activities, including those activities Broker requires Associates to perform, independently without Broker's supervision or control.

**D. Broker Property** Associate acknowledges that all pending sales and listings taken during the term of this Agreement are Broker's property. All programs, forms, data, keys, manuals, signs and other paraphernalia relative to the business of Broker are Broker's property, as are all documents and other items pertaining to transactions.

**E. Property of Others.** In accordance with state law, Associate will deliver to Broker by the end of the next business day following receipt any funds or other items that the consumer has entrusted to Associate in connection with a real estate transaction.

**F. Responsibility.** Broker will not be liable to Associate for any expenses incurred by Associate nor for any of Associate's acts. Associate will have no authority to bind Broker by any promise or representation, oral or otherwise, unless specifically authorized in writing in a particular transaction. Suits, whether for fees or otherwise, against clients, customers and others in the real estate business will be maintained only in Broker's name. Associate is responsible for providing all tools necessary to perform the duties outlined. Associate will also be responsible for providing Associate's own automobile and is responsible for transportation expenses including insurance in the minimum amount required by the governing authority for public liability and property damage insurance, and other expenses incidental to performing Associate's duties without receiving any reimbursement from Broker. Broker will be named as an additional insured in all such policies.

**G. Indemnification.** Associate will indemnify and hold Broker, its officers, directors and employees harmless from all claims, demands, suits, costs and expenses, including reasonable attorneys' fees at all levels, of whatever nature



and description to the extent based on Associate's representations; acts; omissions; negligence; willful misconduct; or violation of laws, rules, regulations, codes of ethics, this Agreement or office policy manual.

3. **Broker Responsibilities**

A. **Access to Listings.** Broker will provide Associate with access to all current listings of Broker and listings made available to Broker through offers of cooperation, except those listings that Broker, in his/her/its discretion places exclusively in the possession of another salesperson.

B. **Access to Facilities.** Associate may utilize Brokers then existing office facilities for the performance of Associates duties as described above.

C. **Compensation.** Broker will negotiate all terms and conditions of fees charged clients including but not limited to, the amount and payment date. Broker will compensate Associate in proportion to Associates output with regard to real estate related activities and not to hours worked by Associate. Such compensation will be solely through commissions as described below or in Broker's current Commission Schedule, if any. In the event of conflict between Brokers office policy manual and this Agreement, the terms of the office policy manual will prevail Broker may deduct from Associate's compensation any amounts due from Associate to Broker.

(1) **Amount; Payment.** When Associate performs any Brokerage service for Broker and Broker earns and collects a fee for such service, Broker will pay Associate in accordance with Associates commission split within five business days after the funds are collected and have cleared. Other:

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(2) **Dividing Compensation with Other Licensees.** If two or more associates participate in rendering a brokerage service to the public, or claim to have done so Broker will determine, in Brokers sole and absolute discretion, the amount of the fee due Associate.

(3) **Incentives.** If a seller or listing office offers a premium, bonus or other incentive, if such premium, incentive or bonus is in the form of money, then the current Commission Schedule applies. If such incentive is other than money (i.e. a cruise, trip, or other matter having economic value but not delivered in money), then such premium, bonus or incentive will go to Associate. If a non-monetary incentive goes to Associate, Broker will report the fair market value of the incentive as income to Associate, as Broker must collect and deliver the incentive to Associate to preserve the respective legal positions of the parties.

(4) **Benefits.** Associate will be provided no minimum salary, vacation pay, sick leave or any other fringe benefit.

(5) **Collection of Fees.** Broker will not be required to prosecute or sue any party in order to collect any fee for services performed by Associate. However, if Broker incurs attorney's fees and costs in the collection of or attempt to collect a fee, such amounts will be deducted from Associate's commission in the same proportion as provided for herein in the division of the fee.

(6) **Compensation after Termination of Agreement.** After termination of this Agreement, Broker will pay Associate any amount earned prior to termination less amounts owed to Broker and amounts Broker must pay another licensee to complete pending transactions for which Associate was responsible prior to termination.

4. **Errors and Omissions Insurance.** Broker maintains Errors & Omission insurance which coverage includes Associate. Associate will pay a portion of Errors & Omission coverage, as outlined in the associate expense responsibilities section.

5. **Term; Termination.** This Agreement will be in effect for one year(s) from the effective date and shall automatically renew at the end of this agreement for successive one year extensions. Either party may terminate this Agreement by one days' advance written notice to the other party. Broker may terminate this Agreement without notice for wrongful conduct by Associate. Failure by either party to maintain active licenser status pursuant to Maryland, Pennsylvania or Florida Statutes, will be deemed automatic termination. Associate will not, after termination of this Agreement, use to his/her own advantage, or to the advantage of any other person or entity, any information gained from the business of the Broker relating to property for sale, lease or rental, or Broker's customers or clients. Upon termination of this Agreement, Associate will return all Broker's property to Broker with no copies made or retained by Associate.

6. **Confidentiality.** Associate acknowledges that Broker may disclose confidential information to Associate during the course of this Agreement. Any such information that is or should be reasonably understood to be confidential or proprietary to Broker, including mailing lists, customer and client lists, sales, costs, unpublished financial information, product and business plans, projections, marketing data, computer data, computer programs and supporting documentation, and Broker's office policy manual, if any, are considered confidential property of Broker Associate will take reasonable steps and use due care during the term of this Agreement and for twelve months after its termination to prevent the duplication or disclosure of confidential information, other than by or to Brokers employees or agents who must have access to the information to perform their duties for Broker.

7. **Dispute Resolution.** This Agreement will be construed under state law. All disputes between Associate and another Associate in Brokers firm will be resolved by Broker. All disputes between Broker and Associate will be mediated under the rules of the American Arbitration Association or other mediator agreed upon by the parties. The parties will equally divide the mediation fee, if any. In any litigation between Broker and Associate, the prevailing party will be entitled to recover reasonable attorneys fees and costs at all levels, unless the following box is checked:  **Arbitration:** Any dispute not resolved by mediation will be settled by neutral binding arbitration in accordance with the rules of the American Arbitration Association or other arbitrator agreed upon by the parties. Each party to any arbitration or litigation (including appeals and interpleaders) will pay its own fees, costs and expenses, including attorneys' fees at all levels, and will equally split the arbitrator's fees and administrative fees of arbitration.

8. Additional Terms.

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Brokerage Name **Betsher & Associates Realtors, Inc.**

Associate \_\_\_\_\_

## **Part III-- LEGAL AND ETHICAL RESPONSIBILITIES OF SALES ASSOCIATES**

### **LEGAL AND ETHICAL OBLIGATIONS OF SALES ASSOCIATES**

#### **1. PROPER HANDLING OF TRUST MONIES**

It is the responsibility of each Sales Associate to properly safeguard and promptly account for all trust money which comes into the possession of the Sales Associate. Trust money, under Maryland law, is defined to mean a deposit, payment or other money that a person entrusts to the real estate licensee.

Upon the execution of a contract of sale or lease, the Sales Associate shall promptly submit the trust money to the Company for processing along with the executed contract of sale, lease and addenda thereto. Under no circumstance shall a Sales Associate fail to promptly remit any trust money to the broker or office manager once a contract of sale or lease has been entered into, even if specifically requested to do so by the person who has placed the trust money in the possession of the Sales Associate. The obligation of the Sales Associate to promptly remit the trust money for processing by the Company at the time that a contract of sale or lease is entered into shall be complied with even if the terms and conditions of the contract of sale or lease provide that the trust money is not to be negotiated or deposited until the occurrence of a particular event or contingency in accordance with the contract of sale or lease.

If a Sales Associate receives trust money in the form of a check and is advised by the maker that the account upon which the check is drawn has insufficient funds to cover the amount of the check, the Sales Associate shall advise **the broker and/or manager and shall also notify** the listing agent or seller (in the case of a FSBO) of such fact at the time that the offer or lease is submitted. A Sales Associate shall not accept or receive any trust money by way of a check which is postdated.

If advised by the Company that any trust money in the form of a check has been dishonored by the bank upon which the check was drawn, the Sales Associate shall immediately notify the **broker and/or manager and shall also notify the** listing agent or the seller (in the case of a FSBO) immediately and shall confirm such fact in writing.

A Sales Associate shall not represent, infer or suggest to any party to a contract of sale or lease form that a minimum deposit is required under Maryland law in order to create or form a binding contract of sale or lease.

Under no circumstances shall a Sales Associate convert any trust money received by the Sales Associate for their own personal benefit or use.

## **2. FEDERAL, STATE AND LOCAL FAIR HOUSING REQUIREMENTS**

It is the policy of the Company to provide real estate brokerage services to all persons.

A Sales Associate shall not refuse to provide real estate brokerage services to any person who falls within a protected class under federal, state or local law.

A Sales Associate, either intentionally or unintentionally, shall not assist an owner of property, whether residential or commercial, in any agreement, plan, scheme or suspected effort on the part of the owner to discriminate in the sale or lease of real property to any person who is protected under federal, state and local fair housing laws.

Under federal law, protected classes include race, color, sex, religion, national origin, physical or mental handicap, and familial status. Under Maryland law, protected classes include all those persons protected under federal law plus the additional classes of marital status and sexual orientation.

Anne Arundel County, Baltimore City, Baltimore County, Harford County, Howard County, Montgomery County and Prince George's County have adopted local fair housing laws that include the protected classes under federal and Maryland law as well as the following additional protected classes, which will vary from county to county. These additional protected classes include:

- Occupation
- Political opinion
- Appearance
- Source of income
- Gender Identity
- Creed
- Ancestry
- Genetic status.

The following shall apply to the conduct of all Sales Associates in order to ensure that all persons, regardless of their protected class as described above, are afforded the full and equal opportunity to locate and acquire real property for sale or for

lease and to further ensure that such individuals are afforded the full opportunity to receive professional real estate brokerage services from real estate licensees:

- A.** A Sales Associate shall decline to accept any listing agreement where the owner, in advance, has inferred or suggested that the Sales Associate limit the availability of the property to any person based upon their protected status or suggest or infer that the Sales Associate assist the owner in limiting the availability of property for sale or for lease to any person who falls within a protected class.
- B.** A Sales Associate shall not assist an owner in any effort to discriminate against a person attempting to buy or lease real property based upon the person's classification under a protected class.
- C.** In any circumstance where a Sales Associate is requested by an owner or suspects or believes that an owner of real property intends or is actually engaging in a course of conduct designed to discriminate in the sale or lease of real property, the Sales Associate shall promptly report such matter to the broker or office manager and seek immediate advice and direction as to procedures to be followed under such circumstance.
- D.** A Sales Associate shall not, under any circumstances, make, either verbally or by gesture, any reference to any person in a derogatory or derisive manner based upon the physical characteristics of such individual or their particular circumstance based upon any protected class under federal, state or local law. Under no circumstances shall any Sales Associate make or use any words, phrases or gestures of a derisive or offensive nature, including any stories or jokes, which relate to the physical characteristics of any person. Any Sales Associate who uses derogatory words or phrases based upon the physical characteristics of an individual or based upon their protected class will be summarily terminated from the Company. This will include any such comments by and between the Sales Associates among themselves or to other persons and by any means, both verbal and written.
- E.** A Sales Associate, at all times, shall comply fully with all federal, state and local requirements with respect to the equal opportunity of all persons to purchase or lease real property in accordance with federal, state and local laws and regulations.

- F. A Sales Associate shall include the equal housing opportunity logo in all display advertisements, whether print, television or internet, in excess of four (4) inches. The equal housing opportunity logo must be the same size as any other logo included in the advertisement and shall never be less than 1/2 inch by 1/2 inch as required by federal law. Similarly, a Sales Associate shall include the equal housing opportunity slogan in all print advertisement under four (4) inches. In order to fully comply with the law, the equal housing opportunity slogan shall be fully stated in such advertisement as "Equal Housing Opportunity" and not as "EHO."

There is no exception to federal, state or local fair housing laws if a Sales Associate is involved in a real estate transaction. While there may be certain circumstances under federal, state and local laws which would authorize an owner to discriminate, on a limited basis, against certain persons and protected classes, such exceptions do not apply if the owner has engaged the services of a licensed real estate salesperson in the sale or lease of real property.

Under no circumstances shall a Sales Associate solicit properties for sale based upon any reference to or suggestion of changing neighborhoods or the changing diversity of a community or neighborhood where the property is located.

At no time shall a Sales Associate determine where a prospective buyer ought to live based upon the Sales Associate's belief as to where the buyer would feel safer or more comfortable. Similarly, a Sales Associate shall make available to all buyers all properties currently for sale or lease for which the buyer qualifies in order to ensure the buyer has the full opportunity to be aware of such available properties and to determine for themselves where the buyer elects to live and reside.

The Company takes its obligations under federal, state and local fair housing laws seriously and it is the established policy of the Company to further fair housing and to provide real estate brokerage services to all persons without regard to their classification under a protected class and to enforce, both in spirit as well as intent, all applicable federal, state and local laws regarding fair housing.

### **3. ADVERTISING REQUIREMENTS**

Sales Associates shall be careful at all times to present a true picture in all advertisements.

Advertisement means print and media advertisement including newspaper and magazine advertisement, mailings, correspondence, brochures, business cards, for

sale and for lease signs and sign riders, promotional items, newsletters, automobile signage, telephone directory listings, telephone solicitations, as well as internet, radio and television advertisement.

The telephone number of the broker and/or branch office manager shall be included in all advertisements as defined above. The telephone number as required shall be the main office telephone number of the office where the wall license of the Sales Associate is displayed. The telephone number is required by Maryland law to be identified by the use of the word "office" preceded by the main telephone number of the office or "(O)" preceded by the main telephone number of the office.

In all advertisements, the Sales Associate shall include his or her full name as it appears on their real estate license and shall not use any other name, including a nickname, except as otherwise authorized and approved by the Maryland Real Estate Commission, from time to time. The name of the Company shall be meaningfully and conspicuously displayed in all advertisements and shall include the full name of the Company as it appears on the real estate license of the Sales Associate. Under no circumstances shall the Company name be abbreviated.

All print advertisements, including television and internet, shall include the equal housing opportunity logo or slogan as required by federal law. All advertisements shall comply with the HUD Guidelines with respect to prohibited words and phrases relating to equal housing opportunity and fair housing under federal law.

When selling or leasing real property owned by the Sales Associate, the Sales Associate shall include in any advertisement for the sale of the property, the fact that the Sales Associate is a Maryland licensed real estate sales person or licensed real estate associate broker. A Sales Associate selling or leasing his or her own real property or purchasing or leasing real property on his or her own behalf shall include in the contract of sale or lease, a written disclosure to the buyer or seller, as the case may be, that the Sales Associate selling, leasing or buying real property is a licensed real estate sales person or licensed real estate associate broker in the State of Maryland.

A Sales Associate who is a member of a team or group shall not advertise solely in the name of the team or group unless the full name of the Sales Associate, as it appears on their real estate license, and the company name are meaningfully and conspicuously included in the advertisements, as defined above.



A Sales Associate shall not offer inducements to buyers or sellers in any advertisement which involves a contest; element of chance; lottery; drawing; or other such mechanism by which a prize or anything of value is to be awarded based upon the luck of the draw or other such limited criteria.

A Sales Associate shall not advertise property as being available for sale or lease without the written authority of the owner.

All advertisements placed by a Sales Associate shall, at all times, comply with all requirements of federal, state and local laws and regulations and shall be submitted for review and audit by the broker or office manager (or the designee of the broker or office manager) as set forth in this Manual.

A Sales Associate shall ensure that the contents of any advertisement is factual and true and shall avoid any misstatement or exaggeration of fact.

When advertising a compilation of properties "sold" or "recently sold" in a particular subdivision or neighborhood, the Sales Associate shall include in such advertisement a statement that the compilation is based upon public information and is not intended to suggest or infer that the Sales Associate or broker was actually involved in the listing or sale of the properties included in the compilation.

A Sales Associate shall not offer any type of coupon redeemable by the public without the prior review and approval by the broker or office manager (or the designee of the broker or office manager).

#### **4. REVIEW OF ADVERTISEMENTS**

All advertisements to be placed by a Sales Associate shall be promptly submitted to the broker or office manager (or the designee of the broker or office manager) for review and audit to ensure compliance with Company policy and the requirements of federal and Maryland law, prior to the placement of such advertisements.

Advertisement means print and media advertisement including newspaper and magazine advertisements, mailings, brochures, business cards, for sale signs and for sale sign riders, promotional items, newsletters, as well as internet and television advertisement.

Following such review and audit as to each advertisement to be placed by a Sales Associate, the Sales Associate shall be advised of any inconsistency in such advertisement. Upon notice of such inconsistency, the Sales Associate shall

immediately undertake to correct the inconsistency noted and ensure that such inconsistency does not occur with respect to advertisement to be placed in the future.

## **5. REVIEW OF CONTRACTS, LEASES AND BROKERAGE AGREEMENTS**

Upon execution by all parties to a contract of sale, lease or brokerage agreement, the Sales Associate shall promptly, or as soon as practicable thereafter, submit the contract of sale, lease or brokerage agreement to the broker, office manager (or designee of the broker or office manager) for review and audit.

Brokerage agreement includes a listing agreement for the sale or lease of real property; buyer agency agreement; and/or property management agreement.

The broker, office manager (or designee of the broker or office manager), consistent with Maryland law, shall review and audit all contracts of sale, leases and property management agreements as executed by all parties.

Following such audit and review, the Sales Associate involved in the contract of sale, lease or property management agreement will be advised of any noted error(s) or omission(s) in or to the contract of sale, lease or property management agreement or the existence of any missing or incomplete items as required by law or Company policy with respect to such contract of sale, lease or property management agreement with instructions to the Sales Associate as to any requirement to complete any missing information, or documents or addenda thereto.

Upon notification to the Sales Associate of the need to correct any error(s) or omission(s) as noted by the review and audit of the contract of sale, lease or property management agreement, the Sales Associate shall promptly comply with all requests by the broker, office manager (or designee of the broker or office manager) to correct such error(s) or omission(s). The Sales Associate shall prepare and complete such missing document(s) as identified for execution by the parties to the contract of sale, lease or property management agreement and shall promptly deliver such corrected or missing document(s) to the broker, office manager (or designee of the broker or office manager).

## **6. UNLICENSED PERSONAL ASSISTANTS**

A Sales Associate shall not engage or hire the services of an unlicensed personal assistant without the express prior written consent of the broker or office manager.

If authorized to hire or engage the services of an unlicensed personal assistant, it is the responsibility of the Sales Associate to take all steps necessary to ensure that the unlicensed personal assistant does not perform any act or engage in any conduct for which a real estate salesperson's license would otherwise be required under Maryland law.

The Maryland Real Estate Commission has issued written guidelines as to those acts which an unlicensed personal assistant may or may not do. The guidelines of the Maryland Real Estate Commission provide as follows:

An unlicensed personal assistant **MAY**:

1. Answer the telephone and forward calls to a licensee;
2. Submit listings and changes to a multiple listings service;
3. Follow up on loan commitments after a contract has been negotiated;
4. Assemble documents for closing;
5. Secure documents (public information) from courthouse, public utilities, etc.
6. Have keys made for company listings;
7. Write and place ads for approval of licensee and supervising broker or office manager;
8. Type contract forms at the direction of and for approval by licensee and supervising broker or office manager;
9. Compute commission checks;
10. Place signs on property;
11. Arrange the date and time of home, termite, and well/septic inspection, mortgage application, pre-settlement walk-thru, and settlement;
12. Prepare flyers and promotional information for approval by licensee and supervising broker or office manager;
13. Act as courier service to deliver documents, pick-up keys, etc.;
14. Schedule an open house;
15. Schedule appointments for licensee to show listed property; and
16. Accompany a licensee to an open house or showing for security purposes or to hand out preprinted materials.

An unlicensed personal assistant **MAY NOT**:

1. Prepare promotional materials or ads without the review and approval of the licensee and supervising broker or office manager;
2. Show property;
3. Answer any questions on listings, title, financing, closing, etc.;
4. Discuss or explain a contract, listing, lease, agreement, or other real estate document with anyone outside the Company;

5. Be paid on the basis of real estate activity, such as a percentage of commission, or any amount based on listings, sales, etc.;
6. Negotiate or agree to any commission, commission split, management fee or referral fee on behalf of a licensee;
7. Discuss the attributes or amenities of a property, under any circumstances, with a prospective purchaser or tenant;
8. Discuss, with the owner of real property, the terms and conditions of the real property offered for sale or lease;
9. Collect, receive or hold deposit monies, rent, other monies or anything of value received from the owner of the real property or from a prospective purchaser or tenant;
10. Provide owners of real property or prospective purchasers or tenants with any advice, recommendations or suggestions as to the sale, purchase, exchange, or leasing of real property to be listed or presently available for sale or lease;
11. Hold himself or herself out in any manner, orally or in writing, as being licensed or affiliated with a particular company or real estate broker as a licensee; and
12. Contact the public concerning the availability of real estate brokerage services unless an inquiry about a specific property is immediately referred to a licensee.

When authorized to hire or engage the services of an unlicensed personal assistant, the Sales Associate shall enter into a written agreement with the unlicensed personal assistant and shall expressly include in such written agreement the guidelines as provided above and shall have the unlicensed personal assistant acknowledge such guidelines by signing and dating such agreement.

Under applicable federal and Maryland wage and employment laws, an unlicensed personal assistant can never qualify as an independent contractor. Instead, such individual is an employee only of the Sales Associate who hires or engages the unlicensed personal assistant. As a result, the Sales Associate engaging or hiring the services of unlicensed personal assistants must, at all times, comply with each and every federal and state employment and labor laws. At a minimum, such compliance will include the following:

- Apply for and obtain a federal and state employer identification number;
- Compensate the employee on a salary basis not less than the minimum wage as established by federal law from time to time;
- Withhold from all compensation and salaries paid all applicable federal and Maryland withholding taxes, social security taxes, FICA and Medicare;

- Remit as required by federal and Maryland law all such salary withholdings and the payment of all required matching employer contributions by the Sales Associate as the employer with respect to social security, FICA and Medicare;
- Apply for and remit the required Maryland Unemployment Compensation and Maryland Worker's Compensation reporting requirements, premiums and periodic payments;
- Issue the appropriate federal and Maryland employee payroll withholding forms within the time frame as prescribed by federal and Maryland law;
- Conspicuously post all required federal and Maryland employee notices within the work area of the unlicensed personal assistant employee.

The Sales Associate hiring or engaging such unlicensed personal assistant shall not request or direct such individual to perform any prohibited act in the guidelines set forth above. Additionally, the Sales Associate shall ensure that the unlicensed personal assistant does not perform any act for which a real estate license is required and, further, that the unlicensed personal assistant does not, under any circumstance, hold himself or herself out to the public as being a real estate licensee or affiliated as a licensed real estate salesperson with the Company.

A Sales Associate who permits an unlicensed personal assistant to perform any act or engage in any conduct for which a real estate license is otherwise required is guilty of a criminal misdemeanor under Maryland law, and, in addition to a substantial fine and possible imprisonment, such act could also be grounds for the suspension or revocation of the license of the Sales Associate and a \$5,000 civil penalty for each violation.

## **7. DISCLOSURE OF AGENCY RELATIONSHIPS**

Under Maryland law and the Code of Ethics of the National Association of REALTORS®, a Sales Associate is required to disclose whom he or she represents in all residential real estate transactions. To the extent that Maryland law is inconsistent with any provision of the NAR Code of Ethics with respect to agency disclosure, Maryland law will control and shall be complied with by all Sales Associates.

Under Maryland law, a real estate licensee is required to disclose whom the licensee represents not later than his or her first scheduled face-to-face contact with a seller, purchaser, landlord or tenant. This disclosure is required to be in writing and must be made on the form "Understanding Whom Real Estate Agents

Represented as published by the Maryland Real Estate Commission. No other form of agency disclosure may be used. The Sales Associate shall ensure that he or she utilizes the most current form of the agency disclosure form as published by the Maryland Real Estate Commission. The most current agency disclosure form as published by the Maryland Real Estate Commission is dated January 1, 2011 and the date appears on the bottom of the second page of the agency disclosure form.

The following, while not intending to be an exhaustive analysis of the agency disclosure requirements, is a basic statement of the licensee's duty with respect to such agency disclosure:

**Sales Associate Acting as a Listing Agent:** At the time that a seller or landlord executes a written listing agreement with the Company, the Sales Associate acting as the listing agent shall complete the agency disclosure form and shall provide it to the seller for execution. As a matter of practice, the agency disclosure form should be completed by the owner at the time that the listing agreement is executed. When completing the agency disclosure form, the listing agent will check the box marked "seller/landlord's agent." If, and only if, the owner has also executed the current Consent for Dual Agency form as published by the Maryland Real Estate Commission, then the listing agent could also check the box marked "intra-company agent/dual agent." Under no circumstance shall the listing agent check the "intra-company agent/dual agent" box without having in the Sales Associate's possession a fully signed original of the Consent for Dual Agency as signed by the seller or landlord.

Thereafter, in those circumstances where the listing agent is working with a non-client buyer, the listing agent shall complete and provide the buyer at the time of the first scheduled face-to-face contact with a completed agency disclosure form and shall check the box marked "seller/landlord's agent." In such event, the Sales Associate would not check the box marked "intra-company agent/dual agent" because the buyer is a customer and not a client of the Company. Therefore, under these circumstances, the listing agent is representing the seller at all times and no dual agency relationship is created.

**Sales Associate Acting as Selling Agent for a Company Listed Property.** When working with a buyer who is not a client, but is interested in considering for purchase or lease a property listed with the Company, the Sales Associate, not later than the first scheduled face-to-face contact with such prospective buyer, shall complete the agency disclosure form and shall check the box marked "seller/landlord's agent." Again, the Sales Associate would not check the box marked "intra-company agent/dual agent" because the buyer is a customer and is not a client of the Company. The Sales Associate, by law, would represent the interest of the seller only and no dual agency relationship is created.

**Sales Associates Acting as a Buyer/Tenant Agent.** Not later than the first scheduled face-to-face contact with a prospective buyer or tenant where the buyer and Sales Associate have agreed to enter into a buyer agency relationship, either by the execution of a written buyer agency agreement or by a verbal agreement pursuant to the presumption of buyer agency, the Sales Associate shall complete the required agency disclosure form and shall check the box marked "buyer/tenant agent." If, at that time, the buyer client also consents to dual agency in the event the buyer shall consider for purchase or lease a property listed with the Company, the Sales Associate shall have the buyer execute the Consent for Dual Agency form as published by the Maryland Real Estate Commission and may then check the box marked "intra-company agent/dual agent" on the agency disclosure form. Under no circumstances shall a Sales Associate check the box marked "intra-company agent/dual agent" without having in his or her possession a fully executed Consent for Dual Agency as published by the Maryland Real Estate Commission.

At the time of first contact with either a seller (including a FSBO), or agent of the seller, the Sales Associate shall immediately advise the seller or seller's agent, verbally, that the Sales Associate is representing a buyer and acting as a buyer agent on behalf of the buyer.

Not later than the first scheduled face-to-face contact with a seller (including a FSBO) or agent of the seller, the Sales Associate acting as a buyer agent shall complete the required agency disclosure form as published by the Maryland Real Estate Commission and shall check the box marked "buyer/tenant agent." The Sales Associate shall not check the box marked "intra-company agent/dual agent" if the property being considered is listed with another broker. If the property is listed with the Company, the Sales Associate may also check the box marked "intra-company agent/dual agent," provided the buyer client and the seller have executed the Consent of Dual Agency form as published by the Maryland Real Estate Commission, since the Company, under such circumstance, would be representing both the buyer and seller in the same transaction. Once again, however, under no circumstances shall the Sales Associate check the box marked "intra-company agent/dual agent" unless the Sales Associate has in his or her possession the fully executed Consent for Dual Agency as published by the Maryland Real Estate Commission.

In those instances, which are quite frequent, where the Sales Associate acting as a buyer's agent has prepared a contract offer on behalf of the buyer client and has not had a prior scheduled face-to-face contact with either the seller (including a FSBO) or seller's agent, the Sales Associate shall complete the agency disclosure form as described immediately above and shall include the completed agency

disclosure form along with the contract offer when presented to the listing agent or to the seller in the case of a FSBO.

The following additional guidelines shall be adhered to at all times by Sales Associates:

- A person completing the agency disclosure form and/or Consent for Dual Agency form shall date their signature on the line where indicated. Under no circumstances shall any such date be postdated or pre-dated or altered in any fashion.
- All persons with whom the licensee deals are required to be requested to execute the agency disclosure form. For example, if the seller and buyer are married or two or three unrelated individuals, both husband and wife and all individuals who either own or intend to buy the property, must be given the completed disclosure form and be requested to execute their acknowledgment of the receipt of the agency disclosure form.
- In those circumstances when one or more of the persons to whom the agency disclosure is being made is either unable or unwilling to acknowledge their receipt of the agency disclosure form by signing and dating their names thereto, the Sales Associate who made the disclosure shall complete and certify the last paragraph as it appears on Page 2 of the agency disclosure form by signing and dating their name and by printing or typing in the name of the person to whom the disclosure was made.
- As soon as practicable after the agency disclosure form and Consent for Dual Agency forms have been signed by the individual, a copy of the agency disclosure form and/or Consent for Dual Agency form shall be delivered to all persons who signed such form(s).
- With respect to any transaction which leads to an ultimate contract of sale or lease, the original executed agency disclosure form and Consent for Dual Agency form, if applicable, shall be maintained in the Company's transaction file and must be submitted with all contracts or leases at the time of processing through the Company.

**Open House.** When holding an open house, the agent, whether the agent is the listing agent or is an agent from the Company who is holding the open house, is required to complete the required agency disclosure for signature by any prospective buyer who attends the open house, with or without a buyer agent, if the buyer asks questions about the property, engages the agent in conversation about the property or begins to disclose potential confidential information. The required agency disclosure must be provided to the prospective buyer before answering any questions or continuing any discussion.



If you are a buyer's agent accompanying a buyer client to an open house, you must complete the required agency disclosure form for signature by the seller's agent holding the open house if the buyer client expresses interest in the property while attending the open house.

Finally, whenever the relationship between a Sales Associate changes, the Sales Associate shall complete an additional, separate agency disclosure form dependent upon the relationship then existing between the purchaser and the Sales Associate as described above.

## **8. DISTRIBUTION AND DISSEMINATION OF INFORMATION**

It is the responsibility of all Sales Associates to keep themselves informed of all new laws or changes in the laws or regulations as enacted by local, State and federal governmental and regulatory agencies which affect real estate transactions and the duties of Sales Associates in the conduct of providing real estate brokerage services to the public.

The broker or office manager shall, from time to time, disseminate to Sales Associates copies of memoranda, articles, notices or other written materials which relate to information regarding new or changed requirements in the real estate laws and regulations as enacted by local, State and federal governmental and regulatory agencies. Such information will be disseminated by a number and variety of means. These may include, but are not limited to, hard copies in the mailbox of each Sales Associate as well as transmission by e-mail, general postings or by inclusion as a specific topic at a sales meeting or training and education session. It is the responsibility of all Sales Associates to read and understand all such memoranda, articles, notices or written materials as distributed and disseminated by the broker or office manager regarding such changes in laws and regulations. If a Sales Associate has any questions regarding the contents of such memoranda, articles, notices or written materials, the Sales Associate shall promptly contact the broker or office manager for clarification.

If requested by the broker or office manager, the Sales Associate shall acknowledge, in writing, their receipt of the memoranda, articles, notices or written materials regarding such changes in the laws and regulations affecting real estate transactions and the provision of real estate brokerage services.

Such changes in laws or regulations affecting real estate transactions and the provision of real estate brokerage services shall be discussed on an as-needed-basis at the Company's established sales meetings or training and education sessions. Such sales meetings or training and education sessions shall be held

regularly and at least once every two (2) months. While neither the broker nor the office manager can compel you, as an independent contractor, to attend such regularly scheduled sales meeting or education or training sessions, it is the policy of the Company, as well as the requirement of the law, that Sales Associates keep themselves informed with respect to changes in the laws and regulations affecting real estate and real estate brokerage services. To that extent, the Company shall exercise reasonable efforts to provide such information to the Sales Associate. Although the broker may not compel you to attend such sales meetings, education or training sessions, it is the lawful obligation of the broker to ensure that changes in the laws and regulations are made available and discussed with Sales Associates in order to assist the Sales Associate in providing appropriate services for the protection of the public and those with whom the Sales Associate deals. As a consequence, a Sales Associate who demonstrates a failure to take advantage of the memoranda, articles, notices or written materials, sales meetings and/or education and training sessions regarding such changes in the law and regulations, could constitute grounds for the broker to terminate the Sales Associate's affiliation with the Company.

Additionally, on a case-by-base basis, if the broker or office manager determines that a Sales Associate lacks the basic knowledge or understanding of recent changes in the laws and regulations affecting real estate transactions and the provision of real estate brokerage services, the broker and/or office manager may require that the Sales Associate complete a course of instruction or self-study course of instruction to better educate the Sales Associate regarding such changes in the laws and regulations and to demonstrate evidence satisfactory to the broker or office manager that the Sales Associate has a thorough working knowledge and understanding of such changes in laws and regulations. A Sales Associate who fails to comply with any such request by the broker or office manager to attend a course of instruction or self-study course of instruction to educate himself/herself on such changes in the laws and regulations could constitute grounds for the broker to terminate the Sales Associate's affiliation with the Company.

## **9. COMPLIANCE WITH ALL APPLICABLE LAWS**

All Sales Associates in all transactions and at all times are required to and shall fully comply with all applicable provisions of the Maryland Real Estate Brokers Act; the Code of Ethics, as adopted and amended from time to time by the Maryland Real Estate Commission; the Code of Ethics of the National Association of REALTORS®, as amended from time to time, and all applicable local, State and federal laws and regulations affecting real estate transactions and the legal and ethical duties of a real estate licensee in such transactions.

In furtherance of this mandatory obligation by Sales Associates, any Sales Associate who is uncertain as to the legal and ethical obligations of the Sales Associate in any particular transaction is obligated to seek out the advice of the broker or office manager (or designee of the broker or office manager) in order to ascertain the proper procedures to be followed on a case-by-case basis with respect to each transaction.

The Company makes available to all Sales Associates, experienced and trained management personnel and numerous methods of contact with such management personnel at all times in order to answer any questions and to assist the Sales Associate in ensuring compliance with all such legal and ethical obligations of real estate licensees. The availability of experienced management personnel is there to assist the Sales Associate and all Sales Associates are required to avail themselves of such service at any time that the Sales Associate is uncertain about any particular matter regarding the legal and ethical obligations of a real estate licensee.

#### **10. SALE, LEASE OR PURCHASE OF REAL PROPERTY PERSONALLY OWNED BY A LICENSEE**

A Sales Associate may sell, lease or purchase real property on his or her own account. However, the Sales Associate shall advise the broker or office manager, in writing, of each such purchase, lease or sale prior to Sales Associate making or accepting an offer. Once an offer is made and accepted, the Sales Associate shall provide the broker or office manager with a copy of the written contract or lease. In any purchase, sale or lease of real property by a Sales Associate, notice shall be given to the broker or office manager prior to the property being offered for sale or lease and shall identify and describe the property; identify all of the owners of the property; specify the terms on which the property is offered for purchase or sale; and state whether the property is being listed.

A Sales Associate may purchase, lease or sell, for their own account, personal real estate under the following conditions:

- (1) All documents intended to be used for the purchase, lease or sale of real property by a Sales Associate **must** be submitted to the broker or office manager for prior review and approval.
- (2) Under **no** circumstances shall Sales Associate use any contract or lease form or document bearing the Company name or logo in any personal purchase, lease or sale of real property by Sales Associate which property is not currently listed for sale or lease by the Company.

- (3) Throughout the course of each such purchase, lease or sale, a Sales Associate shall apprise the broker or office manager in a timely fashion and in writing, of all developments relating to such purchase, lease or sale.
- (4) A Sales Associate shall comply fully and strictly with every law, ordinance, rule, regulation and ethical standard (including but not limited to every standard applicable to advertising) with respect to the transaction and Sales Associate's involvement in such transaction.

In every instance when purchasing, leasing or selling real property, a Sales Associate shall disclose to the other parties to the transaction his or her status as a licensee and shall include the following language in the contract: THIS IS TO GIVE NOTICE THAT [SALES ASSOCIATE] IS A MARYLAND LICENSED REAL ESTATE SALESPERSON (OR LICENSED REAL ESTATE ASSOCIATE BROKER, AS THE CASE MAY BE) AND IS (OR IS NOT) RECEIVING A REAL ESTATE COMMISSION FROM THE PURCHASE, SALE OR LEASE OF THE PROPERTY.

## **11. UNAUTHORIZED PRACTICE OF LAW**

Sales Associates are not trained in the law and are not qualified to give legal advice to clients or non-clients regarding real estate transactions.

It is the established policy of the Company that a Sales Associate shall not, under any circumstance, advise either a seller, buyer, owner or tenant with respect to any question or inquiry regarding the legal rights and remedies of a party to an existing contract of sale or lease. Under no circumstance is a Sales Associate authorized to advise a party to an existing contract of sale or lease as to whether there has been a breach of the contract of sale or lease; as to whether any party to the contract of sale or lease has a right to cancel the contract or lease; or as to whether the party to the contract of sale or lease has a valid and enforceable agreement.

In all instances where such questions or inquiries are raised by a party to an existing contract of sale or lease, the Sales Associate shall promptly, clearly and affirmatively advise the party making such inquiry that the Sales Associate is not a lawyer and is not trained in the law to answer such questions. Instead, the Sales Associate shall firmly and affirmatively recommend the party making such inquiry to consult with competent legal counsel for a full review of the contract of sale or lease and to obtain advice from a lawyer with respect to the legal rights, obligations and remedies available to the party under such contract of sale or lease

with respect to the dispute involved as well as the existence or non-existence of a valid and enforceable contract of sale or lease.

A Sales Associate affiliated with the Company is not authorized and shall not, under any circumstance, engage in any practice which may constitute the unauthorized practice of law.

From time to time, a Sales Associate may find himself or herself in a position of having to draft language by way of an amendment to the preprinted contract of sale or lease form or by way of an addendum to such agreement with respect to a particular issue unique to the transaction and upon which the parties have agreed. In cases where a Sales Associate has been requested or deems it necessary to draft language regarding a contract of sale or lease or addenda thereto, based upon an agreement or dispute existing between the parties to the contract of sale or lease, the Sales Associate, if unsure as to how to proceed, shall consult with the broker or office manager (or the designee of the broker or office manager) regarding such matter and shall receive direction and advice as to the proper procedure to follow.

### **RECEIPT**

I acknowledge receipt of [company name] Policy and Procedures Manual. I understand that the Policy and Procedures Manual, which I have received and read, is not to be interpreted as a contract between me and [company name], and that I may voluntarily leave or be terminated by [company name] at any time and for any reason. I understand that any oral or written statements to the contrary are hereby expressly disavowed and should not be relied upon by me. I further understand that [company name] reserves the right to change, modify, or delete any of its rules and provisions of this Policy and Procedures Manual at any time.

\_\_\_\_\_

Date

\_\_\_\_\_  
Sales Associate



## Part IV --- Code of Ethics

# Code of Ethics and Standards of Practice of the NATIONAL ASSOCIATION OF REALTORS® Effective January 1, 2011

Where the word REALTORS® is used in this Code and Preamble, it shall be deemed to include REALTOR-ASSOCIATE®s.

While the Code of Ethics establishes obligations that may be higher than those mandated by law, in any instance where the Code of Ethics and the law conflict, the obligations of the law must take precedence.

### Preamble

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. REALTORS® should recognize that the interests of the nation and its citizens require the highest and best use of the land and the widest distribution of land ownership. They require the creation of adequate housing, the building of functioning cities, the development of productive industries and farms, and the preservation of a healthful environment.

Such interests impose obligations beyond those of ordinary commerce. They impose grave social responsibility and a patriotic duty to which REALTORS® should dedicate themselves, and for which they should be diligent in preparing themselves. REALTORS®, therefore, are zealous to maintain and improve the standards of their calling and share with their fellow REALTORS® a common responsibility for its integrity and honor.

In recognition and appreciation of their obligations to clients, customers, the public, and each other, REALTORS® continuously strive to become and remain informed on issues affecting real estate and, as knowledgeable professionals, they willingly share the fruit of their experience and study with others. They identify and take steps, through enforcement of this Code of Ethics and by assisting appropriate regulatory bodies, to eliminate practices which may damage the public or which might discredit or bring dishonor to the real estate profession. REALTORS® having direct personal knowledge of conduct that may violate the Code of Ethics involving misappropriation of client or customer funds or property, willful discrimination, or fraud resulting in substantial economic harm, bring such matters to the attention of the appropriate Board or Association of REALTORS®. *(Amended 1/00)*

Realizing that cooperation with other real estate professionals promotes the best interests of those who utilize their services, 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. In instances where their opinion is sought, or where REALTORS® believe that comment is necessary, their opinion is offered in an objective, professional manner, uninfluenced by any personal motivation or potential advantage or gain.

The term REALTOR® has come to connote competency, fairness, and high integrity resulting from adherence to a lofty ideal of moral conduct in business relations. No inducement of profit and no instruction from clients ever can justify departure from this ideal.

In the interpretation of this obligation, REALTORS® can take no safer guide than that which has been handed down through the centuries, embodied in the Golden Rule, "Whatsoever ye would that others should do to you, do ye even so to them."

Accepting this standard as their own, REALTORS® pledge to observe its spirit in all of their activities whether conducted personally, through associates or others, or via technological means, and to conduct their business in accordance with the tenets set forth below. *(Amended 1/07)*

### Duties to Clients and Customers

#### Article 1

When representing a buyer, seller, landlord, tenant, or other client as an agent, REALTORS® pledge themselves to protect and promote the interests of their client. This obligation to the client is primary, but it does not relieve REALTORS® of their obligation to treat all parties honestly. When serving a buyer, seller, landlord, tenant or other party in a non-agency capacity, REALTORS® remain obligated to treat all parties honestly. *(Amended 1/01)*

##### • Standard of Practice 1-1

REALTORS®, when acting as principals in a real estate transaction, remain obligated by the duties imposed by the Code of Ethics. *(Amended 1/93)*

##### • Standard of Practice 1-2

The duties imposed by the Code of Ethics encompass all real estate-related activities and transactions whether conducted in person, electronically, or through any other means.

The duties the Code of Ethics imposes are applicable whether REALTORS® are acting as agents or in legally recognized non-agency capacities except that any duty imposed exclusively on agents by law or regulation shall not be imposed by this Code of Ethics on REALTORS® acting in non-agency capacities.

As used in this Code of Ethics, "client" means the person(s) or entity(ies) with whom a REALTOR® or a REALTOR® firm has an agency or legally recognized non-agency relationship; "customer" means a party to a real estate transaction who receives information, services, or benefits but has no contractual relationship with the REALTOR® or the REALTOR® firm; "prospect" means a purchaser, seller, tenant, or landlord who is not subject to a representation relationship with the REALTOR® or REALTOR® firm; "agent" means a real estate licensee (including brokers and sales associates) acting in an agency relationship as defined by state law or regulation; and "broker" means a real estate licensee (including brokers and sales

associates) acting as an agent or in a legally recognized non-agency capacity. *(Adopted 1/95, Amended 1/07)*

• **Standard of Practice 1-3**

REALTORS<sup>®</sup>, in attempting to secure a listing, shall not deliberately mislead the owner as to market value.

• **Standard of Practice 1-4**

REALTORS<sup>®</sup>, when seeking to become a buyer/tenant representative, shall not mislead buyers or tenants as to savings or other benefits that might be realized through use of the REALTOR<sup>®</sup>'s services. *(Amended 1/93)*

• **Standard of Practice 1-5**

REALTORS<sup>®</sup> may represent the seller/landlord and buyer/tenant in the same transaction only after full disclosure to and with informed consent of both parties. *(Adopted 1/93)*

• **Standard of Practice 1-6**

REALTORS<sup>®</sup> shall submit offers and counter-offers objectively and as quickly as possible. *(Adopted 1/93, Amended 1/95)*

• **Standard of Practice 1-7**

When acting as listing brokers, REALTORS<sup>®</sup> shall continue to submit to the seller/landlord all offers and counter-offers until closing or execution of a lease unless the seller/landlord has waived this obligation in writing. REALTORS<sup>®</sup> shall not be obligated to continue to market the property after an offer has been accepted by the seller/landlord. REALTORS<sup>®</sup> shall recommend that sellers/landlords obtain the advice of legal counsel prior to acceptance of a subsequent offer except where the acceptance is contingent on the termination of the pre-existing purchase contract or lease. *(Amended 1/93)*

• **Standard of Practice 1-8**

REALTORS<sup>®</sup>, acting as agents or brokers of buyers/tenants, shall submit to buyers/tenants all offers and counter-offers until acceptance but have no obligation to continue to show properties to their clients after an offer has been accepted unless otherwise agreed in writing. REALTORS<sup>®</sup>, acting as agents or brokers of buyers/tenants, shall recommend that buyers/tenants obtain the advice of legal counsel if there is a question as to whether a pre-existing contract has been terminated. *(Adopted 1/93, Amended 1/99)*

• **Standard of Practice 1-9**

The obligation of REALTORS<sup>®</sup> to preserve confidential information (as defined by state law) provided by their clients in the course of any agency relationship or non-agency relationship recognized by law continues after termination of agency relationships or any non-agency relationships recognized by law. REALTORS<sup>®</sup> shall not knowingly, during or following the termination of professional relationships with their clients:

- 1) reveal confidential information of clients; or
- 2) use confidential information of clients to the disadvantage of clients; or
- 3) use confidential information of clients for the REALTOR<sup>®</sup>'s advantage or the advantage of third parties unless:
  - a) clients consent after full disclosure; or
  - b) REALTORS<sup>®</sup> are required by court order; or
  - c) it is the intention of a client to commit a crime and the information is necessary to prevent the crime; or

- d) it is necessary to defend a REALTOR<sup>®</sup> or the REALTOR<sup>®</sup>'s employees or associates against an accusation of wrongful conduct.

Information concerning latent material defects is not considered confidential information under this Code of Ethics. *(Adopted 1/93, Amended 1/01)*

• **Standard of Practice 1-10**

REALTORS<sup>®</sup> shall, consistent with the terms and conditions of their real estate licensure and their property management agreement, competently manage the property of clients with due regard for the rights, safety and health of tenants and others lawfully on the premises. *(Adopted 1/95, Amended 1/00)*

• **Standard of Practice 1-11**

REALTORS<sup>®</sup> who are employed to maintain or manage a client's property shall exercise due diligence and make reasonable efforts to protect it against reasonably foreseeable contingencies and losses. *(Adopted 1/95)*

• **Standard of Practice 1-12**

When entering into listing contracts, REALTORS<sup>®</sup> must advise sellers/landlords of:

- 1) the REALTOR<sup>®</sup>'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 buyer/tenant agents or brokers, even if compensated by listing brokers, or by sellers/landlords may represent the interests of buyers/tenants; and
- 3) 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)*

• **Standard of Practice 1-13**

When entering into buyer/tenant agreements, REALTORS<sup>®</sup> must advise potential clients of:

- 1) the REALTOR<sup>®</sup>'s company policies regarding cooperation;
- 2) the amount of compensation to be paid by the client;
- 3) the potential for additional or offsetting compensation from other brokers, from the seller or landlord, or from other parties;
- 4) any potential for the buyer/tenant representative to act as a disclosed dual agent, e.g., listing broker, subagent, landlord's agent, etc., and
- 5) 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)*

• **Standard of Practice 1-14**

Fees for preparing appraisals or other valuations shall not be contingent upon the amount of the appraisal or valuation. *(Adopted 1/02)*

• **Standard of Practice 1-15**

REALTORS<sup>®</sup>, in response to inquiries from buyers or cooperating brokers shall, with the sellers' approval, disclose the existence of offers on the property. Where disclosure is authorized, REALTORS<sup>®</sup> shall also disclose, if asked, whether offers were obtained



by the listing licensee, another licensee in the listing firm, or by a cooperating broker. *(Adopted 1/03, Amended 1/09)*

## Article 2

REALTORS® shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. REALTORS® shall not, however, be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate license, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law. *(Amended 1/00)*

### • Standard of Practice 2-1

REALTORS® shall only be obligated to discover and disclose adverse factors reasonably apparent to someone with expertise in those areas required by their real estate licensing authority. Article 2 does not impose upon the REALTOR® the obligation of expertise in other professional or technical disciplines. *(Amended 1/96)*

### • Standard of Practice 2-2

*(Renumbered as Standard of Practice 1-12 1/98)*

### • Standard of Practice 2-3

*(Renumbered as Standard of Practice 1-13 1/98)*

### • Standard of Practice 2-4

REALTORS® shall not be parties to the naming of a false consideration in any document, unless it be the naming of an obviously nominal consideration.

### • Standard of Practice 2-5

Factors defined as "non-material" by law or regulation or which are expressly referenced in law or regulation as not being subject to disclosure are considered not "pertinent" for purposes of Article 2. *(Adopted 1/93)*

## Article 3

REALTORS® shall cooperate with other brokers except when cooperation is not in the client's best interest. The obligation to cooperate does not include the obligation to share commissions, fees, or to otherwise compensate another broker. *(Amended 1/95)*

### • Standard of Practice 3-1

REALTORS®, acting as exclusive agents or brokers of sellers/landlords, 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)*

### • Standard of Practice 3-2

To be effective, any change in compensation offered for cooperative services must be communicated to the other REALTOR® prior to the time that REALTOR® submits an offer to purchase/lease the property. *(Amended 1/10)*

### • Standard of Practice 3-3

Standard of Practice 3-2 does not preclude the listing broker and cooperating broker from entering into an agreement to change cooperative compensation. *(Adopted 1/94)*

### • Standard of Practice 3-4

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)*

### • Standard of Practice 3-5

It is the obligation of subagents to promptly disclose all pertinent facts to the principal's agent prior to as well as after a purchase or lease agreement is executed. *(Amended 1/93)*

### • Standard of Practice 3-6

REALTORS® shall disclose the existence of accepted offers, including offers with unresolved contingencies, to any broker seeking cooperation. *(Adopted 5/86, Amended 1/04)*

### • Standard of Practice 3-7

When seeking information from another REALTOR® concerning property under a management or listing agreement, REALTORS® shall disclose their REALTOR® status and whether their interest is personal or on behalf of a client and, if on behalf of a client, their representational status. *(Amended 1/95)*

### • Standard of Practice 3-8

REALTORS® shall not misrepresent the availability of access to show or inspect a listed property. *(Amended 11/87)*

### • Standard of Practice 3-9

REALTORS® shall not provide access to listed property on terms other than those established by the owner or the listing broker. *(Adopted 1/10)*

## Article 4

REALTORS® shall not acquire an interest in or buy or present offers from themselves, any member of their immediate families, their firms or any member thereof, or any entities in which they have any ownership interest, any real property without making their true position known to the owner or the owner's agent or broker. In selling property they own, or in which they have any interest, REALTORS® shall reveal their ownership or interest in writing to the purchaser or the purchaser's representative. *(Amended 1/00)*

### • Standard of Practice 4-1

For the protection of all parties, the disclosures required by Article 4 shall be in writing and provided by REALTORS® prior to the signing of any contract. *(Adopted 2/86)*

## Article 5

REALTORS® shall not undertake to provide professional services concerning a property or its value where they have a present or contemplated interest unless such interest is specifically disclosed to all affected parties.

## Article 6

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

When recommending real estate products or services (e.g., homeowner's insurance, warranty programs, mortgage financing, title insurance, etc.), REALTORS® shall disclose to the client or customer to whom the recommendation is made any financial benefits or fees, other than real estate referral fees, the REALTOR® or REALTOR®'s firm may receive as a direct result of such recommendation. (Amended 1/99)

### • Standard of Practice 6-1

REALTORS® shall not recommend or suggest to a client or a customer the use of services of another organization or business entity in which they have a direct interest without disclosing such interest at the time of the recommendation or suggestion. (Amended 5/88)

## Article 7

In a transaction, REALTORS® shall not accept compensation from more than one party, even if permitted by law, without disclosure to all parties and the informed consent of the REALTOR®'s client or clients. (Amended 1/93)

## Article 8

REALTORS® shall keep in a special account in an appropriate financial institution, separated from their own funds, monies coming into their possession in trust for other persons, such as escrows, trust funds, clients' monies, and other like items.

## Article 9

REALTORS®, for the protection of all parties, shall assure whenever possible that all agreements related to real estate transactions including, but not limited to, listing and representation agreements, purchase contracts, and leases are in writing in clear and understandable language expressing the specific terms, conditions, obligations and commitments of the parties. A copy of each agreement shall be furnished to each party to such agreements upon their signing or initialing. (Amended 1/04)

### • Standard of Practice 9-1

For the protection of all parties, REALTORS® shall use reasonable care to ensure that documents pertaining to the purchase, sale, or lease of real estate are kept current through the use of written extensions or amendments. (Amended 1/93)

### • Standard of Practice 9-2

When assisting or enabling a client or customer in establishing a contractual relationship (e.g., listing and representation agreements, purchase agreements, leases, etc.) electronically, 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. (Adopted 1/07)

## Duties to the Public

## Article 10

REALTORS® shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, or national origin. 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, handicap, familial status, or national origin. (Amended 1/90)

REALTORS®, in their real estate employment practices, shall not discriminate against any person or persons on the basis of race, color, religion, sex, handicap, familial status, or national origin. (Amended 1/00)

### • Standard of Practice 10-1

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 nor shall they engage in any activity which may result in panic selling, however, REALTORS® may provide other demographic information. (Adopted 1/94, Amended 1/06)

### • Standard of Practice 10-2

When not involved in the sale or lease of a residence, REALTORS® may provide demographic information related to a property, transaction or professional assignment to a party if such demographic information is (a) deemed by the REALTOR® to be needed to assist with or complete, in a manner consistent with Article 10, a real estate transaction or professional assignment and (b) is obtained or derived from a recognized, reliable, independent, and impartial source. The source of such information and any additions, deletions, modifications, interpretations, or other changes shall be disclosed in reasonable detail. (Adopted 1/05, Renumbered 1/06)

### • Standard of Practice 10-3

REALTORS® shall not print, display or circulate any statement or advertisement with respect to selling or renting of a property that indicates any preference, limitations or discrimination based on race, color, religion, sex, handicap, familial status, or national origin. (Adopted 1/94, Renumbered 1/05 and 1/06)

### • Standard of Practice 10-4

As used in Article 10 "real estate employment practices" relates to employees and independent contractors providing real estate-related services and the administrative and clerical staff directly supporting those individuals. (Adopted 1/00, Renumbered 1/05 and 1/06)

## Article 11

The services which REALTORS® provide to their clients and customers shall conform to the standards of practice and competence which are reasonably expected in the specific real estate disciplines in which they engage; specifically, residential real estate brokerage, real property management, commercial and industrial real estate brokerage, land brokerage, real estate appraisal, real estate counseling, real estate syndication, real estate auction, and international real estate.

REALTORS® shall not undertake to provide specialized professional services concerning a type of property or service that is outside their field of competence unless they engage the assistance of one who is competent on such types of property or service, or unless the facts are fully disclosed to the client. Any persons engaged to provide such assistance shall be so identified to the client and their contribution to the assignment should be set forth. *(Amended 1/10)*

• **Standard of Practice 11-1**

When REALTORS® prepare opinions of real property value or price, other than in pursuit of a listing or to assist a potential purchaser in formulating a purchase offer, such opinions shall include the following unless the party requesting the opinion requires a specific type of report or different data set:

- 1) identification of the subject property
  - 2) date prepared
  - 3) defined value or price
  - 4) limiting conditions, including statements of purpose(s) and intended user(s)
  - 5) any present or contemplated interest, including the possibility of representing the seller/landlord or buyers/tenants
  - 6) basis for the opinion, including applicable market data
  - 7) if the opinion is not an appraisal, a statement to that effect
- (Amended 1/10)*

• **Standard of Practice 11-2**

The obligations of the Code of Ethics in respect of real estate disciplines other than appraisal shall be interpreted and applied in accordance with the standards of competence and practice which clients and the public reasonably require to protect their rights and interests considering the complexity of the transaction, the availability of expert assistance, and, where the REALTOR® is an agent or subagent, the obligations of a fiduciary. *(Adopted 1/95)*

• **Standard of Practice 11-3**

When REALTORS® provide consultive services to clients which involve advice or counsel for a fee (not a commission), such advice shall be rendered in an objective manner and the fee shall not be contingent on the substance of the advice or counsel given. If brokerage or transaction services are to be provided in addition to consultive services, a separate compensation may be paid with prior agreement between the client and REALTOR®. *(Adopted 1/96)*

• **Standard of Practice 11-4**

The competency required by Article 11 relates to services contracted for between REALTORS® and their clients or customers; the duties expressly imposed by the Code of Ethics; and the duties imposed by law or regulation. *(Adopted 1/02)*

## Article 12

REALTORS® shall be honest and truthful in their real estate communications and shall present a true picture in their advertising, marketing, and other representations. REALTORS® shall ensure that their status as real estate professionals is readily apparent in their advertising, marketing, and other representations, and that the recipients of all real estate communications are, or have been, notified that those communications are from a real estate professional. *(Amended 1/08)*

• **Standard of Practice 12-1**

REALTORS® may use the term "free" and similar terms in their advertising and in other representations provided that all terms governing availability of the offered product or service are clearly disclosed at the same time. *(Amended 1/97)*

• **Standard of Practice 12-2**

REALTORS® may represent their services as "free" or without cost even if they expect to receive compensation from a source other than their client provided that the potential for the REALTOR® to obtain a benefit from a third party is clearly disclosed at the same time. *(Amended 1/97)*

• **Standard of Practice 12-3**

The offering of premiums, prizes, merchandise discounts or other inducements to list, sell, purchase, or lease is not, in itself, unethical even if receipt of the benefit is contingent on listing, selling, purchasing, or leasing through the REALTOR® making the offer. However, REALTORS® must exercise care and candor in any such advertising or other public or private representations so that any party interested in receiving or otherwise benefiting from the REALTOR®'s offer will have clear, thorough, advance understanding of all the terms and conditions of the offer. The offering of any inducements to do business is subject to the limitations and restrictions of state law and the ethical obligations established by any applicable Standard of Practice. *(Amended 1/95)*

• **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)*

• **Standard of Practice 12-5**

REALTORS® shall not advertise nor permit any person employed by or affiliated with them to advertise real estate services or listed property in any medium (e.g., electronically, print, radio, television, etc.) without disclosing the name of that REALTOR®'s firm in a reasonable and readily apparent manner. *(Adopted 11/86, Amended 1/10)*

• **Standard of Practice 12-6**

REALTORS®, when advertising unlisted real property for sale/lease in which they have an ownership interest, shall disclose their status as both owners/landlords and as REALTORS® or real estate licensees. *(Amended 1/93)*

• **Standard of Practice 12-7**

Only REALTORS® who participated in the transaction as the listing broker or cooperating broker (selling broker) may claim to have "sold" the property. Prior to closing, a cooperating broker may post a "sold" sign only with the consent of the listing broker. *(Amended 1/96)*

• **Standard of Practice 12-8**

The obligation to present a true picture in representations to the public includes information presented, provided, or displayed on REALTORS®'s websites. REALTORS® shall use reasonable efforts to ensure that information on their websites is current. When it becomes apparent that information on a REALTOR®'s website is no longer

current or accurate, REALTORS® shall promptly take corrective action. *(Adopted 1/07)*

• **Standard of Practice 12-9**

REALTOR® firm websites shall disclose the firm's name and state(s) of licensure in a reasonable and readily apparent manner.

Websites of REALTORS® and non-member licensees affiliated with a REALTOR® firm shall disclose the firm's name and that REALTOR® or non-member licensee's state(s) of licensure in a reasonable and readily apparent manner. *(Adopted 1/07)*

• **Standard of Practice 12-10**

REALTORS® obligation to present a true picture in their advertising and representations to the public includes the URLs and domain names they use, and prohibits REALTORS® from:

- 1) engaging in deceptive or unauthorized framing of real estate brokerage websites;
- 2) manipulating (e.g., presenting content developed by others) listing content in any way that produces a deceptive or misleading result; or
- 3) deceptively using metatags, keywords or other devices/ methods to direct, drive, or divert Internet traffic, or to otherwise mislead consumers. *(Adopted 1/07)*

• **Standard of Practice 12-11**

REALTORS® intending to share or sell consumer information gathered via the Internet shall disclose that possibility in a reasonable and readily apparent manner. *(Adopted 1/07)*

• **Standard of Practice 12-12**

REALTORS® shall not:

- 1) use URLs or domain names that present less than a true picture, or
- 2) register URLs or domain names which, if used, would present less than a true picture. *(Adopted 1/08)*

• **Standard of Practice 12-13**

The obligation to present a true picture in advertising, marketing, and representations allows REALTORS® to use and display only professional designations, certifications, and other credentials to which they are legitimately entitled. *(Adopted 1/08)*

**Article 13**

REALTORS® shall not engage in activities that constitute the unauthorized practice of law and shall recommend that legal counsel be obtained when the interest of any party to the transaction requires it.

**Article 14**

If charged with unethical practice or asked to present evidence or to cooperate in any other way, in any professional standards proceeding or investigation, REALTORS® shall place all pertinent facts before the proper tribunals of the Member Board or affiliated institute, society, or council in which membership is held and shall take no action to disrupt or obstruct such processes. *(Amended 1/99)*

• **Standard of Practice 14-1**

REALTORS® shall not be subject to disciplinary proceedings in more than one Board of REALTORS® or affiliated institute, society, or

council in which they hold membership with respect to alleged violations of the Code of Ethics relating to the same transaction or event. *(Amended 1/95)*

• **Standard of Practice 14-2**

REALTORS® shall not make any unauthorized disclosure or dissemination of the allegations, findings, or decision developed in connection with an ethics hearing or appeal or in connection with an arbitration hearing or procedural review. *(Amended 1/92)*

• **Standard of Practice 14-3**

REALTORS® shall not obstruct the Board's investigative or professional standards proceedings by instituting or threatening to institute actions for libel, slander, or defamation against any party to a professional standards proceeding or their witnesses based on the filing of an arbitration request, an ethics complaint, or testimony given before any tribunal. *(Adopted 11/87, Amended 1/99)*

• **Standard of Practice 14-4**

REALTORS® shall not intentionally impede the Board's investigative or disciplinary proceedings by filing multiple ethics complaints based on the same event or transaction. *(Adopted 11/88)*

**Duties to REALTORS®**

**Article 15**

REALTORS® shall not knowingly or recklessly make false or misleading statements about competitors, their businesses, or their business practices. *(Amended 1/92)*

• **Standard of Practice 15-1**

REALTORS® shall not knowingly or recklessly file false or unfounded ethics complaints. *(Adopted 1/00)*

• **Standard of Practice 15-2**

The obligation to refrain from making false or misleading statements about competitors, competitors' businesses, and competitors' business practices includes the duty to not knowingly or recklessly publish, repeat, retransmit, or republish false or misleading statements made by others. This duty applies whether false or misleading statements are repeated in person, in writing, by technological means (e.g., the Internet), or by any other means. *(Adopted 1/07, Amended 1/10)*

• **Standard of Practice 15-3**

The obligation to refrain from making false or misleading statements about competitors, competitors' businesses, and competitors' business practices includes the duty to publish a clarification about or to remove statements made by others on electronic media the REALTOR® controls once the REALTOR® knows the statement is false or misleading. *(Adopted 1/10)*

**Article 16**

REALTORS® shall not engage in any practice or take any action inconsistent with exclusive representation or exclusive brokerage relationship agreements that other REALTORS® have with clients. *(Amended 1/04)*

• **Standard of Practice 16-1**

Article 16 is not intended to prohibit aggressive or innovative business practices which are otherwise ethical and does not prohibit disagreements with other REALTORS® involving commission, fees, compensation or other forms of payment or expenses. *(Adopted 1/93, Amended 1/95)*

• **Standard of Practice 16-2**

Article 16 does not preclude REALTORS® from making general announcements to prospects describing their services and the terms of their availability even though some recipients may have entered into agency agreements or other exclusive relationships with another REALTOR®. A general telephone canvass, general mailing or distribution addressed to all prospects in a given geographical area or in a given profession, business, club, or organization, or other classification or group is deemed "general" for purposes of this standard. *(Amended 1/04)*

Article 16 is intended to recognize as unethical two basic types of solicitations:

First, telephone or personal solicitations of property owners who have been identified by a real estate sign, multiple listing compilation, or other information service as having exclusively listed their property with another REALTOR®; and

Second, mail or other forms of written solicitations of prospects whose properties are exclusively listed with another REALTOR® when such solicitations are not part of a general mailing but are directed specifically to property owners identified through compilations of current listings, "for sale" or "for rent" signs, or other sources of information required by Article 3 and Multiple Listing Service rules to be made available to other REALTORS® under offers of subagency or cooperation. *(Amended 1/04)*

• **Standard of Practice 16-3**

Article 16 does not preclude REALTORS® from contacting the client of another broker for the purpose of offering to provide, or entering into a contract to provide, a different type of real estate service unrelated to the type of service currently being provided (e.g., property management as opposed to brokerage) or from offering the same type of service for property not subject to other brokers' exclusive agreements. However, information received through a Multiple Listing Service or any other offer of cooperation may not be used to target clients of other REALTORS® to whom such offers to provide services may be made. *(Amended 1/04)*

• **Standard of Practice 16-4**

REALTORS® shall not solicit a listing which is currently listed exclusively with another broker. However, if the listing broker, when asked by the REALTOR®, refuses to disclose the expiration date and nature of such listing; i.e., an exclusive right to sell, an exclusive agency, open listing, or other form of contractual agreement between the listing broker and the client, the REALTOR® may contact the owner to secure such information and may discuss the terms upon which the REALTOR® might take a future listing or, alternatively, may take a listing to become effective upon expiration of any existing exclusive listing. *(Amended 1/94)*

• **Standard of Practice 16-5**

REALTORS® shall not solicit buyer/tenant agreements from buyers/tenants who are subject to exclusive buyer/tenant agreements. However, if asked by a REALTOR®, the broker refuses to disclose the

expiration date of the exclusive buyer/tenant agreement, the REALTOR® may contact the buyer/tenant to secure such information and may discuss the terms upon which the REALTOR® might enter into a future buyer/tenant agreement or, alternatively, may enter into a buyer/tenant agreement to become effective upon the expiration of any existing exclusive buyer/tenant agreement. *(Adopted 1/94, Amended 1/98)*

• **Standard of Practice 16-6**

When REALTORS® are contacted by the client of another REALTOR® regarding the creation of an exclusive relationship to provide the same type of service, and REALTORS® have not directly or indirectly initiated such discussions, they may discuss the terms upon which they might enter into a future agreement or, alternatively, may enter into an agreement which becomes effective upon expiration of any existing exclusive agreement. *(Amended 1/98)*

• **Standard of Practice 16-7**

The fact that a prospect has retained a REALTOR® as an exclusive representative or exclusive broker in one or more past transactions does not preclude other REALTORS® from seeking such prospect's future business. *(Amended 1/04)*

• **Standard of Practice 16-8**

The fact that an exclusive agreement has been entered into with a REALTOR® shall not preclude or inhibit any other REALTOR® from entering into a similar agreement after the expiration of the prior agreement. *(Amended 1/98)*

• **Standard of Practice 16-9**

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. *(Amended 1/04)*

• **Standard of Practice 16-10**

REALTORS®, acting as buyer or tenant representatives or brokers, shall disclose that relationship to the seller/landlord's representative or broker at first contact and shall provide written confirmation of that disclosure to the seller/landlord's representative or broker not later than execution of a purchase agreement or lease. *(Amended 1/04)*

• **Standard of Practice 16-11**

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)*

• **Standard of Practice 16-12**

REALTORS®, acting as representatives or brokers of sellers/landlords or as subagents of listing brokers, shall disclose that relationship to buyers/tenants as soon as practicable and shall provide written confirmation of such disclosure to buyers/tenants not later than execution of any purchase or lease agreement. *(Amended 1/04)*

• **Standard of Practice 16-13**

All dealings concerning property exclusively listed, or with buyer/tenants who are subject to an exclusive agreement shall be

carried on with the client's representative or broker, and not with the client, except with the consent of the client's representative or broker or except where such dealings are initiated by the client.

Before providing substantive services (such as writing a purchase offer or presenting a CMA) to prospects, REALTORS® shall ask prospects whether they are a party to any exclusive representation agreement. REALTORS® shall not knowingly provide substantive services concerning a prospective transaction to prospects who are parties to exclusive representation agreements, except with the consent of the prospect's exclusive representatives or at the direction of prospects. *(Adopted 1/93, Amended 1/04)*

• **Standard of Practice 16-14**

REALTORS® are free to enter into contractual relationships or to negotiate with sellers/landlords, buyers/tenants or others who are not subject to an exclusive agreement but shall not knowingly obligate them to pay more than one commission except with their informed consent. *(Amended 1/98)*

• **Standard of Practice 16-15**

In cooperative transactions REALTORS® shall compensate cooperating REALTORS® (principal brokers) and shall not compensate nor offer to compensate, directly or indirectly, any of the sales licensees employed by or affiliated with other REALTORS® without the prior express knowledge and consent of the cooperating broker.

• **Standard of Practice 16-16**

REALTORS®, acting as subagents or buyer/tenant representatives or brokers, shall not use the terms of an offer to purchase/lease to attempt to modify the listing broker's offer of compensation to subagents or buyer/tenant representatives or brokers nor make the submission of an executed offer to purchase/lease contingent on the listing broker's agreement to modify the offer of compensation. *(Amended 1/04)*

• **Standard of Practice 16-17**

REALTORS®, acting as subagents or as buyer/tenant representatives or brokers, shall not attempt to extend a listing broker's offer of cooperation and/or compensation to other brokers without the consent of the listing broker. *(Amended 1/04)*

• **Standard of Practice 16-18**

REALTORS® shall not use information obtained from listing brokers through offers to cooperate made through multiple listing services or through other offers of cooperation to refer listing broker's clients to other brokers or to create buyer/tenant relationships with listing broker's clients, unless such use is authorized by listing brokers. *(Amended 1/02)*

• **Standard of Practice 16-19**

Signs giving notice of property for sale, rent, lease, or exchange shall not be placed on property without consent of the seller/landlord. *(Amended 1/93)*

• **Standard of Practice 16-20**

REALTORS®, prior to or after their relationship with their current firm is terminated, shall not induce clients of their current firm to cancel exclusive contractual agreements between the client and that firm. This does not preclude REALTORS® (principals) from establishing agreements with their associated licensees governing assignability of exclusive agreements. *(Adopted 1/98, Amended 1/10)*

## Article 17

In the event of contractual disputes or specific non-contractual disputes as defined in Standard of Practice 17-4 between REALTORS® (principals) associated with different firms, arising out of their relationship as REALTORS®, the REALTORS® shall submit the dispute to arbitration in accordance with the regulations of their Board or Boards rather than litigate the matter.

In the event clients of REALTORS® wish to arbitrate contractual disputes arising out of real estate transactions, REALTORS® shall arbitrate those disputes in accordance with the regulations of their Board, provided the clients agree to be bound by the decision.

The obligation to participate in arbitration contemplated by this Article includes the obligation of REALTORS® (principals) to cause their firms to arbitrate and be bound by any award. *(Amended 1/01)*

• **Standard of Practice 17-1**

The filing of litigation and refusal to withdraw from it by REALTORS® in an arbitrable matter constitutes a refusal to arbitrate. *(Adopted 2/86)*

• **Standard of Practice 17-2**

Article 17 does not require REALTORS® to arbitrate in those circumstances when all parties to the dispute advise the Board in writing that they choose not to arbitrate before the Board. *(Amended 1/93)*

• **Standard of Practice 17-3**

REALTORS®, when acting solely as principals in a real estate transaction, are not obligated to arbitrate disputes with other REALTORS® absent a specific written agreement to the contrary. *(Adopted 1/96)*

• **Standard of Practice 17-4**

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

1) 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 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)*

2) 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 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)*

- 3) 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. 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)*
- 4) 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)*
- 5) 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)*

• **Standard of Practice 17-5**

The obligation to arbitrate established in Article 17 includes disputes between REALTORS® (principals) in different states in instances where, absent an established inter-association arbitration agreement, the REALTOR® (principal) requesting arbitration agrees to submit to the jurisdiction of, travel to, participate in, and be bound by any resulting award rendered in arbitration conducted by the respondent(s) REALTOR® association, in instances where the respondent(s) REALTOR® association determines that an arbitrable issue exists. *(Adopted 1/07)*

*The Code of Ethics was adopted in 1913. Amended at the Annual Convention in 1924, 1928, 1950, 1951, 1952, 1955, 1956, 1961, 1962, 1974, 1982, 1986, 1987, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008 and 2009.*

**Explanatory Notes**

The reader should be aware of the following policies which have been approved by the Board of Directors of the National Association:

In filing a charge of an alleged violation of the Code of Ethics by a REALTOR®, the charge must read as an alleged violation of one or more Articles of the Code. Standards of Practice may be cited in support of the charge.

The Standards of Practice serve to clarify the ethical obligations imposed by the various Articles and supplement, and do not substitute for, the Case Interpretations in Interpretations of the Code of Ethics.

Modifications to existing Standards of Practice and additional new Standards of Practice are approved from time to time. Readers are cautioned to ensure that the most recent publications are utilized.