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SANTA CRUZ ASSOCIATION OF REALTORS®

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Santa Cruz County's
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**REALTOR® Designation Awareness Month
Encourages Success and Marketability**



The Santa Cruz Association of REALTORS® and the NATIONAL ASSOCIATION OF REALTORS® (NAR) is pleased to announce the arrival of REALTOR® Designation Awareness Month. NAR has recognized November as an important month in which to encourage its members to *Keep It In The Family* by starting, completing or continuing an official NAR-endorsed designation program through NAR or one of its affiliates.

An industry that moves as fast as real estate demands continuing education

throughout one's career. A successful agent must keep abreast on current issues, evolving technology, changing legalities, and many other central components of the business. To help members remain up-to-date in such a dynamic environment, NAR and its nine Institutes, Societies and Councils offer eighteen advanced education designation and certification programs. Although other designations exist, only these eighteen carry an official NAR endorsement.

Today's market expects the highest level of expertise from each REALTOR®.

NAR's advanced education designation and certification programs, tailored to virtually every real estate specialty, are the means necessary to take an agent to the next level. Beyond building skills, knowledge and productivity, these prestigious programs enhance the professional image. As a result, various high-profile corporate and government clients are requiring designations as a prerequisite for consideration.

In both their heightened proficiency and increased marketability, it is clear that REALTORS® who pursue professional designations have a distinct competitive edge. A 2003 NAR Member Profile survey shows the median gross income for agents with a designation is \$33,200 more than agents without. This is also true for brokers, whose median gross income is \$21,800 more.

All REALTORS® can increase their professional image, marketability, productivity, and income through the pursuance of a designation or certification program. The NATIONAL ASSOCIATION OF REALTORS® strongly encourages its members to continue their REALTOR® education within the official NAR family of designation and certification programs. In November, as part of this initiative, NAR aims to raise awareness of the benefits of its programs.

For a complete list of the official NAR family of designations and certifications, visit www.REALTOR.org/education.



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REAL ESTATE is the official monthly newspaper of the Santa Cruz Association of REALTORS® provided as a member-service to inform, educate and update REALTOR® and Affiliate members on local, state and national real estate news and the Association's calendar of events.

SANTA CRUZ ASSOCIATION OF REALTORS®

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California's Housing Affordability Index at 18 percent in August; Down five points from year ago

The percentage of households in California able to afford a median-priced home stood at 18 percent in August, a 5 percentage-point decrease compared with the same period a year ago when the Index was at 23 percent, according to a report released today by the California Association of REALTORS® (C.A.R.). The July Housing Affordability Index (HAI) declined 1 percentage-point compared to July, when it stood at 19 percent.

C.A.R.'s monthly housing affordability index measures the percentage of households that can afford to purchase a median-priced home in California. C.A.R. also reports housing affordability indexes for regions and select counties within the state. The index is the most fundamental measure of housing

well-being in the state.

The minimum household income needed to purchase a median-priced home at \$474,370 in California in August was \$111,180, based on an average effective mortgage interest rate of 5.83 percent and assuming a 20 percent down payment. The minimum household income needed to purchase a median-priced home was up from \$93,790 in August 2003, when the median price of a home was \$406,140 and the prevailing interest rate was 5.66 percent.

The minimum household income needed to purchase a median-priced home at \$190,100 in the U.S. in August 2004 was \$44,550.

At 42 percent, the High Desert region was the most affordable C.A.R. region in the state, followed by the Sacramento

and Central Valley regions at 26 percent. The San Diego region was the least affordable in the state at 10 percent, followed by the Orange County region at 11 percent. For the entire California Housing Affordability Index, go to: www.car.org/index.php?id=MzQyMzU=



Affiliate News

By Scott Pine, Vice Chair of the Affiliate Committee

Fall is always a wonderful time of year. We reflect on our accomplishments, goad ourselves to complete unfinished goals and begin planning for our success in the coming year. For most of us this planning includes personal goals as well as professional association and community involvement. Fortunately the holidays provide a welcome distraction shifting our priorities to family and friends. Speaking of holiday activities, be sure to put the following dates in your calendar: SCAOR Holiday Open House on Wednesday, December 1st and the SCAOR Board of Directors Installation Dinner on Friday, December 10th.

Last month we elaborated on steps taken to fully integrate the Affiliate Committee and their associated activities. As part of this process the Affiliate Committee was asked to continue with their current programs as well as undertaking efforts to address new directions laid out in the SCAOR Strategic Plan. The two areas of focus were the structural integration and the assimilation of Strategic Plan initiatives and Affiliate directions.

In looking at the structural integration it became apparent some disparities

See **Affiliate News**, Page 4

Affiliate Spotlight

JCP Geologists, Inc.
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By Denean Richards, Business Development Manager

Greg Rufe, JCP Geologists has led the disclosure industry for almost 30 years. If you haven't ordered a JCP Report lately, here are just a few reasons why you should.

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Comments about an applicant's admittance should be submitted in writing to the: Santa Cruz Assn. of REALTORS®, 2525 Main St., Soquel, CA 95073.

Affiliate News

...continued from page 10

existed regarding committee and SCAOR Board participation. The committee situation was settled rather quickly with the decision to encourage Affiliates to participate on any committee except Grievance, Professional Standards, Budget and Strategic Planning. However, new efforts are underway to remove limitations on Budget and Strategic Plan Committee participation. Currently Affiliates participate on many committees including Education and Marketing & Public Relations.

As the participation of Affiliates on the Board of Directors is quite complicated and emotional, a dialogue was initiated. Over the course of the past 12 months input has been solicited from many available sources. Additionally, some initial research was conducted regarding other REALTOR® Associations and Affiliate participation models. In a number of cases Affiliates held board seats.

Moving forward in 2005 a number of activities have been identified providing a venue for increased information flow. By involving more people and digging deeply into all the relevant issues we expect to develop workable recommendations. Our December newsletter will outline Affiliate Committee Strategic directions for 2005.

WCR UPDATE: November Business Resource Meeting

**Wednesday, November 17, 2004
8:15 a.m. to 12:30 p.m.**

Coast Santa Cruz Hotel

This month's November Business Resource Meeting with renowned motivational speaker and trainer, J.C. Melvin (ABR, CRS, GRI, LTG & ITI), will empower you to reach for your potential through the development of your personal Mission Statement. RESERVATIONS REQUIRED BY Friday, November 12, 2004. RSVP by going to the following website link: <http://www.wcrsantacruz.org/upcoming.asp> Or contact Jennifer Walker, Century 21 Showcase at 831-345-3675. Cost is \$30 for Members / \$50 Non-Members. Members, bring a guest wishing to join WCR and they will receive 14 months membership at the 1 year member price of \$135. This business meeting is sponsored by Santa Cruz Mortgage and Corcoran Chimney Cleaning.



Come to First Net Mortgage and SCAOR Housing Foundation

"Prime Thursday" at Michael's on Main in Soquel Thursday, December 2 from 5:00 to 7:00 pm. Come and join us and bring a guest to see what the SCAOR Housing Foundation is all about.

Mission: Our purpose is to assist residents of our community in realizing the dream of homeownership in Santa Cruz County by providing education, financial programs, and by supporting organizations who embrace our goals.

Vision: Bridging the gap to homeownership.

We hope that you will come join us and will consider assisting in the development of SCAORHF at this critical time. We are asking our SCAOR REALTORS® and Affiliates to consider making a monetary contribution this year, to help build a base from which to operate. Any amount that you are comfortable contributing will greatly assist us at this time. Funds will be used to provide purchasing assistance to low income participants locally. For the remainder of 2004—our first year in operation all contributors who donate \$100 or more will be recognized as a "Charter Contributor" of the Santa Cruz Association of REALTORS® Housing Foundation. Come join us!!!!

NAR secures delayed effective date for do-not-fax rules

NAR, with help from state associations nationwide, has successfully secured a six-month delay in the effective date of new do-not-fax rules from the Federal Communications Commission (FCC). The extension, which expires June 30, 2005, was granted to give Congress more time to act on the Junk Fax Prevention Act, H.R. 4600/S. 2603, bipartisan legislation NAR has been pushing that would mitigate the problems created by new do-not-fax rules for consumers and businesses alike. NAR supports efforts to limit unsolicited faxes, including a requirement to obtain permission before sending faxes, but believes that the FCC went too far by requiring signed, written permission for faxes. The association estimates that over 67 million permission forms would have had to have been created and stored to sustain the more than 6 million home sales transactions that occurred last year. For more information, visit: www.realtor.org/rocms.nsf



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"Working for David Lyng has enriched my business. I have been in real estate for 17 years, active in C.A.R. and have yet to see another company so professional and centered on the success of their agents and clients."

—Dana Sales



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"I think the thing that has most impressed me and my clients about David Lyng Real Estate is the wonderfully innovative marketing."

—Marcy Kjeldsen



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"Joining the David Lyng family has had an extremely positive effect on my business. It has literally catapulted my business to the next level, and I have received an overwhelming response from the buyers and the sellers."

—Alex Johnson

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* As reported by REInfolink for single family residential sales in Santa Cruz 2003

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Code of Ethics and Standards of Practice of the National Association of REALTORS®

Effective January 1, 2004

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 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, 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 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®'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 REALTOR® or the REALTOR®'s firm; "prospect" means a purchaser, seller, tenant, or landlord who is not subject to a representation relationship with the REALTOR® or REALTOR®'s 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 1/04)

• Standard of Practice 1-3
REALTORS®, in attempting to secure a listing, shall not deliberately mislead the owner as to market value.

• Standard of Practice 1-4
REALTORS®, 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®'s services. (Amended 1/93)

• Standard of Practice 1-5
REALTORS® 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® 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® 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® shall not be obligated to continue to market the property after an offer has been accepted by the seller/landlord. REALTORS® 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®, 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®, 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® 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® 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®'s advantage or the advantage of third parties unless:
 - a) clients consent after full disclosure; or
 - b) REALTORS® 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® or the REALTOR®'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® 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® 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® must advise sellers/landlords of:

- 1) the REALTOR®'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® must advise potential clients of:

- 1) the REALTOR®'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; and
- 4) any potential for the buyer/tenant representative to act as a disclosed dual agent, e.g. listing broker, subagent, landlord's agent, etc. (Adopted 1/93, Renumbered 1/98, Amended 1/04)

• **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®, in response to inquiries from buyers or cooperating brokers shall, with the sellers' approval, divulge the existence of offers on the property. (Adopted 1/03)

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**

REALTORS® shall, with respect to offers of compensation to another REALTOR®, timely communicate any change of compensation for cooperative services to the other REALTOR® prior to the time such REALTOR® produces an offer to purchase/lease the property. (Amended 1/94)

• **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 differ-

ent 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)

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 *See Code of Ethics and Standards, Page 8*

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Code of Ethics and Standards

...continued from page 7

current through the use of written extensions or amendments. (Amended 1/93)

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

REALTORS® shall not volunteer information regarding the racial, religious or ethnic composition of any neighborhood and shall not engage in any activity which may result in panic selling. REALTORS® shall not print, display or circulate any 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, 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 1/95)

• 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:

- 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 1/01)

• 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 consultative 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 consultative 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 careful at all times to present a true picture in their advertising and representations to the public. REALTORS® shall also ensure that their professional status (e.g., broker, appraiser, property manager, etc.) or status as REALTORS® is clearly identifiable in any such advertising. (Amended 1/93)

• 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 See **Code of Ethics and Standards, Page 10**

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Code of Ethics and Standards

...continued from page 8

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 sub-agents, 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 listed property without disclosing the name of the firm. (Adopted 11/86)

• 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 co-operating 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)

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)

Article 16

REALTORS® shall not engage in any practice or take any action inconsistent with See **Code of Ethics and Standards**, Page 12

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Code of Ethics and Standards

...continued from page 10

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



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Listing Service or any other offer of co-operation 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 prospects' 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 brokers' clients to other brokers or to create buyer/tenant relationships with listing brokers' 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 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 REALTORS® (principals) from establishing agreements with their associated licensees governing assignability of exclusive agreements. (Adopted 1/98)

Article 17

In the event of contractual disputes or specific non-contractual disputes as defined in Standard of Practice 17-4 be-

tween 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. 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)
- 2) Where a buyer or tenant representative is compensated by the

See **Code of Ethics and Standards**, Page 17



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Calendar

November 2004

Sun	Mon	Tues	Wed	Thur	Fri	Sat
	1	2 TOUR DEADLINE 2:00pm	3	4 TOURS Areas 23 – 43 9:30am – Noon Areas 44 – 59 12:30 – 3:00pm	5	6
7	8	9 TOUR DEADLINE 2:00pm	10 AFFILIATE COMMITTEE 8:30am MARKETING & PR COMMITTEE 2:00pm FOUNDATION FUND RAISING COMMITTEE 3:30pm	11 TOURS Areas 23 – 43 9:30am – Noon Areas 44 – 59 12:30 – 3:00pm OFFICE CLOSED VETERN'S DAY	12 GRI 113 Real Property, Tax & Exchanging 8:00am – 5:00pm	13
14	15 BROKER FORUM 9 – 11:30am RE INFOLINK CLASS 2 – 3:30pm	16 TOUR DEADLINE 2:00pm	17 GRIEVANCE COMMITTEE 2:30pm	18 TOURS Areas 23-43 9:30am – Noon Areas 44 – 59 12:30 – 3:00pm	19 LGR COMMITTEE 8:30am	20
21	22 BUDGET & FINANCE COMMITTEE 8:30am FOUNDATION TRUSTEES 3:00pm	23	24	25 NOTOUR DAY OFFICE CLOSED THANKSGIVING DAY	26 OFFICE CLOSED	27
28	29	30 TOUR DEADLINE 2:00pm				

ANNUAL CALENDAR OF EVENTS

DECEMBER 2004

December 1 - Holiday Open House/SCAOR Office / December 3 - Dennis McKenzie Tax Deduction for R.E. Agents / December 9 - GRI 114 – Essential Concepts of the C.A.R. Purchase Agreement / December 10 - OFFICE CLOSED AT NOON - Installation of Officers & Directors Seascape Resort / December 17 - OFFICE CLOSED AT NOON - Staff/Board of Directors Luncheon / December 23 - NO TOUR / December 24 & 27 - OFFICE CLOSED – Christmas Holiday / December 30 - NO TOUR / December 31 - OFFICE CLOSED – New Year’s Holiday

JANUARY 2005

January 3 - OFFICE CLOSED – New Year’s Holiday / January 14 - GRI 100-101/Agency Relationships & Ethics January 17 - OFFICE CLOSED – Martin Luther King Observance January 26 - Orientation / January 28 - Orientation

Did You Know?

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- The Santa Cruz Association of Realtors Housing Foundation is now accepting tax-deductible donations. If you wish to donate please make your checks payable to SCAORHF and mail to the Santa Cruz Association of REALTORS®, 2525 Main Street, Soquel, CA 95073. Any amount you are able to donate is greatly appreciated.
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CHOICES

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DID YOU KNOW?

...continued from page 15

of taking your complete renewal package online at C.A.R. at no charge. Go to <http://car.learningcenter.com/partners/car/>. Courses available online: Residential Real Estate Transactions: From Beginning to End I for First Time Broker renewal; Residential Real Estate Transactions: From Beginning to End II (Includes the new Survey Course) for After the First Time Brokers and Salesperson Renewal; and 12-Hour Mandated 4-Pack for First Time Salesperson renewal. You may take your exams online at C.A.R. for a fee.

Renewing your real estate license doesn't have to be a painful experience! Here's some easy to understand guidelines in helping you accomplish your mission: Brokers Renewing for the First Time Real estate brokers renewing an original license for the First Time must complete 45 clock hours of DRE-approved continuing education consisting of:

- Four separate three-hour courses in the following subjects: Ethics, Agency, Trust Fund Handling, and Fair Housing.
- A minimum of 18 clock hours of Consumer Protection courses; and
- The remaining 15 clock hours related to either Consumer Service or Consumer Protection.

• The 45-Hour Residential Real Estate Transactions: From Beginning to End Package I fulfills these requirements.

Salespersons Renewing for the First Time Real estate salesperson renewing an original license for the First Time must complete:

• four separate three-hour DRE-approved continuing education courses in Ethics, Agency, Trust Fund Handling, and Fair Housing.

• The 12-Hour Mandated 4-Pack fulfills these requirements.

Salesperson & Brokers Renewing After the First Time for subsequent renewals, all real estate brokers and salespersons must complete 45 clock hours of DRE-approved continuing education consisting of:

• One six-hour "Survey" course that covers the four mandatory subjects (Ethics, Agency, Trust Fund Handling, and Fair Housing)

• At least 18 clock hours of Consumer Protection courses; and

• The remaining 21 clock hours in either Consumer Service or Consumer Protection Courses.

• The 45-Hour Residential Real Estate

See **DID YOU KNOW**, Page 17

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NOTE: Do not submit your Continuing Education Course Completion Certificates!



Code of Ethics and Standards

...continued from page 13

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. 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)

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)

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 and 2003.

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.

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Santa Cruz County Statistics

Single Family Residences

2004	Current Inventory	New	Sold	Average	Median
July	852	371	274	\$687,265	\$635,000
August	821	387	257	\$740,612	\$639,000
Sept.	764	286	264	\$714,165	\$645,000

Condos/Townhouses

2004	Current Inventory	New	Sold	Average	Median
July	97	63	52	\$441,994	\$429,000
August	106	79	62	\$447,439	\$425,000
Sept.	103	68	58	\$449,037	\$429,964

Please visit: <http://www.scaor.org/~html/stats.htm> for more Santa Cruz County statistical information.

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