

Code of Ethics and Standards of Practice

San Carlos Multiple Listing, A.C.

Adopted from

The NATIONAL ASSOCIATION OF REALTORS

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 depends the survival and growth of free institutions and of our civilization. REAL ESTATE PROFESSIONALS 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.

In recognition and appreciation of their obligations to clients, customers, the public, and each other, REAL ESTATE PROFESSIONALS within the San Carlos MLS 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. SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS (principals) shall maintain professional offices within commercial or retail space. SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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 Board of Directors or disciplinary committee.

Realizing that cooperation with other real estate professionals promotes the best interests of those who utilize their services, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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 SAN CARLOS MULTIPLE LISTING, A.C. MEMBER believes that comment is necessary, their opinion is offered in an objective, professional manner, uninfluenced by any personal motivation or potential advantage or gain.

Accepting this standard as their own, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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.

Duties to Clients and Customers

Article 1

When representing a buyer, seller, or other client as an agent, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS pledge themselves to protect and promote the interests of their client. This obligation to the client is primary, but it does not relieve SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS of their obligation to treat all parties honestly. When serving a buyer, seller, or other party in a non-agency capacity, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS remain obligated to treat all parties honestly.

• Standard of Practice 1-1

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS, when acting as principals in a real estate transaction, remain obligated by the duties imposed by the Code of Ethics.

• 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.

As used in this Code of Ethics, “client” means the person(s) or entity(ies) with whom a SAN CARLOS MULTIPLE LISTING, A.C. MEMBER or a SAN CARLOS MULTIPLE LISTING, A.C. MEMBER’s 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 SAN CARLOS MULTIPLE LISTING, A.C. MEMBER or the SAN CARLOS MULTIPLE LISTING, A.C. MEMBER’s firm; “prospect” means a purchaser, seller, , or who is not subject to a representation relationship with the SAN CARLOS MULTIPLE LISTING, A.C. MEMBER or SAN CARLOS MULTIPLE LISTING, A.C. MEMBER’s firm; “agent” means an agent certified by the Secretary of the Economy in the State of Sonora (including brokers and sales associates) acting in an agency relationship as defined by state law or regulation; and “broker” means an owner of a bona fide Mexican corporation and who is an agent certified by the Secretary of the Economy in the State of Sonora (including brokers and sales associates) acting as an agent or in a legally recognized non-agency capacity.

• **Standard of Practice 1-3**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS, in attempting to secure a listing, shall not deliberately mislead the owner as to market value.

• **Standard of Practice 1-4**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS may represent the seller and buyer in the same transaction only after full disclosure to and with informed consent of both parties.

• **Standard of Practice 1-5**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall submit offers and counter-offers objectively and as quickly as possible.

• **Standard of Practice 1-6**

When acting as listing brokers, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall continue to submit to the seller all offers and counter-offers until closing unless the seller has waived this obligation in writing. SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall not be obligated to continue to market the property after an offer has been accepted by the seller.

• **Standard of Practice 1-7**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS, acting as agents or brokers of buyers, shall submit to buyers 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.

• **Standard of Practice 1-8**

The obligation of SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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. SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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 SAN CARLOS MULTIPLE LISTING, A.C. MEMBER's advantage or the advantage of third parties unless:
 - a) clients consent after full disclosure; or
 - b) SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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 SAN CARLOS MULTIPLE LISTING, A.C. MEMBER or the SAN CARLOS MULTIPLE LISTING, A.C. MEMBER'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.

• **Standard of Practice 1-9**

When entering into listing contracts, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS must advise seller's of:

- 1) the SAN CARLOS MULTIPLE LISTING, A.C. MEMBER's company policies regarding cooperation and the amount(s) of any compensation plus IVA that will be offered to subagents, buyer's agents, and/or brokers acting in legally recognized non-agency capacities;
- 2) the fact that buyer agents or brokers, even if compensated by listing brokers, or by sellers may represent the interests of buyers; and
- 3) any potential for listing brokers to act as disclosed dual agents, e.g. buyer's agents.

• **Standard of Practice 1-10**

When entering into buyer's agreements, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS must advise potential clients of:

- 1) the SAN CARLOS MULTIPLE LISTING, A.C. MEMBER's company policies regarding cooperation;
- 2) the amount of compensation to be paid by the client; plus IVA
- 3) the potential for additional or offsetting compensation from other brokers, from the seller or , or from other parties;
- 4) any potential for the buyer's representative to act as a disclosed dual agent, e.g. listing broker, subagent, seller '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.

• **Standard of Practice 1-11**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS, 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, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall also disclose whether offers were obtained by the listing agent, another agent in the listing firm, or by a cooperating broker.

Article 2

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall not, however, be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate certification, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law.

• **Standard of Practice 2-1**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall only be obligated to discover and disclose adverse factors reasonably apparent to someone with expertise in those areas required by their real estate certification. Article 2 does not impose upon the SAN CARLOS MULTIPLE LISTING, A.C. MEMBER the obligation of expertise in other professional or technical disciplines.

Article 3

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall cooperate with other brokers except when cooperation is not in the client's best interest. The obligation to cooperate does include the obligation to share commissions, fees, or to otherwise compensate another broker.

• **Standard of Practice 3-1**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS, acting as exclusive agents or brokers of sellers, establish the terms and conditions of offers to cooperate. Unless expressly indicated in offers to cooperate, cooperating brokers may assume that the offer of cooperation includes an offer of compensation. Terms of compensation, shall be ascertained by cooperating brokers before beginning efforts to accept the offer of cooperation.

• **Standard of Practice 3-2**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall, with respect to offers of compensation to another SAN CARLOS MULTIPLE LISTING, A.C. MEMBER, timely communicate any change of compensation for cooperative services to the other SAN CARLOS MULTIPLE LISTING, A.C. MEMBER prior to the time such SAN CARLOS MULTIPLE LISTING, A.C. MEMBER produces an offer to purchase the property.

• **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.

• **Standard of Practice 3-4**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS, 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 and a different amount of commission is payable if the sale results through the efforts of the seller 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 that results through the efforts of the seller. If the cooperating broker is a buyer's representative, the buyer's representative must disclose such information to their client before the client makes an offer to purchase.

• **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 agreement is executed.

• **Standard of Practice 3-6**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall disclose the existence of accepted offers, including offers with unresolved contingencies, to any broker seeking cooperation.

• **Standard of Practice 3-7**

When seeking information from another SAN CARLOS MULTIPLE LISTING, A.C. MEMBER concerning property under a listing agreement, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall disclose their SAN CARLOS MULTIPLE LISTING, A.C. MEMBER status and whether their interest is personal or on behalf of a client and, if on behalf of a client, their representational status.

• **Standard of Practice 3-8**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall not misrepresent the availability of access to show or inspect a listed property.

Article 4

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall reveal their ownership or interest in writing to the purchaser or the purchaser's representative.

• **Standard of Practice 4-1**

For the protection of all parties, the disclosures required by Article 4 shall be in writing and provided by SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS prior to the signing of any contract.

Article 5

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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.), SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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 SAN CARLOS MULTIPLE LISTING, A.C. MEMBER or SAN CARLOS MULTIPLE LISTING, A.C. MEMBER's firm may receive as a direct result of such recommendation.

• **Standard of Practice 6-1**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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.

Article 7

In a transaction, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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 SAN CARLOS MULTIPLE LISTING, A.C. MEMBER's client or clients.

Article 8

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS, 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, 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.

• Standard of Practice 9-1

For the protection of all parties, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall use reasonable care to ensure that documents pertaining to the purchase and sale of real estate are kept current through the use of written extensions or amendments.

• 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, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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.

Duties to the Public

Article 10

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, or national origin. SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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.

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS, 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.

• Standard of Practice 10-1

When involved in the sale of a residence, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS may provide other demographic information.

• Standard of Practice 10-2

When not involved in the sale of a residence, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS may provide demographic information related to a property, transaction or professional assignment to a party if such demographic information is (a) deemed by the SAN CARLOS MULTIPLE LISTING, A.C. MEMBER 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.

• Standard of Practice 10-3

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall not print, display or circulate any statement or advertisement with respect to selling a property that indicates any preference, limitations or discrimination based on race, color, religion, sex, handicap, familial status, or national origin.

• 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.

Article 11

The services which SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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, commercial and industrial real estate brokerage, real estate appraisal, real estate counseling, real estate syndication, real estate auction, and international real estate.

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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.

• Standard of Practice 11-1

When SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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:

- 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 or buyers
- 6) basis for the opinion, including applicable market data
- 7) if the opinion is not an appraisal, a statement to that effect

• 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 SAN CARLOS MULTIPLE LISTING, A.C. MEMBER is an agent or subagent, the obligations of a fiduciary.

• Standard of Practice 11-3

When SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS provide consultation services to a client that involves 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 consultation services, a separate compensation may be paid with prior agreement between the client and SAN CARLOS MULTIPLE LISTING, A.C. MEMBER.

• **Standard of Practice 11-4**

The competency required by Article 11 relates to services contracted for between SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS and their clients or customers; the duties expressly imposed by the Code of Ethics; and the duties imposed by law or regulation.

Article 12

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall be careful at all times to present a true picture in their advertising and representations to the public. SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall also ensure that their professional status or status as SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS is clearly identifiable in any such advertising.

• **Standard of Practice 12-1**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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.

• **Standard of Practice 12-2**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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 SAN CARLOS MULTIPLE LISTING, A.C. MEMBER to obtain a benefit from a third party is clearly disclosed at the same time.

• **Standard of Practice 12-3**

The offering of premiums, prizes, merchandise discounts or other inducements to list, sell, purchase, is not, in itself, unethical even if receipt of the benefit is contingent on listing, selling, purchasing, or leasing through the SAN CARLOS MULTIPLE LISTING, A.C. MEMBER making the offer. However, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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 SAN CARLOS MULTIPLE LISTING, A.C. MEMBER’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.

• **Standard of Practice 12-4**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall not offer for sale or advertise property without authority. When acting as listing brokers or as subagents, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall not quote a price different from that agreed upon with the seller.

• **Standard of Practice 12-5**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall not advertise nor permit any person employed by or affiliated with them to advertise listed property in any medium (e.g., electronically, print, radio, television, etc.) without disclosing the name of that SAN

CARLOS MULTIPLE LISTING, A.C. MEMBER’s firm in a reasonable and readily apparent manner

• **Standard of Practice 12-6**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS, when advertising unlisted real property for sale in which they have an ownership interest, shall disclose their status as both owners and as SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS or real estate licensees.

• **Standard of Practice 12-7**

Only SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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.

• **Standard of Practice 12-8**

The obligation to present a true picture in representations to the public includes information presented, provided, or displayed on SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS’ websites. SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall use reasonable efforts to ensure that information on their websites is current. When it becomes apparent that information on a SAN CARLOS MULTIPLE LISTING, A.C. MEMBER’s website is no longer current or accurate, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall promptly take corrective action.

• **Standard of Practice 12-9**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS’ obligation to present a true picture in their advertising and representations to the public includes the URLs and domain names they use, and prohibits SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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.

• **Standard of Practice 12-10**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS intending to share or sell consumer information gathered via the Internet shall disclose that possibility in a reasonable and readily apparent manner.

Article 13

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall place all pertinent facts before the proper tribunals of the Member Board.

• **Standard of Practice 14-1**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall not be subject to disciplinary proceedings in more than one Board of SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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.

• **Standard of Practice 14-2**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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.

• **Standard of Practice 14-3**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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.

• **Standard of Practice 14-4**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall not intentionally impede the Board's investigative or disciplinary proceedings by filing multiple ethics complaints based on the same event or transaction.

Duties to SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS

Article 15

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall not knowingly or recklessly make false or misleading statements about competitors, their businesses, or their business practices.

• **Standard of Practice 15-1**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall not knowingly or recklessly file false or unfounded ethics complaints

• **Standard of Practice 15-2**

The obligation to refrain from making false or misleading statements about competitors' businesses and competitors' business practices includes the duty to not knowingly or recklessly 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.

Article 16

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall not engage in any practice or take any action inconsistent with exclusive representation or exclusive brokerage relationship agreements that other SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS have with clients.

• **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 SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS involving commission, fees, compensation or other forms of payment or expenses.

• **Standard of Practice 16-2**

Article 16 does not preclude SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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 SAN CARLOS MULTIPLE LISTING, A.C. MEMBER. 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.)

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 SAN CARLOS MULTIPLE LISTING, A.C. MEMBER; and

Second, mail or other forms of written solicitations of prospects whose properties are exclusively listed with another SAN CARLOS MULTIPLE LISTING, A.C. MEMBER 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 SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS under offers of sub-agency or cooperation.

• **Standard of Practice 16-3**

Article 16 does not preclude SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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 SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS to whom such offers to provide services may be made

• **Standard of Practice 16-4**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall not solicit a listing which is currently listed exclusively with another broker. However, if the listing broker, when asked by the SAN CARLOS MULTIPLE LISTING, A.C. MEMBER, 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 SAN CARLOS MULTIPLE LISTING, A.C. MEMBER may contact the owner to secure such information and may discuss the terms upon which the SAN CARLOS MULTIPLE LISTING, A.C. MEMBER might take a future listing or, alternatively, may take a listing to become effective upon expiration of any existing exclusive listing.

• **Standard of Practice 16-5**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall not solicit buyer's agreements from buyers who are subject to exclusive buyer's agreements. However, if asked by a SAN CARLOS MULTIPLE LISTING, A.C. MEMBER, the broker refuses to disclose the expiration date of the exclusive buyer's agreement, the SAN CARLOS MULTIPLE LISTING, A.C. MEMBER may contact the buyer's to secure such information and may discuss the terms upon which the SAN CARLOS MULTIPLE LISTING, A.C. MEMBER might enter into a future buyer's agreement or, alternatively, may enter into a buyer's agreement to become effective upon the expiration of any existing exclusive buyer's agreement.

• **Standard of Practice 16-6**

When SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS are contacted by the client of another SAN CARLOS MULTIPLE LISTING, A.C. MEMBER regarding the creation of an exclusive relationship to provide the same type of service, and SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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.

• **Standard of Practice 16-7**

The fact that a prospect has retained a SAN CARLOS MULTIPLE LISTING, A.C. MEMBER as an exclusive representative or exclusive broker in one or more past transactions does not preclude other SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS from seeking such prospect's future business

• **Standard of Practice 16-8**

The fact that an exclusive agreement has been entered into with a SAN CARLOS MULTIPLE LISTING, A.C. MEMBER shall not preclude or inhibit any other SAN CARLOS MULTIPLE LISTING, A.C. MEMBER from entering into a similar agreement after the expiration of the prior agreement.

• **Standard of Practice 16-9**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS, 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.

• **Standard of Practice 16-10**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS, acting as buyer or representatives or brokers, shall disclose that relationship to the seller's representative or broker at first contact and shall provide written confirmation of that disclosure to the seller's representative or broker not later than execution of a purchase agreement.

• **Standard of Practice 16-11**

On unlisted property, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS acting as buyer's representatives or brokers shall disclose that relationship to the seller at first contact for that buyer's and shall provide written confirmation of such disclosure to the seller not later than execution of any purchase agreement.

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall make any request for anticipated compensation from the seller at first contact

• **Standard of Practice 16-12**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS, acting as representatives or brokers of sellers or as subagents of listing brokers, shall disclose that relationship to buyers as soon as practicable and shall provide written confirmation of such disclosure to buyers not later than execution of any purchase agreement.

• **Standard of Practice 16-13**

All dealings concerning property exclusively listed, or with buyers 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, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS shall ask prospects whether they are a party to any exclusive representation agreement. SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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 prospects' exclusive representatives or at the direction of prospects.

• **Standard of Practice 16-14**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS are free to enter into contractual relationships or to negotiate with sellers, buyers 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.

• **Standard of Practice 16-15**

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

• **Standard of Practice 16-16**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS, acting as subagents or buyer's representatives or brokers, shall not use the terms of an offer to purchase to attempt to modify the listing broker's offer of compensation to subagents or buyer's representatives or brokers nor make the submission of an executed offer to purchase contingent on the listing broker's agreement to modify the offer of compensation.

• **Standard of Practice 16-17**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS, acting as subagents or as buyer's 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.

• **Standard of Practice 16-18**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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 brokers' clients to other brokers or to create buyer's relationships with listing brokers' clients, unless such use is authorized by listing brokers.

• **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.

• **Standard of Practice 16-20**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS, prior to or after terminating their relationship with their current firm shall not induce clients of their current firm to cancel exclusive contractual agreements between the client and that firm. This does not preclude SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS (principals) from establishing agreements with their associated licensees governing assignability of exclusive agreements.

Article 17

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

In the event clients of SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS wish to arbitrate contractual disputes arising out of real estate transactions, SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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 SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS (principals) to cause their firms to arbitrate and be bound by any award.

• **Standard of Practice 17-1**

The filing of litigation and refusal to withdraw from it by SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS in an arbitrable matter constitutes a refusal to arbitrate.

• **Standard of Practice 17-2**

Article 17 does not require SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS 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.

• **Standard of Practice 17-3**

SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS, when acting solely as principals in a real estate transaction, are not obligated to arbitrate disputes with other SAN CARLOS MULTIPLE LISTING, A.C. MEMBERS absent a specific written agreement to the contrary.

• **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. 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.

2) Where a buyer or representative is compensated by the seller or, and not by the listing broker, and the listing broker, as a result, reduces the commission owed by the seller and, subsequent to such actions, another cooperating broker claims to be the procuring cause of sale. 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 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.

3) Where a buyer agent or representative is compensated by the buyer and, as a result, the listing broker reduces the commission owed by the seller and, subsequent to such actions, another cooperating broker claims to be the procuring cause of sale. 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.

4) Where two or more listing brokers claim entitlement to compensation pursuant to open listings with a seller 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, the other listing broker, as complainant, may name the first listing broker as respondent and arbitration may proceed between the brokers.

5) Where a buyer's agent or representative is compensated by the seller, and not by the listing broker, and the listing broker, as a result, reduces the commission owed by the seller or and, subsequent to such actions, claims to be the procuring cause of sale. In such cases arbitration shall be between the listing broker and the buyer or buyer's representative and the amount in dispute is limited to the amount of the reduction of commission to which the listing broker agreed.

• **Standard of Practice 17-5**

The obligation to arbitrate established in Article 17 includes disputes between AMPI (principals) in different states in instances where, absent an established inter-association arbitration agreement, the SAN CARLOS MULTIPLE LISTING, A.C. MEMBER (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) SAN CARLOS MULTIPLE LISTING, A.C. MEMBER's association, in instances where the respondent(s) AMPI association determines that an arbitrable issue exists.

In filing a charge of an alleged violation of the Code of Ethics by a SAN CARLOS MULTIPLE LISTING, A.C. MEMBER, 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.
