



RE/MAX[®]
ALOHA HOMES

CONTRACT MANUAL

Revised 6/2/2021 by (BIC), Sheldon Tatei, Ray Prosek

Part A Purchase Contract

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of the National Association of REALTORS® (Effective January 1, 2019)

RE/MAX ALOHA HOMES Standard Purchase Contract Language

Revised 6/2/2021

Highlights of General Purchase Contract Review

**Optional verbiage for contract language is in parenthesis
*Notes are italicized***

Section A: Agency Disclosure

**A-1 & A-2 Be sure that there is “X” or “N/A” in each blank –
Not only in A- 1, but throughout the entire contract.**

Section B: Initial Earnest Money Deposit Receipt

**Our address is: 91-1123 KEAUNUI Dr. Suite 236, Ewa Beach 96706
Receipt is acknowledged by: _____
Buyer’s agent. Remember to sign your name when (or after) you
Receive the check.**

Section C: Addenda

**Addenda – Be sure to mark each blank “X” or “N/A” - never leave
any of the brackets blank!**

Section D: Offer to Buy and Purchase Price

D – 2 Purchase Price:

**Whatever financing you use, cash, mortgages or agreement(s) of
sale, make sure the figures add up to total purchase price in D-2
of the Purchase Contract.**

**Initial Deposit: Get as much down as possible as this is attractive
to a Seller. Try to get appropriate to the property value. The
higher the price, the higher the initial deposit.**

Additional deposit:

***NOTE: A sizable deposit in Escrow discourages cancellations by the
Buyer and assures Seller that the Buyer is sincere about purchasing
the property OR it can delay a Buyer signing cancellation agreements if
there is a disagreement over the deposit.***

***** ALL cash funds to be verified by Agent prior to drafting the Purchase Contract *****

***** (The aggressive version with Escape Clause) *** NEW FIRST MORTGAGE:**

\$ _____ Total Cash Funds from Buyer exclusive of closing costs
\$ _____ **contingent on Buyer obtaining a New Conventional (or USDA, or FHA, or VA) type of Mortgage with rates and terms acceptable to the Buyer. (As a general statement this works, however Buyer's circumstances may require more definition here.) Check Box H-3 and H-4 of the Purchase Contract.**
\$ _____ Total Purchase Price

CASH AND NEW CONVENTIONAL, JUMBO OR ARM, FIRST MORTGAGE (with or without MCC):

\$ _____ Total Cash Funds from Buyer exclusive of closing costs
\$ _____ **By way and subject to Buyer and Property qualifying for a New Conventional Mortgage of Buyer's Choice at Prevailing Rates and Terms. ("you may add with consideration of obtaining MCC" if the Mortgage Credit Certificate is applicable. As a general statement this works, however Buyer's circumstances may require more definition here.) Check Box H-3 and H-4 of the Purchase Contract.**
\$ _____ Total Purchase Price

CASH & NEW MORTGAGE FOR FEE CONVERSION:

\$ _____ Total Cash Funds from Buyer exclusive of closing costs
\$ _____ **Contingent on Buyer qualifying for and obtaining a new first mortgage of _____ years at prevailing rates and terms (OR at an interest rate not to exceed _____%). See attached Lease-to-Fee Addendum which is made a part of this Purchase Contract. NOTE: Buyer's financing will be based on leasehold price plus fee price of property. The property will be appraised as a fee simple property.**
\$ _____ Total Purchase Price (Leasehold Price)

CASH AND ASSUMPTION OF EXISTING MORTGAGE:

\$ _____ Total Cash Funds from Buyer exclusive of closing costs
Approximate cash
\$ _____ **By way of and contingent upon the buyer assuming the existing first mortgage at no more than _____% per annum, monthly payments of no more than _____ and assumption fee of no more than _____. The exact amount of cash and mortgage to be**

determined at the close of escrow. **NOTE: Check Box H-3 of Purchase Contract.**

\$ _____ **Total Purchase Price**

SECOND MORTGAGE from lending institution:

\$ _____ **Total Cash Funds from Buyer exclusive of closing costs**
\$ _____ **By way of and contingent on (first mortgage or assumption of existing mortgage)**
\$ _____ **By way of and contingent on Buyer qualifying for and obtaining a second mortgage from a lending institution of Buyer's choice.**
\$ _____ **Total Purchase Price**

SECOND MORTGAGE from Seller:

\$ _____ **Total Cash Funds from Buyer exclusive of closing costs**
\$ _____ **By way of and contingent on (first mortgage or assumption of existing mortgage)**
\$ _____ **By way of a second mortgage by Seller. See attached HAR Purchase Money Mortgage addendum which is made a part of this Purchase Contract.**
\$ _____ **Total Purchase Price**

AGREEMENT OF SALE OR SUB-AGREEMENT OF SALE:

***** This is highly discouraged and to be avoided if at all possible!!*****

\$ _____ **Total Cash Funds from Buyer exclusive of closing costs**
\$ _____ **By way of an Agreement of Sale (Sub-Agreement of Sale) with the Seller. See attached HAR Agreement of Sale Addendum, which is made part of this Purchase Contract.**
\$ _____ **Total Purchase Price**

SELLER FINANCING - PURCHASE MONEY MORTGAGE

*****Property must be free and clear of any mortgage*****

\$ _____ **Total Cash Funds from Buyer exclusive of closing costs**

\$ _____ By way of a note secured by a purchase money first mortgage in favor of the Seller. See attached HAR Purchase Money Addendum, which is made a part of this Purchase Contract.

\$ _____ Total Purchase Price

VA MORTGAGE:

\$ _____ Total Cash Funds from Buyer exclusive of closing costs

\$ _____ By way of and contingent on Buyer qualifying for and obtaining a VA guaranteed loan (at prevailing rates and terms OR with maximum allowable VA interest rate not to exceed ____% per annum with a loan term of not less than ____ years). See attached VA Addendum, which is made part of the Purchase Contract. *NOTE: Check VA addendum for substituting eligibility.*

\$ _____ Total Purchase Price

FHA MORTGAGE:

\$ _____ Total Cash Funds from Buyer exclusive of closing costs

\$ _____ By way of and contingent on Buyer qualifying for and obtaining an FHA Mortgage with an FHA interest rate not to exceed ____ per annum with a loan term of not less than ____ years. See attached FHA Addendum which is made part of this Purchase Contract.

USDA MORTGAGE:

\$ _____ Total Cash Funds from Buyer exclusive of closing costs

\$ _____ By way of and contingent on Buyer qualifying for and obtaining an USDA Mortgage with an interest rate not to exceed ____ per annum with a loan term of not less than ____ years.

MCC (Mortgage Credit Certificate)

Q-1

The buyer may consider obtaining MCC (Mortgage Credit Certificate) Mortgage Credit Certificate is applicable. There will be no extra cost to the Seller.

Section E: Property

E-1 Description:

A. SINGLE FAMILY RESIDENCE: All that certain (fee simple/leasehold) parcel of land consisting of approximately

_____ square feet, together with all improvements thereon including but not limited to a _____ bedroom _____ bath dwelling with (attached/detached carport/garage) (cottage).

NOTE: * Do not state the square footage of the improvements, as these figures may not be accurate *****

B. CONDOMINIUM/Townhouse: All that certain (fee simple/leasehold) condominium apt. # _____ in the _____ (name of the bldg.) consisting of _____ bedrooms, _____ baths, together with _____ parking stall(s) # _____ (covered/uncovered) and a proportionate interest in the common and limited elements.

C. CO-OP: _____ (NUMBER) SHARE(S) OF STOCK IN (Co-op's name) entitling proprietary use of _____ bedroom(s) _____ bath(s), Apt # _____ and _____ parking stall(s) # _____ and co-use of common elements.

Special Term for Co-Op Purchase (Section Q):

CO-OP: Buyer is aware that Buyer is purchasing a proprietary percent in a co-operative, and Buyer's purchase is contingent upon approval of the Board of Directors no later than _____ or Buyer may declare this contract null and void and all deposits will be returned to Buyer.

D. VACANT LAND: All that certain (fee simple/leasehold) parcel of land consisting or approximately _____ square feet, zoned _____ (Lot # _____)(of the _____ Subdivision)(together with any existing improvements, including _____).

NOTE: Improvements on vacant land would usually include streets, utilities (such as electricity, gas, telephone, water meters and sewers).

E-2 Inclusions:

Do not leave blank, either "X" or "N/A" each blank. If other inclusions not listed (i.e. sprinkler system, etc.) is to be included, add these as inclusions. It is best to clarify certain items even though they are attached to the property. Another helpful term to use in the "Other" blank is "if attached, as attached."

E-4 Exclusions:

Do not leave blank. Put none or N/A or whatever items are applicable.

Section F: Closing

F-2 Scheduled Closing Date:

This is no longer a closing date as in earlier Purchase Contract versions, so please put a specific date (ensure that the Bureau of Conveyances is open on that date) or a time period such as “45 days after acceptance,” ensuring that the calculated closing date does not fall on a weekend day or state holiday. Feel free to use “on or before” if needed and requested by the Buyer’s needs.

F-3 Change to the Scheduled Closing Date:

Extensions due to financing are again permitted in this version of the Purchase Contract pursuant to the dates indicated in F-3, unlike recent Purchase Contract versions. Should this event occur, please use the HAR Standard Form “Written Notice to Escrow of Extension of Closing Date” to fulfill the written notice requirement.

F-4 Escrow:

Please include the Escrow Company, Branch location and contact number(s) in this field. Including the Escrow Officer is fine however if said escrow officer leaves the branch/company it may require a may Amendment to the Purchase Contract later in the transaction.

F-5 Prorations and Closing Adjustments:

Do not leave blank. Include what is applicable, or N/A or none.

F-8 Assessments:

Do not leave blank. Check which is applicable. Put N/A or none in the blank “Exceptions, if any.”

F-11 Possession:

Do not leave blank. Fill in with Recordation

or “See attached Early Occupancy Agreement” if applicable.

NOTE: Risk of loss transfers to Buyer at occupancy or closing, whichever occurs first.

Early Occupancy:

***** is a highly discouraged practice *****

If you plan to use a date of occupancy prior to recordation (a highly discouraged practice), then enter the appropriate date in the blank and type “See Special Term Q-__.” Then state in Special Term Q-__: “See attached Early Occupancy Agreement which is made a part of this Purchase Contract.” **NOTE: Do not use a Rental Agreement. Early Occupancy is a highly discouraged practice because Risk of loss transfers to Buyer at occupancy or closing, whichever occurs first.**

OR

Use the POST CLOSING OCCUPANCY CONTRACT (HAR)

Late/Delayed Occupancy:

If the Seller intends to remain in the property after closing, then enter the date the Seller will vacate in the blank and type “See Special Term Q- __.” Then state in Special Term Q- __: “The Buyer and Seller mutually agree the Seller will rent the property from the buyer after closing for a period of _____ (months)(years), with rent of \$_____ per month and one month’s rent security deposit. The parties agree to execute a Rental Agreement within _____ days (after or before a trigger date). Buyer and Seller agree to abide by the terms of the executed rental agreement upon the effective date and understand after closing they will be in a relationship of landlord (Buyer) and tenant (Seller).”

*****NOTE: HAR Standard Rental Agreement is to be used for Late Occupancy *****

Section G: Closing

G-2 Title:

Note that the phrase “...which affect the material value of the property” is no longer part of the title conveyance paragraph in the Purchase Contract. Do not leave the field at the end of the paragraph blank, but fill it with NONE or the additional exception(s) instead. If it is a condominium property, add “Condominium Documents.” List items you know apply such as electric, water, sewer easements or easements of any kind.

G-3 Vesting and Tenancy:

Indicate the full legal names (but no marital status, due to the advice of legal counsel) of the Buyer(s). Do not leave this area blank. If the contract may be assigned to others, include the phrase “and/or Assign(s)” after the Buyer’s name(s). Entering “To be determined” in the vesting section is not acceptable.

Never advise Buyer or Seller on Tenancy – this is a legal matter that should be discussed with an attorney or other professional advisor(s). Enter “To be Determined” in this field unless specifically directed by the Buyer(s).

Section H: Cash Funds and Financing Contingency

H-2 Contingency on Obtaining Cash Funds:

If there is a contingency on Obtaining “Cash Funds,” be sure to state where the money is currently located (i.e. Pension/Retirement Plan, Sale of Existing Home), when it will be put in escrow, and when the contingency will be removed.

Section I: Seller’s Obligation to Disclose and Disclosure Agreement

I-1 Seller’s Obligation to Disclose:

Hawaii Revised Statutes, Sec. 508-D Requires all Sellers to provide Property Disclosure Statement, save for Sellers on exemption list 508D-3. Recommend Buyer and Seller have an inspection done per paragraph J-1.

I-4 Buyers Rights a) Acknowledgement of Receipt of Disclosure should never be more than 2 days!

Section J: Inspection, Maintenance and Warranties

J-1: General Inspection of Property Contingency, and

J-2: Recommendation Regarding Home Inspection:

NOTE: Obtain a written acknowledgement if Buyer elects not to follow our recommendation to have an inspection. The document "Home Inspections and Why You Should Obtain One" is an example of sufficient written acknowledgement.

J-9: Cleaning:

There is no longer any provision for a "cleaning credit," as Lenders reportedly did not like that provision. Also, note that any carpets must now be professionally shampooed (i.e. providing receipt from carpet cleaner, and not from a do-it-yourself rug shampoo machine rental) at Seller's cost.

Section K: Staking and Survey

K-3 Boundary Encroachment:

A recently enacted law, Act 131, applicable since June 1997, allows for minimal "structure position discrepancies." The law states "for residentially-zoned real estate less than 6 inches, for Agriculture properties its 9 inches, for commercially-zoned property less than 3 inches, and for preservation 18 inches.

Unless the property is a high-rise condominium, please complete all blanks in K-3.

NOTE: Check for possible exceptions. Law does not apply to City and County land and State land.

Section L: Termite Provisions

L-2 Termite Inspection Contingency:

Be sure to complete all five blanks. *NOTE: We recommend Buyer selects Termite Inspector.*

Section Q Special Terms

Number each Special Term (i.e. Q-1, Q-2, Q-3, etc.) in this space.

Q-1 All blanks not filled in are deemed to be "N/A"

SPECIAL TERMS LANGUAGE LIBRARY

APPRAISAL CONTINGENCY:

" If the appraised value is less than the total purchase price stated in Paragraph D-2 of the Purchase Contract, the Buyer may, within five (5) calendar days of his receipt of the appraisal elect to terminate this Purchase Contract."

APPRAISAL LOWER THAN SALES PRICE:

"All parties agree it is possible the property may not appraise for the full amount of the sale price. In the event the property does not appraise for the full amount of the sale price, the Buyer and Seller agree the Buyer will increase the amount of down payment as required to close the transaction, (as long as the additional amount of the down payment is no greater than \$_____ If the additional required down payment is more than _____ Buyer may elect to terminate the Purchase Contract."

***** (Aggressive Version) APPRAISAL LOWER THAN SALES PRICE:**

***** "All parties agree it is possible the property may not appraise for the full amount of the sale price. In the event the property does not appraise for the full amount of the sale price, the Buyer and Seller agree to adjust the purchase price to the Appraised Value."*****

NOTE: If Buyer plans on VA or FHA financing, the offer cannot have this clause. Buyer has the right not to purchase property if appraisal is lower than the sale price. For VA financing, the borrower may elect to

proceed with the loan by placing additional down payment funds into the transaction at his/her sole election.

APPROVAL OF BUYER'S ACCOUNTANT OR ATTORNEY:

"This Purchase Contract is contingent upon the Buyer's accountant and/or attorney's review and approval in the terms of this contract within _____ calendar days of acceptance; provided, however, that such approval will be deemed to be given unless written notice of disapproval is given within said time. If, for any reason, the Buyer's accountant and/or attorney disapproves of any of the terms in this contract, the Buyer may elect to terminate this Purchase Contract pursuant to Paragraph O-2."

AS-IS CONDITION:

*****YOU MUST USE the HAR Standard Existing "As-Is" Condition Addendum*** unless authorized otherwise by the Principal Broker. Include any of the following clauses in the Special Terms section of the Purchase Contract as an addition to said Addendum. *NOTE: Consider adding a statement to the effect that "Buyer understands Seller has priced the property to reflect its "As-Is "condition" condition."***

ASSIGNABILITY (of the PURCHASE CONTRACT):

State law maintains that a contract can be assigned unless the contract specifically stipulates otherwise. If Seller does not want the contract assigned, state in Purchase Contract Special Terms (Section Q): "Consent of Seller is required to assign this contract." Assignability is not common in Residential Real Estate, it is common in Commercial Real Estate. Please consult with Principal Broker prior to adding this into a contract.

BACK-UP OFFER:

Utilize the RE/MAX ALOHA HOMES Backup Offer Addendum. If unavailable, you may utilize the following special terms language:

"Buyer is aware the Sellers are accepting this offer as a BACK-UP offer as the Sellers already have an accepted Purchase Contract on the

subject property. Acceptance of this BACK-UP offer is subject to the written cancellation of the Purchase Contract which is presently in effect. Buyer reserves the right to withdraw this back-up offer until such time as he/she is informed his/her offer has been accepted as the primary offer. All dates in Buyer's Purchase Contract will become effective upon notification that Buyer's offer has become the primary offer." ***NOTE: Do not put specific dates in a backup offer - state timeframes instead.***

BANKRUPTCY SALE:

"Sale is subject to Court confirmation by no later than _____. Buyers will receive a limited warranty deed at closing." If Court confirmation is not received by _____, then Buyer may terminate the Purchase Contract pursuant to Paragraph O-3, and all deposits shall be returned to Buyer.

BUILDING ORDINANCES (Broker Disclaimer):

"Buyer acknowledges that Buyer has investigated the city, county, state zoning and building ordinances and requirements as to the erection of a building(s) on the property, and Buyer has investigated the availability of water, sewer, gas, and electrical services for the property, and the fees and costs related thereto. Buyer further acknowledges that Buyer is relying solely upon data obtained by Buyer from outside sources on all these matters and is not relying upon any representations made by the Seller, RE/MAX ALOHA HOMES or its agents, nor _____ or its agents."

OR

"Buyer understands that the _____ was built without a building permit and may not meet building code requirements." **OR:** "Prior to closing of escrow, Seller will provide

Buyer with a building permit for _____ from the City Building Department.”

OR

“Should improvements on subject property be non-conforming, Seller shall provide Buyer necessary documentation prior to closing, insuring house is in compliance with City and County building codes.”

BUILDING PERMITS:

It is highly suggested that Buyer requests Seller to provide a permit package if there is ANY question that something on an older property, or new with an addition may have been done without a permit.

“Buyer is aware that the _____ was built without a building permit, does not conform to the tax office records, and may not meet current building codes. Therefore, if the _____ is destroyed, Buyer may not be able to rebuild under the present zoning code. In addition, Buyer is aware that to obtain a permit, the County Building Department may require additional work to be done and/or demolition of the existing improvements. The Seller shall not be required to make any repairs or pay for any expenses with respect to any non conformance. The Buyer hereby accepts the property with this knowledge and releases and agrees to hold harmless, the Seller and RE/MAX ALOHA HOMES and its agents, and _____ and its agents from any and all claims arising from or connected with said nonconformance and lack of building permits.”

OR

NOTE: If representing Buyer: "The Seller warrants that all necessary building permits have been obtained for all improvements to the property and if not, Seller agrees to obtain said permits, at his sole expense, prior to closing. If said permits are not completed by closing, Seller agrees that an amount of \$_____ (equal to 150% of the estimated costs obtaining the necessary permits) be held in escrow to ensure completion. Seller to provide copy of permits for Buyer's approval by _____ days prior to closing or Buyer may elect to terminate this Purchase Contract and Termination Provision O-2 shall apply."

CANCELLATION AND RELEASE OF PRIOR PURCHASE CONTRACT (for Buyer):

"Seller is aware that Buyer has made an offer on another property and the acceptance of this offer by Seller is subject to the complete cancellation by all parties of the prior offer within _____ hours of written notification or Seller may elect to terminate this Purchase Contract pursuant to Paragraph O-3. If the prior offer is completely canceled, this offer will be in full force and effect."

CANCELLATION AND RELEASE OF PRIOR PURCHASE CONTRACT (for Seller):

"Seller's acceptance and obligation to perform under the terms of this contract is specifically conditioned upon the failure of a buyer under a contract dated _____, 20____, to perform on or before _____, 20____. Seller shall obtain a written release from Buyer under said contract of all claims against the Seller and to any rights, title or interest that the Buyer might otherwise have to the property described herein. This release to be obtained within ____ days from date of acceptance."

CASH TRANSACTIONS:

“Buyer agrees to deposit the entire purchase price in escrow _____ calendar days (business days) prior to closing to assure Seller he/she can confidently vacate the property without concern.”

CATCHMENT WATER:

“The Buyer is aware and understands that water is provided to this property by catchment system only and is aware problems may arise that cause lead contamination in the system. In addition, the supply of water from this system may not be sufficient in quantity at all times and the Buyer may be required to obtain water from another source at times. Buyer accepts the water system subject to these risks and agrees not to assert any claims against the Seller, RE/MAX ALOHA HOMES and its agents and _____ and its agents, based on the water system. Buyer shall complete any and all inspections of this system pursuant to J-1.”

CONDITIONAL TRANSACTIONS (See Kick-out Clause):

“The Buyer and Seller agree that the Seller may continue his efforts to sell the subject property. If Seller receives a written offer from a third party, he shall give written notice to the Buyer or the Buyer’s agent and the Buyer shall have _____ hours after receipt to waive the conditions specified. If Buyer does not execute a waiver of said condition, Seller may accept the third party’s offer, in which event, Seller may elect to terminate Purchase Contract pursuant to Paragraph O-3.”

CONDOMINIUM VOTING RIGHTS:

“Subject to the Seller’s right to reserve his vote on matters affecting his security interest in the property, Buyer shall, during the term of Agreement of Sale, be entitled to exercise all rights of an apartment owner.”

CONSTRUCTION AND REMODELING CONTRACTS:

NOTE: There are only a few phrases which should be put in a Purchase Contract on new construction or remodeled properties. Each contract must have phrases which are applicable to the property being sold and the status of the construction.

The closing date to state approximate closing. It should be noted the contractor will give 30 days notice prior to completion and the contractor will be penalized only if the delay is his fault and not the fault of the weather, strikes, etc.

Contractor to provide evidence of Notice of Completion by providing the newspaper publication.

“Seller promises, agrees and expressly warrants that: (a) all improvements have been constructed in compliance w/standards generally accepted in the community, all building, zoning, health, safety and other codes, regulations and laws, and that all required building permits and certificates have been obtained: (b) the dwelling is habitable and fit for the intended purpose of habitation; and all elements, both interior and exterior, will be in a finished condition upon delivery. The Seller shall convey to the Buyer all existing contractors’ warranties and guarantees: (a) against defective materials and workmanship; and (b) that the dwelling has been built in accordance with the plans and specifications. Should the contractor’s guarantees not exist or be insufficient to assure correction of defects within one (1) year of recordation of the conveyance document to the buyer, the Seller agrees to provide his own warranty to assure correction of defects within one (1) year of recordation of the conveyance document to the buyer. The Seller also warrants that the design of the dwelling is sufficient to avoid water penetration or infiltration.”

OR

“The Seller warrants there are no mechanics’ liens on the property. If the time for filing has not expired and any mechanics’ liens arising from the seller’s ownership of the property are filed, the Seller agrees to be financially responsible for clearing such liens, including any and all attorney’s fees and costs.”

OR

“Buyer is aware RE/MAX ALOHA HOMES and its agents are the real estate agents only and are not to be held liable for the construction of the home. RE/MAX ALOHA HOMES makes no warranties or representations in regard to the construction of the home. Buyer agrees to indemnify and hold harmless RE/MAX ALOHA HOMES and its agents.”

Other Special Terms for Contractor Sales:

- 1) Seller/Contractor: “The Seller/Contractor will provide to the Buyer a Standard Builders’ Warranty which will be in effect for one year from the date of the issuance of the Notice of Completion. The Seller/Contractor shall provide a copy of the Notice of Completion and Honolulu City and County Building Department records which will state the name of the architect, the licensed general Contractor, the electrical and plumbing contractors and pool Contractor, if any.”**
- 2) If the Seller is not a contractor, but the improvements are**

that

considered to be new construction: “The Seller must warrant

a general contractor licensed in the state of Hawaii supervised all construction and that if any warranties exist, they will be conveyed to the Buyer. The Seller shall provide a copy of the Notice of Completion and Honolulu City and County Building Department records which will state the name of the architect, the licensed general contractor, the electrical and plumbing contractors and pool contractors, if any.” Building Department records are easily obtainable through Hawaii Real Property Research for a fee.

- 3) **Owner-Builder:** “This contract will include a copy of the Owner-Builder Law of the City and County of Honolulu, Hawaii which will be signed and acknowledged by the Seller as a statement of compliance with the Owner-Builder Law. The Seller will also provide a copy of the Notice of Completion and Honolulu City and County Building Department records which will state the name of the architect, the electrical and plumbing contractors and pool contractor, if any.”

“IF THE NOTICE OF COMPLETION HAS NOT BEEN ISSUED PRIOR TO RECORDATION, THEN THE SELLER (OR SELLER-BUILDER) WILL INDEMNIFY THE BUYER AGAINST ANY AND ALL POSSIBLE LIENS; MECHANICS LIENS, SUPPLIER LIENS, ETC., UNTIL THE ISSUANCE OF THE NOTICE OF COMPLETION.”

NEW CONSTRUCTION WITHIN the SUBDIVISION WILL BE GOVERNED BY CC&R’S (CODES, COVENANTS AND RESTRICTIONS) AND SPECIFIC ARCHITECTURAL GUIDELINES. WITHIN SUCH A SUBDIVISION USE AND ADDITIONAL PHRASE “THE SELLER (SELLER/CONTRACTOR) WARRANTS THAT ALL IMPROVEMENTS HAVE MET THE GUIDELINES OF (THE NEIGHBORHOOD) AND DOCUMENTS HAVE BEEN OBTAINED TO VERIFY COMPLIANCE.”

CONTINGENT CLAUSE (General):

“This offer is contingent upon _____ within _____ calendar days of acceptance (or by _____ 20 _____). If this contingency is not satisfied within said time period, Buyer (or Seller) may elect to terminate this Purchase Contract pursuant to Paragraph O-3.”

CONTINGENT ON CLOSE OF ESCROW ON BUYER’S PROPERTY:

Use RE/MAX ALOHA HOMES Buyer’s Home Sale Contingency Addendum, or if unavailable,

“Buyer’s offer is contingent upon successful close of escrow on Buyer’s property located at _____ presently in escrow with

_____ (escrow company). Seller and/or Seller's agent has permission from Buyer to contact said escrow company to confirm and monitor progress of Buyer's escrow."

OR

"This offer is contingent upon the sale and closing or escrow of Buyer's property situated at _____, which is (currently on the market/presently in escrow). Closing of this sale shall take place simultaneously with closing of Buyer's property but no later than _____. If escrow is not opened on sale of Buyer's property by _____, this contract will be null and void with all deposits being returned to Buyer. Seller has the right to continue marketing subject property and, if another offer acceptable to Seller is received prior to opening of escrow on _____ Buyer shall have _____ hours from written notification from Seller's agent of said offer to remove this contingency or this contract is null and void and all deposits will be returned to Buyer. Any extensions of this contract must be mutually agreed upon by both Buyer and Seller in writing prior to the scheduled closing date. After escrow is opened on _____ any offers received by Seller shall be in a Backup position to this Purchase Contract.

Accepting an offer:

"Buyer acknowledges that the Seller has an accepted contract subject to the close of escrow for the sale of Buyer's (name of buyer) property; and that (name of Buyer) has _____ hours to remove this contingency after receipt of written notice that another acceptable written offer has been received. Sellers accept this offer contingent on cancellation of the existing contract dated _____ between Seller and (name of buyer) no later than _____ calendar days or Buyer may cancel this contract. Escrow will not be opened until Buyer has received written notice from Seller that cancellation of existing contract dated _____ has occurred."

CONTINGENT ON SELLER'S PURCHASE OF REPLACEMENT PROPERTY:

Use RE/MAX ALOHA HOMES Sellers Purchase of Replacement Property Addendum, or if unavailable,

"This offer is contingent on: (1) the Seller making an offer for the purchase of new residence, and the acceptance of that offer within

_____ banking days from acceptance of the **PURCHASE CONTRACT**; and that (2) the closing of the escrow for the purchase of said new residence shall be simultaneous with the closing of this **PURCHASE CONTRACT** (but not later than _____). If the Seller does not make an offer for the purchase of a new residence and/or if closing does not occur as required above, the Seller (or Buyer) may elect to terminate this **PURCHASE CONTRACT** pursuant to Paragraphs C-20 and C-21. Thereafter neither the Buyer, the Seller nor any brokers shall have any further rights, obligations or liabilities under the **PURCHASE CONTRACT**. The Seller promises and agrees to purchase a new residence and authorizes the Buyer and his representatives to contact the escrow company for the Seller's purchase transaction to monitor its progress. The Seller further promises to use his best efforts to comply with this Special Term."

COUNTER OFFERS (Multiple):

Use **RE/MAX ALOHA HOMES Multiple Counter Offers Addendum**, or if unavailable,

"Buyer is aware, understands and agrees that the Seller has made simultaneous counter offers to more than one party, including the prospective Buyer. If all counter-offers are accepted, or if a proposed purchaser counters with a higher price and/or terms acceptable to Seller, then Seller reserves the right, at the Seller's sole discretion, to choose, without any liability from any proposed Buyer, which contract(s) to reject and which contract to accept. In such an event, Seller shall notify Buyer of Seller's decision within 24 hours after the expiration of the time deadlines set forth in such offers and/or counter-offers. No contract shall be binding upon Seller until notification in writing by Seller to Buyers of the contract Seller is choosing to accept and the contract(s) Seller is choosing to reject."

DEFERRED PAYMENT:

"If Buyer's monthly payments are insufficient to pay Buyer's interest, taxes, lease rent, insurance or maintenance fees and any other fees, such deficiency shall be deferred until Satisfaction of the Agreement of Sale and added to the principal balance due."

ESCALATION CLAUSE (less aggressive “may consider”):

Q-1: In the event of one or more competing offer(s), Buyer may consider to raise contract purchase price by \$5,000 (or other amount) higher than the highest bona fide competing offer received by Seller on the subject property”. Subject of Seller providing proof of pages 1, 2, 13 and 14 of the highest bona fide competing offer.

ESCALATION CLAUSE (more aggressive “agrees”):

Q-1: In the event of one or more competing offer(s), Buyer agrees to raise contract purchase price to \$5,000 (or other amount) higher than the highest bona fide competing offer received by Seller on the subject property, up to \$X,XXX,XXX.00 (Please indicate the Buyer's Maximum Price he is willing or qualified to pay = Buyer's Max. Price)

Seller agrees to provide a copy of pages 1, 2, 12 and 14 of the highest bona fide competing offer for verification purposes within 24 hours of mutual acceptance.

EXCHANGE:

Use RE/MAX ALOHA HOMES 1031 Exchange Addendum, or if unavailable,

“All parties to this transaction acknowledge they have been notified that the transfer of properties under this contract will incorporate the provisions of Section 1031 Tax Deferred Exchange at no additional cost or delay to Seller. Parties other than the exchanger may have documents reviewed by their counsel at their own expense.

EXCHANGE (Time is of the Essence) (1031):

“Buyer understands that the Seller is selling by way of 1031 Tax Deferred Exchange and will lose his tax advantages if the specified time frames are not met in this Purchase Contract.”

FLOOD ZONE:

“The Buyer is aware and accepts that this property is located in a flood zone and that the flood zone designation is _____. Buyer's lender may require flood zone insurance and the Buyer should contact his insurance agent in advance to determine the cost and availability of said insurance. Buyer accepts the property subject to these risks and agrees not to assert any claims against the Seller or RE/MAX ALOHA HOMES or its agents and _____ or its agents based upon the location of the property in flood zone.”

It's acceptable to ask Seller's Agent what the cost of the existing Flood policy is and if it is transferable.

(Additional provisions: Tsunami zone, aircraft noise path, hazardous waste).

KICK-OUT CLAUSE:

Use RE/MAX ALOHA HOMES Buyer's Home Sale Contingency Addendum whenever possible.

"Seller has the right to continue marketing subject property and, if another offer acceptable to Seller is received prior to opening of escrow on _____, Buyer shall have _____ hours from written notification from Seller's agent of said offer to remove this contingency or this contract is null and void and all deposits will be returned to Buyer. Any extensions of this contract must be mutually agreed upon by both Buyer and Seller in writing prior to scheduled closing date.

MULTIPLE OFFERS:

Use RE/MAX ALOHA HOMES Multiple Offer Addendum, or if unavailable,

"Seller is aware that Buyer is submitting offers on other properties simultaneously with this offer. This offer will not be binding upon Buyer unless acknowledged by Buyer in writing as set forth in the deadlines in said offer (or Counter Offer). (Multiple Offers Submitted Need to be disclosed, exception is possible based on case to case basis and subject of BIC's Approval)

NEW CONTRACT REPLACING PREVIOUS ONE:

"This contract is intended by the parties to replace and discharge a previous contract between Buyer(s) and Seller(s) dated _____ which is mutually rescinded."

NONCONFORMANCE CORRECTION:

"The Buyer is aware, understands and agrees that the (describe the area of non-conformance) does not conform to Tax Office Records, was built without a building permit any may not meet the applicable building codes."

"The Seller agrees to take all actions necessary to correct said nonconformance prior to closing, at Seller's sole cost and expense, including obtaining bldg. permits covering all nonconforming

improvements. The Seller is aware he may be required to submit architectural plans and specifications to the County Building Dept. to obtain such permits and may be required to rebuild the nonconforming improvements. This offer is contingent upon the correction of all non-conformances and any additional non-conformance which may be discovered by the county building inspector in connection with inspection of the Property. Should this contingency not be satisfied by (date) the Buyer may, at Buyer's sole option, elect to terminate this Purchase Contract pursuant to Paragraph O-3. The Buyer shall not be responsible for any of the Seller's costs relating to the nonconformance(s)."

NONCONFORMANCE OF PROPERTY:

"The Buyer is aware, understands and agrees that the (describe the area of non-conformance) does not conform to Tax Office Records, was built without a building permit and may not meet the applicable building codes. The Buyer accepts the Property in "AS-IS" condition with full disclosure of the nonconformance of the Property to Tax Office records and the construction of improvements at the Property without building permits. The Buyer is aware the County Building Dept. may require additional work at the property and/or the demolition of existing improvements. The Seller will not be required to make any repairs or pay for any expenses with respect to any nonconformance. The Buyer hereby releases and agrees to hold harmless the Seller and RE/MAX ALOHA HOMES and its agents and _____ and its agents from any and all claims arising from or connected with said nonconformance and the lack of building permits."

OR

"See attached tax office drawing which is incorporated into this Purchase Contract and Exhibit 1."

NON-CONFORMING USE:

"Zoning or improvements on the property may not be permitted under present zoning law. It could have been pre-existing zoning, but not permitted today if improvements of 50% or more were damaged by fire, flood etc. or torn down".

OR

"Buyer is aware that some buildings in Hawaii have "non-conforming uses" whereby the use of the building is not permitted by current zoning. This may cause problems with respect to reconstruction, repairs, use, financing and resale. Buyer and Seller are advised that

RE/MAX ALOHA HOMES and its agents and _____ and its agents do not make and should not be relied on for any such determinations. Buyer is responsible for making such determinations.”

PRIVATE ROAD:

“Buyer is hereby advised that the subject property is located on a private road which may require Buyer to contribute to the maintenance of said road for continued access. Buyer should have his/her attorney review the roadway agreement (if one exists) within _____ days of acceptance.” *NOTE: Some lending sources may refuse to provide financing if no maintenance agreement exists or is insufficient in form. NOTE: Add that in some cases an association may have to be formed and then a roadway agreement executed.*

SHORELINE PROPERTY:

MUST use HAR Standard Oceanfront Addendum.

SIGNATURES ON THE PURCHASE CONTRACT (Required):

SELLERS: ALL PERSONS WHOSE NAMES ARE ON TITLE must sign the Purchase Contract if offer is accepted or countered. NEVER sign as agent for the Seller. If offer is accepted or countered by phone, then state in Purchase Contract that offer is accepted/countered by phone but is contingent on Seller’s signature on the Purchase Contract or Counter Offer. *NOTE: (Probate Sales) - Sales and commissions are subject to approval of the Probate Court.*

BUYERS: IT IS NOT NECESSARY TO HAVE ALL BUYERS WHO PLAN TO BE ON TITLE, AS LONG AS AMENDMENT/ASSIGNMENT IS COMPLETED LATER. WE HIGHLY RECOMMEND HAVING ALL BUYERS’ SIGNATURES ON THE ORIGINAL PURCHASE CONTRACT TO AVOID FUTURE CONTRACT AMENDMENT(S).

PRECAUTIONS:

- 1. If more than one Buyer will be qualifying for financing, have all Buyers sign Purchase Contract as the sale could fall through if the Buyer who did not sign chooses not to apply for loan.**

2. When there is to be a co-signer for the mortgage (ex: a young couple whose parents will co-sign to help them qualify for the loan), then have co-signers sign Purchase Contract.

SIGNATURES (Additional Requirements):

PROBATE SALE: Personal Representative signs Purchase Contract. (Sign subject to approval of Probate Court.)

TRUSTS: Trustee signs.
Ex: Individual who is trustee for property:
“John Doe Revocable Trust, John Doe, Trustee”

Ex: Trust Co. or bank is trustee for property:
“Hawaiian Trust Company, Trustee for John Doe Revocable Trust”
Signatures of 2 officers of Hawaiian Trust Co.

PENSION PLANS: Trustee signs.
Ex: “Hawaiian Trust, trustee for RE/MAX ALOHA HOMES Money Purchase Pension Plan”
Signatures of 2 officers of Hawaiian Trust Company
NOTE: Principal of Plan CANNOT guarantee Payment or transaction is not valid (Pension law requirement)

CORPORATION: Officer with authority signs. Corporate seal needed. Attach a Corporate Resolution with proper signatures authorizing the purchase. In addition, you may want Buyers to personally guarantee payment.

POWER OF ATTORNEY: Document must be recorded in Bureau of Conveyances. ***NOTE: “RE/MAX ALOHA HOMES Associates may not act as Attorney-in-fact under Power or Attorney for their clients.”***

SOIL CONDITION:

“Buyer understands that property is in a landslide area. Seller to provide a soils report with ____ calendar days from the date of acceptance on this Purchase Contract. This offer is subject to Buyer’s review and approval of said report within ____ calendar days of receipt.”

SPECIAL DESIGN DISTRICT:

Buyer understands this property is in a Special Design District and subject to the City and County Regulations for this Special Design District.

SPECIAL MANAGEMENT AREA:

“Buyer understands this property is in a Special Management Area and subject to the City and County Regulations for the same.

SUBJECT TO CLOSING:

“This offer is subject to the successful close of escrow of buyer’s property which is scheduled to close _____ (date) and is in escrow at _____ (name of escrow company).”

SUBJECT TO FINDING ANOTHER PROPERTY:

“This offer is subject to the seller finding another property within (time period) from acceptance of this offer.”

VACANT LAND CESSPOOL DISCLOSURE:

“Buyer has been advised to contact the State of Hawaii Department of Health regarding wastewater disposal. Buyer is aware that present policies may change at any time, and Buyer is accepting property without representation, statements or promises by Seller or Real Estate Companies and their agents regarding wastewater disposal.”

VERIFICATION OF BUYER’S CASH FUNDS:

“Within ____ calendar days of acceptance, Buyer will provide Seller to his satisfaction verification from Buyer’s bank that cash funds for purchase of this property are available. If Buyer does not provide this verification in the time stated, or Seller is not satisfied with verification, Seller may elect to terminate this Purchase Contract pursuant to Paragraph O-3.”

ZONING:

“Buyer understands that property is zoned _____ and that the (basement apt.) (rental unit) may not meet local zoning requirements.”

“Property is in a (flood) (slide area) (Special Design District) (Conservation District).” If property is in conservation-zoned area where there are water tanks instead of city water,” offer is subject to Buyers Approval of condition of water tanks.”

“Buyer understands that the property is zoned Agricultural and that farming is permitted. Neighbors may be farming and have chicken or animal husbandry farms.”

Part B Buyer’s Representation Contract

- 1, AKA “ Buyer’s Listing “ highly recommended to be signed with all Buyers Clients
- 2, Term: Minimum of Six months, Maximum of One Year

3, FORMS TO BE INCLUDED FOR PURCHASE CONTRACT REVIEW AND APPROVAL-BUYERS

Ideally, all offers and counter offers should be reviewed and approved by our BIC/PB prior to presentation to client including a Seller’s counter offer that our client would like to accept outright. Time constraints may mean having a client sign a contract before the review, but **contracts MUST be reviewed prior to submitting it to the other party**. This policy helps to minimize the agent’s potential liability.

I. FORMS TO BE INCLUDED FOR REVIEWS OF BUYER’S OFFERS: (Send as separate PDF)

- Purchase Contract and all Addenda
- Cooperating Broker’s Separate Agreement (verify commission and GET)
- Full Agent MLS Printout
- TMK Info from MLS Realist

II. FORMS TO BE INCLUDED FOR REVIEWS OF COUNTER OFFERS, INCLUDING the SELLER'S COUNTER OFFERS WHEN BUYER IS ACCEPTING OUTRIGHT: (Send as Separate PDF)

- Purchase Contract and all Addenda
- Seller's Counter Offer,
- Buyer's Counter Offer, if applicable
- Full Agent MLS Printout
- TMK Info from MLS Realist

III. HELPFUL TIPS AND REMINDER

- **PROOFREAD!** Most errors are minor oversights that can be easily prevented. Mistakes on seemingly small details can prove costly for your client. Your goal is to submit contracts 100% free of errors. Proofreading is your first line of defense to minimize liability. The review process is your LAST line of defense.
- **PROVIDE BACKGROUND NOTES.** In your email, please mention special circumstances as to why you may have unusual terms in your offer. This minimizes delays in the review process.
- **ASK QUESTIONS.** If you are unsure how to structure a complicated transaction, ask the Contract Review Team prior to submitting your review. This creates less work for everyone involved. If you are partnering with a Senior Agent, have them proofread your contract prior to submitting.

IV. CONTRACT REVIEW PROCESS

- Email the forms in Part I or II above as email attachments to:
BIC@AlohaHomesAgents.com Text BIC/PB
- Include in your review request email a specific ""review by" deadline (date/time).
- Call and/or text if review is urgent. If the Primary Contract Review Team is unavailable, then contact our Alternate Reviewers. *Mahalo for your kakua in keeping urgent reviews to a minimum when possible.*

Part C Listing Agreement

LISTING AGREEMENT

Standard Practice:

1. Agent to provide Principal Broker with printed C&C Tax Info at the time of BIC signature request to include what debt is on the property. If debt isn't recorded then Seller to provide Agent the same.

2. If debt is higher than market value plus closing costs, then Short Sale Addendum and Distressed property Addendum must be added.
3. If the property is either old, appears to have an addition, or other structure, Agent must obtain a Permit Package within two weeks of the fully executed Listing Agreement or upon a fully executed Purchase Contract, whichever comes first. Otherwise the Principal Broker will order it and charge to Agent.
4. Agent to find out if Seller intends to do a 1031 Tax Deferred Exchange. If so then put it in the listing Agreement.
5. A-4 Listing period. One year is ideal, 9 month is a good compromise, 6 months is minimum unless approved by the Principal Broker.
6. A-7 Compensation to Brokerage Firm: Agent shall not take a Listing Agreement for less than 5% without first consulting the Principal Broker.
7. A-8 Protection Period: One hundred and twenty days. If the Seller objects then it can be reduced to 100 or 90 days. It is not to be less than 90 days.
8. A-9 Compensation to Cooperating Brokerage Firm: Wording is "Minimum 2.5%" unless otherwise approved by Principal Broker.
9. A-10 Additional Terms: 1. Seller does not Agree to Dual Agency unless that is presented with a bona fide offer by a RE/MAX ALOHA HOMES Agent and only upon Seller's and Buyer's written approval at that time and in a DUal Agency Addendum.

FORMS TO BE INCLUDED FOR LISTING AGREEMENT

CONTRACT REVIEW AND APPROVAL - SELLERS

Ideally, all contracts (like Listing Agreement, Purchase Agreement, Counter Offer) should be reviewed and approved by our BIC/PB prior to presentation to client. Time constraints may mean having a client sign a contract before the review, but all **Listing Contracts must be reviewed & signed by BIC**. This policy helps to minimize the agent's potential liability.

- I. **FORMS TO BE INCLUDED FOR REVIEWS OF A NEW LISTINGS:** (Send as separate PDF)

- EXCLUSIVE RIGHT-TO-SELL LISTING CONTRACT and all Addenda
 "AS IS" CONDITION ADDENDUM & HICENTRAL MLS, LTD. PROPERTY TYPE--SINGLE FAMILY
OR CONDO
 DUAL AGENCY ADDENDUM TO LISTING AGREEMENT
 TMK Info from MLS Realist or FastWeb from First American Title

II. HELPFUL TIPS AND REMINDER

***** Have the Seller fill out the SELLER'S REAL PROPERTY DISCLOSURE STATEMENT after they'll sign the listing agreement as well** (you'll be happy you did, keep it, use it as a sales tool and have it ready for the Escrow Part of the transaction , no need to send it to BIC)

III. HELPFUL TIPS AND REMINDER

- **PROOFREAD!** Most errors are minor oversights that can be easily prevented. Mistakes on seemingly small details can prove costly for your client (as we as for you - MLS fines and liabilities). Your goal is to submit contracts 100% free of errors. Proofreading is your first line of defense to minimize liability. The review process is your LAST line of defense.
- **PROVIDE BACKGROUND NOTES.** In your email, please mention special circumstances as to why you may have unusual terms in your Listing Agreement. This minimizes delays in the review process.
- **ASK QUESTIONS.** If you are unsure how to structure a complicated Listing Agreement type of deal, ask the Contract Review Team (BIC/PB) prior to submitting your review. This creates less work for everyone involved. If you are partnering with a Senior Agent, have them proofread your contract prior to submitting.

IV. CONTRACT REVIEW PROCESS

- Email the forms in Part I as email attachments to: BIC@AlohaHomesAgents.com, **Text BIC & PB as well**
- Include in your "review request email a specific ""review by" deadline (date/time).
- Call and/or text if review is urgent. If the Primary Contract Review Team is unavailable, then contact our Alternate Reviewers. *Mahalo for your kakua in keeping urgent reviews to a minimum when possible.*

Part D Property Management Agreement

Please limit doing Property Management! It's a huge amount of work for a minimal amount of income! It also drives up the cost of Errors and Omissions Insurance and Commercial Liability Insurance due to the high risk associated with conducting this type of Real Estate business! Furthermore the time you spend doing Property Management will take away from the time you have to cultivate your Listing and Sales Business.

You need to run by the Principal Broker the property you are considering managing prior to creating a Property Management Agreement. The property and property owner needs to be the right fit for RE/MAX ALOHA HOMES in order to protect your license and that of the Brokerage.

The Property Management Fee is to be 10%, length of initial term to be one year, termination fee after the initial term is: Two months Management Fee or \$500 whichever is greater.

Special Terms: 1. RE/MAX ALOHA HOMES will not do GE Tax Filing on behalf of the Property Owner as we are not a licensed Accounting Firm. The link for Owners to set up the online payment of the GE Tax with the State of Hawaii is www.HiTax.Hawaii.Gov

Special Terms 2. Owner to receive proceeds via the following, to be Initialed:

- a) check mailed within the United States _____
- b). Direct Deposit in Bank of Hawaii _____, First Hawaiian Bank _____, American Savings Bank _____
- c) ACH Bank Authorization: _____

Part E Rental Agreement

1. Rent: Payment is due by 5:00PM the 1st day of the month.
2. Tenant must pay a late fee of 8% after a grace period of 3 days.
3. Security Deposit to equal a full month's rent. Security Deposit to be held by RAH Client Trust Account.
4. Rental Term: To be Six months minimum and One Year maximum, can roll into month to month thereafter.
5. Receipt By Tenant: Make sure House Rules are provided if this is a Condominium. Make sure Lead Based paint Pamphlet is included for pre 1978 housing.
6. Addenda:

- a). Again Lead Paint Addendum for pre 1978 housing.
- b). Property Condition Form.
- c.) Always include RE/MAX ALOHA HOMES Rental Addendum.

Code of Ethics and Standards of Practice

of the National Association of REALTORS®

Effective January 1, 2019

[Duties to Clients and Customers](#)

Articles 1-9

[Duties to the Public](#)

Articles 10-14

Duties to REALTORS®

Articles 15-17

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

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

Preamble

Under all is the land. Upon its wise utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization. REALTORS® should recognize that the interests of the nation and its citizens require the highest and best use of the land and the widest distribution of land ownership. They require the creation of adequate housing, the building of functioning cities, the development of productive industries and farms, and the preservation of a healthful environment.

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

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

Realizing that cooperation with other real estate professionals promotes the best interests of those who utilize their services, REALTORS® urge exclusive representation of clients; do not attempt to gain any unfair advantage over their competitors; and they refrain from making unsolicited comments about other practitioners. In instances where

their opinion is sought, or where REALTORS® believe that comment is necessary, their opinion is offered in an objective, professional manner, uninfluenced by any personal motivation or potential advantage or gain.

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

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

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

Duties to Clients and Customers

Article 1 ([Case Interpretations for 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*) [[listen](#)]

Standard of Practice 1-1

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

Standard of Practice 1-2

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

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

As used in this Code of Ethics, “client” means the person(s) or entity(ies) with whom a REALTOR® or a REALTOR®’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 1/07)*

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. Upon the written request of a cooperating broker who submits an offer to the listing broker, the listing broker shall provide a written affirmation to the cooperating broker stating that the offer has been submitted to the seller/landlord, or a written notification that the seller/landlord has waived the obligation to have the offer presented. 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 1/19)*

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:

- reveal confidential information of clients; or
- use confidential information of clients to the disadvantage of clients; or
- 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:

- 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;
 - 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
- 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:

- the REALTOR®'s company policies regarding cooperation;
 - the amount of compensation to be paid by the client;
- the potential for additional or offsetting compensation from other brokers, from the seller or landlord, or from other parties;
- any potential for the buyer/tenant representative to act as a disclosed dual agent, e.g. listing broker, subagent, landlord's agent, etc., and
- the possibility that sellers or sellers' representatives may not treat the existence, terms, or conditions of offers as confidential unless confidentiality is required by law, regulation, or by any confidentiality agreement between the parties. *(Adopted 1/93, Renumbered 1/98, Amended 1/06)*

Standard of Practice 1-14

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

Standard of Practice 1-15

REALTORS®, in response to inquiries from buyers or cooperating brokers shall, with the sellers' approval, disclose the existence of offers on the property. Where disclosure is authorized, REALTORS® shall also disclose, if asked, whether offers were obtained by the listing licensee, another licensee in the listing firm, or by a cooperating broker. *(Adopted 1/03, Amended 1/09)*

Standard of Practice 1-16

REALTORS® shall not use, or permit or enable others to use, listed or managed property on terms or conditions other than those authorized by the owner or seller. *(Adopted 1/12)*

Article 2 ([Case Interpretations for 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)*
[\[listen\]](#)

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 [\(Case Interpretations for Article 3\)](#)

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)*
[\[listen\]](#)

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

Any change in compensation offered for cooperative services must be communicated to the other REALTOR® prior to the time that REALTOR®

submits an offer to purchase/lease the property. After a REALTOR® has submitted an offer to purchase or lease property, the listing broker may

not attempt to unilaterally modify the offered compensation with respect to that cooperative transaction. *(Amended 1/14)*

Standard of Practice 3-3

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

Standard of Practice 3-4

REALTORS®, acting as listing brokers, have an affirmative obligation to disclose the existence of dual or variable rate commission arrangements (i.e., listings where one amount of commission is payable if the listing broker's firm is the procuring cause of sale/lease and a different amount of commission is payable if the sale/lease results through the efforts of the seller/ landlord or a cooperating broker). The listing broker shall, as soon as practical, disclose the existence of such arrangements to potential cooperating brokers and shall, in response to inquiries from cooperating brokers, disclose the differential that would result in a cooperative transaction or in a sale/lease that results through the efforts of the seller/landlord. If the cooperating broker is a buyer/tenant representative, the buyer/tenant representative must disclose such information to their client before the client makes an offer to purchase or lease. *(Amended 1/02)*

Standard of Practice 3-5

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

Standard of Practice 3-6

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

Standard of Practice 3-7

When seeking information from another REALTOR® concerning property under a management or listing agreement, REALTORS® shall disclose their REALTOR® status and whether their interest is personal or on behalf of a client and, if on behalf of a client, their relationship with the client. (*Amended 1/11*)

Standard of Practice 3-8

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

Standard of Practice 3-9

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

Standard of Practice 3-10

The duty to cooperate established in Article 3 relates to the obligation to share information on listed property, and to make property available to other brokers for showing to prospective purchasers/tenants when it is in the best interests of sellers/landlords. (*Adopted 1/11*)

Article 4 ([Case Interpretations for 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)*
[\[listen\]](#)

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 [\(Case Interpretations for Article 5\)](#)

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. [\[listen\]](#)

Article 6 [\(Case Interpretations for Article 6\)](#)

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)* [\[listen\]](#)

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 [\(Case Interpretations for Article 7\)](#)

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*) [[listen](#)]

Article 8 ([Case Interpretations for 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. [[listen](#)]

Article 9 ([Case Interpretations for 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*) [[listen](#)]

Standard of Practice 9-1

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

Standard of Practice 9-2

When assisting or enabling a client or customer in establishing a contractual relationship (e.g., listing and representation agreements, purchase agreements, leases, etc.) electronically, REALTORS® shall make reasonable efforts to explain the nature and disclose the specific terms of the contractual relationship being established prior to it being agreed to by a contracting party. (*Adopted 1/07*)

Duties to the Public

Article 10 ([Case Interpretations for Article 10](#))

REALTORS® shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. 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, national origin, sexual orientation, or gender identity.

(Amended 1/14)

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, national origin, sexual orientation, or gender identity. *(Amended 1/14)* [\[listen\]](#)

Standard of Practice 10-1

When involved in the sale or lease of a residence, REALTORS® shall not volunteer information regarding the racial, religious or ethnic composition of any neighborhood nor shall they engage in any activity which may result in panic selling, however, REALTORS® may provide other demographic information. *(Adopted 1/94, Amended 1/06)*

Standard of Practice 10-2

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

Standard of Practice 10-3

REALTORS® shall not print, display or circulate any statement or advertisement with respect to selling or renting of a property that indicates any preference, limitations or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. *(Adopted 1/94, Renumbered 1/05 and 1/06, Amended 1/14)*

Standard of Practice 10-4

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

Article 11 ([Case Interpretations for Article 11](#))

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

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

Standard of Practice 11-1

When REALTORS® prepare opinions of real property value or price they must:

- be knowledgeable about the type of property being valued,
- have access to the information and resources necessary to formulate an accurate opinion, and
- be familiar with the area where the subject property is located

unless lack of any of these is disclosed to the party requesting the opinion in advance.

When an opinion of value or price is prepared other than in pursuit of a listing or to assist a potential purchaser in formulating a purchase offer, the opinion shall

include the following unless the party requesting the opinion requires a specific type of report or different data set:

- identification of the subject property
 - date prepared
 - defined value or price
 - limiting conditions, including statements of purpose(s) and intended user(s)
 - any present or contemplated interest, including the possibility of representing the seller/landlord or buyers/tenants
 - basis for the opinion, including applicable market data
 - if the opinion is not an appraisal, a statement to that effect
 - disclosure of whether and when a physical inspection of the property's exterior was conducted
 - disclosure of whether and when a physical inspection of the property's interior was conducted
 - disclosure of whether the REALTOR® has any conflicts of interest
(Amended 1/14)
- Standard of Practice 11-2

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

Standard of Practice 11-3

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

Standard of Practice 11-4

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

Article 12 ([Case Interpretations for Article 12](#))

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

Standard of Practice 12-1

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

Standard of Practice 12-2

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

Standard of Practice 12-3

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

of state law and the ethical obligations established by any applicable Standard of Practice. *(Amended 1/95)*

Standard of Practice 12-4

REALTORS® shall not offer for sale/lease or advertise property without authority. When acting as listing brokers or as subagents, REALTORS® shall not quote a price different from that agreed upon with the seller/landlord. *(Amended 1/93)*

Standard of Practice 12-5

Realtors® shall not advertise nor permit any person employed by or affiliated with them to advertise real estate services or listed property in any medium (e.g., electronically, print, radio, television, etc.) without disclosing the name of that Realtor®'s firm in a reasonable and readily apparent manner either in the advertisement or in electronic advertising via a link to a display with all required disclosures. *(Adopted 11/86, Amended 1/16)*

Standard of Practice 12-6

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

Standard of Practice 12-7

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

Standard of Practice 12-8

The obligation to present a true picture in representations to the public includes information presented, provided, or displayed on REALTORS®' websites. REALTORS® shall use reasonable efforts to ensure that information on their websites is current. When it becomes apparent that information on a REALTOR®'s website is no longer current or accurate, REALTORS® shall promptly take corrective action. *(Adopted 1/07)*

Standard of Practice 12-9

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

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

Standard of Practice 12-10

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

- engaging in deceptive or unauthorized framing of real estate brokerage websites;
- manipulating (e.g., presenting content developed by others) listing and other content in any way that produces a deceptive or misleading result;
- deceptively using metatags, keywords or other devices/methods to direct, drive, or divert Internet traffic; or
- presenting content developed by others without either attribution or without permission, or
- otherwise misleading consumers, including use of misleading images. *(Adopted 1/07, Amended 1/18)*

Standard of Practice 12-11

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

Standard of Practice 12-12

REALTORS® shall not:

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

Standard of Practice 12-13

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

Article 13 [\(Case Interpretations for Article 13\)](#)

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. [\[listen\]](#)

Article 14 [\(Case Interpretations for Article 14\)](#)

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)* [\[listen\]](#)

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 ([Case Interpretations for Article 15](#))

REALTORS® shall not knowingly or recklessly make false or misleading statements about other real estate professionals, their businesses, or their business practices. *(Amended 1/12)* [\[listen\]](#)

Standard of Practice 15-1

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

Standard of Practice 15-2

The obligation to refrain from making false or misleading statements about other real estate professionals, their businesses and their business practices includes the duty to not knowingly or recklessly publish, repeat, retransmit, or republish false or misleading statements made by others. This duty applies whether false or misleading statements are repeated in person, in writing, by technological means (e.g., the Internet), or by any other means. *(Adopted 1/07, Amended 1/12)*

Standard of Practice 15-3

The obligation to refrain from making false or misleading statements about other real estate professionals, their businesses, and their business practices includes the duty to publish a clarification about or to remove statements made by others on electronic media the REALTOR® controls once the REALTOR® knows the statement is false or misleading. *(Adopted 1/10, Amended 1/12)*

Article 16 [\(Case Interpretations for Article 16\)](#)

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

Standard of Practice 16-1

Article 16 is not intended to prohibit aggressive or innovative business practices which are otherwise ethical and does not prohibit disagreements

with other REALTORS® involving commission, fees, compensation or other forms of payment or expenses. *(Adopted 1/93, Amended 1/95)*

Standard of Practice 16-2

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

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

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

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

Standard of Practice 16-3

Article 16 does not preclude REALTORS® from contacting the client of another broker for the purpose of offering to provide, or entering into a contract to provide, a different type of real estate service unrelated to the type of service currently being provided (e.g., property management as opposed to brokerage) or from offering the same type of service for property not subject to other brokers’ exclusive agreements. However, information received through a Multiple Listing Service or any other offer of cooperation

may not be used to target clients of other REALTORS® to whom such offers to provide services may be made. *(Amended 1/04)*

Standard of Practice 16-4

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

Standard of Practice 16-5

REALTORS® shall not solicit buyer/tenant agreements from buyers/ tenants who are subject to exclusive buyer/tenant agreements. However, if asked by a REALTOR®, the broker refuses to disclose the expiration date of the exclusive buyer/tenant agreement, the REALTOR® may contact the buyer/tenant to secure such information and may discuss the terms upon which the REALTOR® might enter into a future buyer/tenant agreement or, alternatively, may enter into a buyer/tenant agreement to become effective upon the expiration of any existing exclusive buyer/tenant agreement. *(Adopted 1/94, Amended 1/98)*

Standard of Practice 16-6

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

Standard of Practice 16-7

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

Standard of Practice 16-8

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

Standard of Practice 16-9

REALTORS®, prior to entering into a representation agreement, have an affirmative obligation to make reasonable efforts to determine whether the prospect is subject to a current, valid exclusive agreement to provide the same type of real estate service. *(Amended 1/04)*

Standard of Practice 16-10

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

Standard of Practice 16-11

On unlisted property, REALTORS® acting as buyer/tenant representatives or brokers shall disclose that relationship to the seller/landlord at first contact for that buyer/tenant and shall provide written confirmation of such

disclosure to the seller/landlord not later than execution of any purchase or lease agreement. *(Amended 1/04)*

REALTORS® shall make any request for anticipated compensation from the seller/ landlord at first contact. *(Amended 1/98)*

Standard of Practice 16-12

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

Standard of Practice 16-13

All dealings concerning property exclusively listed, or with buyer/tenants who are subject to an exclusive agreement shall be carried on with the client's representative or broker, and not with the client, except with the consent of the client's representative or broker or except where such dealings are initiated by the client.

Before providing substantive services (such as writing a purchase offer or presenting a CMA) to prospects, REALTORS® shall ask prospects whether they are a party to any exclusive representation agreement. REALTORS® shall not knowingly provide substantive services concerning a prospective transaction to prospects who are parties to exclusive representation agreements, except with the consent of the 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 their relationship with their current firm is terminated, shall not induce clients of their current firm to cancel exclusive contractual agreements between the client and that firm. This does not preclude REALTORS® (principals) from establishing agreements with their associated licensees governing assignability of exclusive agreements. *(Adopted 1/98, Amended 1/10)*

Article 17 ([Case Interpretations for Article 17](#))

In the event of contractual disputes or specific non-contractual disputes as defined in Standard of Practice 17-4 between REALTORS® (principals) associated with different firms, arising out of their relationship as REALTORS®, the REALTORS® shall mediate the dispute if the Board requires its members to mediate. If the dispute is not resolved through mediation, or if mediation is not required, REALTORS® shall submit the dispute to arbitration in accordance with the policies of their Board rather than litigate the matter.

In the event clients of REALTORS® wish to mediate or arbitrate contractual disputes arising out of real estate transactions, REALTORS® shall mediate or arbitrate those disputes in accordance with the policies of the Board, provided the clients agree to be bound by any resulting agreement or award.

The obligation to participate in mediation or arbitration contemplated by this Article includes the obligation of REALTORS® (principals) to cause their firms to mediate or arbitrate and be bound by any resulting agreement or award. *(Amended 1/12)* [\[listen\]](#)

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 mediate in those circumstances when all parties to the dispute advise the Board in writing that they choose not to mediate through the Board's facilities. The fact that all parties decline to participate in mediation does not relieve REALTORS® of the duty to arbitrate.

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 1/12)*

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:

- Where a listing broker has compensated a cooperating broker and another cooperating broker subsequently claims to be the procuring cause of the sale or lease. In such cases the complainant may name the first cooperating broker as respondent and arbitration may proceed without the listing broker being named as a respondent. When arbitration occurs between two (or more) cooperating brokers and where the listing broker is not a party, the amount in dispute and the amount of any potential resulting award is limited to the amount paid to the respondent by the listing broker and any amount credited or paid to a party to the transaction at the direction of the respondent. Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance the decision of the hearing panel as to procuring cause shall be conclusive with respect to all current or subsequent claims of the parties for compensation arising out of the

underlying cooperative transaction. *(Adopted 1/97, Amended 1/07)*

- Where a buyer or tenant representative is compensated by the seller or landlord, and not by the listing broker, and the listing broker, as a result, reduces the commission owed by the seller or landlord and, subsequent to such actions, another cooperating broker claims to be the procuring cause of sale or lease. In such cases the complainant may name the first cooperating broker as respondent and arbitration may proceed without the listing broker being named as a respondent. When arbitration occurs between two (or more) cooperating brokers and where the listing broker is not a party, the amount in dispute and the amount of any potential resulting award is limited to the amount paid to the respondent by the seller or landlord and any amount credited or paid to a party to the transaction at the direction of the respondent. Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance the decision of the hearing panel as to procuring cause shall be conclusive with respect to all current or subsequent claims of the parties for compensation arising out of the underlying cooperative transaction. *(Adopted 1/97, Amended 1/07)*
- 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)*
- 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)*

- Where a buyer or tenant representative is compensated by the seller or landlord, and not by the listing broker, and the listing broker, as a result, reduces the commission owed by the seller or landlord and, subsequent to such actions, claims to be the procuring cause of sale or lease. In such cases arbitration shall be between the listing broker and the buyer or tenant representative and the amount in dispute is limited to the amount of the reduction of commission to which the listing broker agreed. *(Adopted 1/05)*
Standard of Practice 17-5

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

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.

