

FEBRUARY 2006



SANTA CRUZ ASSOCIATION OF REALTORS®

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## Santa Cruz Association of REALTORS® Installs 2006 Officers & Directors

The Santa Cruz Association of REALTORS®, Inc. (SCAOR), held its annual Installation of Officers and Directors and Awards Dinner Dance at the Cocoanut Grove Ballroom, in Santa Cruz, California on January 13, 2006.

The evening was entitled "Celebration at the Bay," and began with music by the Lincoln High School chorus, *Esthetica*, and an Inspiration led by Gail Hartnett, 2006 National President of the Women's Council of REALTORS®.

Robert Bailey, 2002 President of the California Association of REALTORS® (C.A.R.) and 1988 President of SCAOR, was the Master of Ceremonies. Jim Hamilton, 2005 President of C.A.R., joined Robert in presenting Dan Sedenquist, 2005 SCAOR President, with the Past President's Plaque. Bobbie Nelson, of Longacre Real Estate, was sworn in as the 2006 President of the Santa Cruz

Association of REALTORS® by Robert Bailey. Colleen Badagliacco, 2007 President-Elect of C.A.R., installed

SCAOR's 2007 President-Elect, Sandy

See **2006 Officers & Directors**, Page 6



Bobbie Nelson is sworn in as the 2006 Santa Cruz Association of REALTORS® President

## Consolidating Multiple Listing Services in Northern CA Announce New Name

The group of six northern California MLSs that recently announced their planned consolidation into a single 46,000 member MLS has named the new organization the Northern California Real Estate Exchange (NCREX). The new real estate exchange is expected to facilitate the sale of over \$100 billion dollars of real estate annually. NCREX

also released further details regarding its near-term consolidation plan.

"The 12 person regionalization task force chose the term 'real estate exchange' because the term 'MLS' is somewhat outmoded and means different things to different people; plus it also has historical baggage attached to it," said Gregg Larson, CEO of Clarity

Consulting. "We are trying to create a brand new real estate information exchange for the next 20 years, and we wanted to start with a blank sheet of paper to design it properly." Larson added, "A fresh name helps free up people's thinking, which opens the

See **MLS Consolidation**, Page 6



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James Gomez, REALTOR®

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

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Brenda Jenkins

Mark Gordon

# President's Message

The New Year brought new laws that affect how we conduct our business. The Federal legislature passed the Bankruptcy Abuse and Consumer Protection Act that went into effect on October 17, 2005. There were also several changes to Common Interest Developments and Homeowners' Associations regarding assessments, physical changes to units, elections and grants for exclusive ownership of portions of common area. In the area of disclosures, new laws affecting the disclosure around clean up and contamination from methamphetamine labs, Megan's Law disclosure of the website address which is located on the CAR Statewide Buyer and Sellers advisory and you can also now download

the new disclosure for Supplemental Tax Disclosure that is required to be given to buyers. Other items of interest are Fair Housing, Electronic Communications, and Landlord/Tenant where the 60-day notice from landlords has changed back to 30 day notice for month-to-month tenants (unless rent control or subsidized housing rules apply). Some new and revised licensing laws also go into effect.

All this information can be researched at the CAR website where you can find great up to date information on many topics that affect the way we do our daily business at [www.car.org](http://www.car.org) or go to [www.scaor.org](http://www.scaor.org) and use the link to C.A.R. Please also read your January REALTOR® magazine regarding the

changes to the Code of Ethics Standard of Practice 1-15, 10-1 and 10-3. Our NAR President Thomas Stevens has included the Ethic Code as updated in full for you. You can get a copy from our Association office or see page 4.

Please plan to join us at the Santa Cruz Association Office for the Office Liaisons Meeting on February 9th at 2:00 p.m. where these and other topics that will affect our business will be presented and discussed.



**Bobbie Nelson**

2006 SCAOR

President

(831) 419-7253

[bobbie@bobbienelson.com](mailto:bobbie@bobbienelson.com)

## Affiliate Update

As we begin 2006, the affiliate committee begins organizing our four sub-committees which are the affiliate membership/recruiting, education, liaison/communication/PR and events/programs. Individual roles are assigned as committee chairs to help with the structure of each sub-committee.

We are always looking for new and/or existing affiliate members who would like to get more involved with the sub-committees and help support our industry and the SCAORs.

Each sub-committee has great opportunities to offer such as networking and meeting new people, new learning experiences, help grow our industry and just lots of fun!

If anyone is interested in learning more about a sub-committee and/or would like participate, please call me directly at (831) 212-0229 or email me at [spaine@mortgageit.com](mailto:spaine@mortgageit.com). Please keep in mind that our affiliate committee meets the second Wednesday every month at 8:30 at the SCAOR office.

Also, our annual ski trip is coming up on March 3rd so if you are interested in going or would like to sponsor a portion of the trip, please call the board to reserve your tickets or place a donation. The number to call is (831)464-2000.

### Shelly Paine

SCAOR Affiliate Committee Chair

(831) 212-0229

[spaine@mortgageit.com](mailto:spaine@mortgageit.com)

## Santa Cruz County Statistics

### Single Family Residences

2005	Current Inventory	New	Sold	Average	Median
Oct.	899	351	174	\$795,384	\$769,000
Nov.	828	241	157	\$876,033	\$789,500
Dec.	698	162	149	\$826,333	\$742,000

### Condos/Townhouses

2005	Current Inventory	New	Sold	Average	Median
Oct.	173	84	33	\$530,824	\$499,000
Nov.	173	68	44	\$547,882	\$519,500
Dec.	156	50	31	\$496,252	\$488,000

For more information,  
 go to [www.scaor.org](http://www.scaor.org)  
 and click on "Market Statistics."

# 2006 Code of Ethics and Standards of Practice of the National Association of REALTORS®

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

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

## Preamble

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

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

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

Realizing that cooperation with other real estate professionals promotes the best interests of those who utilize their services, REALTORS® urge exclusive representation of clients; do not attempt to gain any unfair advantage over their competitors; and they refrain from making unsolicited comments about other practitioners. In instances where their opinion is sought, or where REALTORS® believe that comment is necessary, their opinion is offered in an objective, professional manner, uninfluenced by any personal motivation or potential advantage or gain.

The term REALTOR® has come to

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

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

Accepting this standard as their own, REALTORS® pledge to observe its spirit in all of their activities and to conduct their business in accordance with the tenets set forth below.

## Duties to Clients and Customers

### Article 1

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

#### • Standard of Practice 1-1

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

#### • Standard of Practice 1-2

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

As used in this Code of Ethics, "client" means the person(s) or entity(ies) with whom a REALTOR® or a REALTORS® 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 REALTORS® firm; "prospect" means a purchaser, seller, tenant, or landlord who is not subject to a representation relationship with the REALTOR® or REALTORS® firm; "agent" means a real estate licensee (including brokers and sales Associates) acting in an agency relationship as defined by state law or regulation; and "broker" means a real estate licensee (including brokers and sales Associates) acting as an agent or in a legally recognized non-agency capacity. (Adopted 1/95, Amended 1/04)

#### • Standard of Practice 1-3

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

#### • Standard of Practice 1-4

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

#### • Standard of Practice 1-5

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

#### • Standard of Practice 1-6

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

#### • Standard of Practice 1-7

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

#### • Standard of Practice 1-8

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

#### • Standard of Practice 1-9

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

- 1) reveal confidential information of clients; or
- 2) use confidential information of clients to the disadvantage of clients; or
- 3) use confidential information of clients for the REALTORS® 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 REALTORS® employees or Associates against an accusation of wrongful conduct.

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

#### • Standard of Practice 1-10

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

#### • Standard of Practice 1-11

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

#### • Standard of Practice 1-12

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

- 1) the REALTORS® company policies regarding cooperation and the amount(s) of any compensation that will be offered to subagents, buyer/tenant agents, and/or brokers acting in legally recognized non-agency capacities;
- 2) the fact that buyer/tenant agents or brokers, even if compensated by listing brokers, or by sellers/landlords may represent the interests of buyers/tenants; and
- 3) any potential for listing brokers to act as disclosed dual agents, e.g. buyer/tenant agents. (Adopted 1/93, Renumbered 1/98, Amended 1/03)

#### • Standard of Practice 1-13

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

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

#### • Standard of Practice 1-14

Fees for preparing appraisals or other valuations shall not be contingent upon

# "You Never Know What Lurks Within the Mind of a REALTOR®..."

...For Joe Callero of Century 21 Lad Realty, it's an imagination rich with characters and worlds real and imagined, resulting in the world theatrical release of a major motion picture he wrote and produced with his son, Eric, the director the film. "HighJinx (Flying Saucer Rock 'N' Roll) is a rousing mix of "American Graffiti" with a dose of "Night of the Living Dead" & a pinch of "Kill Bill."

Joe is no stranger to filmmaking, having written 8 scripts, this being his third produced. Eric's a recent graduate

from San Francisco State University with a Cinema major. The story of the film goes like this: Having met a backpacker obsessively looking for "Wild Man", a human version of "Bigfoot," Eric came back with a copy of a video of "Wild Man" babbling incoherently about Martians, Beatniks, Zombies and Roswell. Fascinated, Eric did research, locating the people mentioned by Wild Man. When contacted, they refused to discuss what had occurred on that fateful night in 1957.

The film combines actual footage from the Wild Man tapes sandwiched around a Hollywood retelling of the extraordinary events that caused Wild Man to hide out in the mountains.

Filmed locally with Bay Area professional actors and production people, including J. Weisman who worked with Michael J. Fox on "Back to the Future II & III," this film is a wonderfully entertaining blend of innocent teen love, cool cars and the music that was the birth of Rock and Roll. Johnny, the school

square, is unknowingly set up with the high school's bad-girl beauty, Susie, for a night of embarrassment. At Lover's Peak, they're interrupted by a wild-eyed beatnik named Maynard, with an equally wild tale of Martians and zombies. Before long, Zombies invade Lover's Peak and the race to save a part of Mankind is on...

You're all invited to experience this film at the Rio Theatre, on Saturday, March 18, at 8:00 PM. Tickets (\$7.00) are available from Joe, 212-6284, or at Streetlight Records, downtown.

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can turn the right candidate for assistant or any support position, for that matter into an agent's 'right hand.'"

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with the industry.

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### 2006 Officers & Directors...

*continued from page 1*

Kaplan of Santa Cruz Properties, and Treasurer, Christa Shanaman of Coast Country Real Estate and the rest of the Board of Directors.

The 2006 Directors of the Santa Cruz Association of REALTORS® are as follows: Steve Allen of Coldwell Banker Residential Brokerage, Debra Frey of RE/MAX Real Estate Services, Frank May of Frank May & Associates, Janet Romanowski of David Lyng Real Estate, Lauren Spencer of Coldwell Banker Residential Brokerage, Dennis Stewart of Unique Homes & Land, Lori Strusis of Century 21 Showcase REALTORS®, Suzanne Yost of Bailey

Properties, and Lela A. Willet of Unique Homes & Land.

Jim Hamilton and Robert Bailey presented the following awards:

- 2005 REALTOR® of the Year - Presented to Dan Sedenquist for his extensive service to the real estate industry and ongoing commitment to the Santa Cruz Association of REALTORS®. Dan was also the 2005 President of the Santa Cruz Association of REALTORS®, and says that after careers as a geologist and a banker, he has found the past 12 years he's spent in real estate to be very rewarding. Dan is a broker associate with Bailey Properties, where he partners with his wife, REALTOR® Lyn Sedenquist.
- 2005 Lifetime Achievement

Award -- Awarded to Gary Gangnes for inspiring leadership and exemplary service to the Santa Cruz Association of REALTORS®. Gary was the Santa Cruz Association of REALTORS® 2000 President and 1993 REALTOR® of the Year. He was also on the 2004 Board of Directors for the California Association of REALTORS® and the Executive Committee for RE Infolink. Gary is CEO of Real Options Realty.

- 2005 Community Service Award -- Presented to Ronnie Trubek for her service and dedication to the community and enhancement of the REALTOR® image as well as her support of the Santa Cruz Association of REALTORS® Housing Foundation. Ronnie has been working in real estate in the Santa Cruz

Mountains for over 25 years and was the 2003 Santa Cruz Association of REALTORS® President. She is with Century 21 Showcase REALTORS®.

- 2005 Affiliate Representative of the Year -- Presented to Shelly Paine for her active participation in the Santa Cruz Association of REALTORS® and her high level of involvement in the Association's Affiliate Committee, which she is chairing in 2006. Shelly has been a member of the real estate lending community since 1992, and holds both real estate and notary licenses. Shelly is an account executive with Mortgage IT Lending, covering Santa Cruz and Monterey counties.

### MLS Consolidation...

*continued from page 1*

possibility to do something truly remarkable in northern California."

NCREX has begun its search for brokerage owners and brokerage senior executives to fill 12 of the 15 director seats. The three remaining seats are reserved for the organization's future CEO and two outside directors. NCREX is searching for broker candidates who are business oriented, successful and well-represented industry leaders. To best represent its participants and

subscribers, the directors will come from a mix of small, medium and large size companies. "NCREX is being designed to serve its brokers, agents and other subscribers, not to be a profit center. Our goal is to create a technically competent information management and service delivery organization that is financially stable and designed to meet the challenges of tomorrow's business world. NCREX is not being designed to enrich anyone or any organization in the process," said Larson.

To better serve the current and future needs of real estate professionals

in northern California, the MLS participants have agreed to standardize on a single set of business rules and regulations and a common database structure. The organization began mapping the multiple databases into one common database format in late January. NCREX expects to have the standardized and consolidated database completed and populated by mid 2006 and available to brokers and their authorized IDX providers by Q3 2006. The multiple MLS organizations will consolidate operations and convert to the new NCREX system throughout

2007.

The regional MLS will create efficiencies for real estate brokers and agents by eliminating the need to belong to and navigate multiple MLSs and conform to multiple sets of rules and regulations. These changes will allow brokers and agents to better serve consumers. The organizations founding NCREX are REInfolink, Contra Costa MLS, Bay East MLS, East Bay Regional Data, Central Valley MLS and the San Francisco Association of REALTORS® MLS. Other northern California MLSs are invited to join NCREX.



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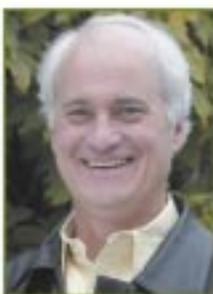
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Agent of the Year



**Kevin Lohrey**  
Team Spirit Award



**Sherry Dang**  
Entrepreneur Award



**John McCombs**  
Property Manager  
of the Year/  
Lifetime  
Achievement Award

## *Professional Sales Training for a New Economy...*

Sherman & Boone Real Estate provides the highest standard of professional sales training for our Associates to thrive in the New Economy!

We offer, what is to be considered, the best sales training program in the nation – one that has been implemented by some of the top Fortune 500 corporations in America.

## *Welcome to Sherman & Boone!!*



**SueLynn Estby, REALTOR®**  
SueLynn has been buying and selling real estate successfully for over 15 years.

In realizing the tremendous security and choices that she and her family now enjoy she has chosen Sherman and Boone as her catalyst to help bring these same qualities of life to others.



**Judy Bliss, REALTOR®**  
Judy has been successfully investing in Santa Cruz and West Los Angeles for the past 15 years using her creative talents to enhance "Fixer Uppers" and effect

total remodels whenever needed. Judy has decided to turn her love of real estate into a full-time professional career.



**Jana DuRon, REALTOR®**

Jana DuRon is a seasoned Realtor/Investor born and raised in Santa Cruz County. She has over 15 years experience and is fully

bilingual in English and Spanish. She comes to us with lots of social experience, high energy and enthusiasm.

*Sherman & Boone Real Estate is proud to be a member of Leading Real Estate Companies™ of the World*



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1001 E. ROBERTSON BLVD.  
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-Heidi Theodore, Residential Sales  
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Robert Frank, CFO/COO

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# stellar support

Main Street Realtors has marketing, transaction co-ordination and property management support that's **out of this world**



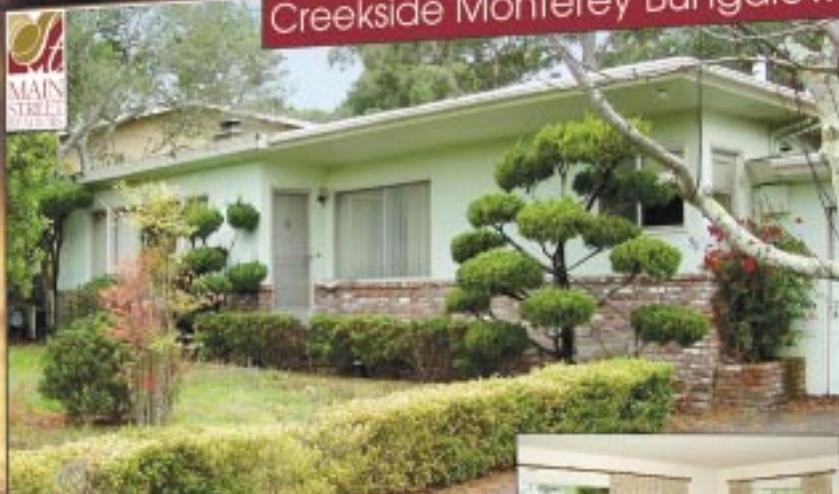
## 1360 Josselyn Canyon #32 Monterey

Rarely available Monterey Woods Condominium. This spacious & stylish end-unit has a large master bedroom and separate dining area. The deck off of the dining room is perfect for entertaining or enjoying a quiet moment under the trees.

Monterey Woods offers a pool, tennis courts, clubhouse and spa. It is located just off of Highway 1 and Highway 88, close to many amenities.

The beautifully landscaped grounds and peaceful environment make this a very special place to come home to!

2 bd | 2 ba | 1335 sq ft | \$695,000



## Creekside Monterey Bungalow

## 96 Via Descanso Monterey

**This solid little home has a ton of potential!** Located on a quiet creekside setting, there's a pleasantly landscaped yard and lots of level ground. The home has a stylish yet functional floor plan with hardwood floors under the carpeting. Best of all, it's surrounded by million dollar homes in one of Monterey's favorite older neighborhoods, close to shopping and restaurants.

2BR | 1BA | 1165 SF | \$795,000



Listed by  
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Broker/Owner  
Main Street Realtors  
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### the support team at Main Street Realtors

#### Marketing Manager John Cozen

John is a master of media. From creating beautiful flyers and video tours, to publishing web and email campaigns, there's nothing that John can't do or figure out. With a great eye and sharp mind, John can make all the difference to a marketing campaign.



#### Transaction Co-ordinator Glenda Whitlow

Glenda has amassed over 26 years experience in real estate, working in virtually all facets of the industry, including the escrow and mortgage business. She brings an uncanny eye for detail and unparalleled efficiency for every transaction.



#### Property & Office Manager Mary Miller

Mary has been in the Property Management business for 12 years working in a variety of positions, from affordable housing to commercial properties. She is an active member of the Tri-County Apartment Association.



Call or email Datta today to learn more about Main Street's support services  
**(831) 818-0181**  
datta@mainstreetrealtors.com



## Code of Ethics...continued

from page 4

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 whether offers were obtained by the listing licensee, another licensee in the listing firm, or by a cooperating broker. (Adopted 1/03, Amended 1/06)

### Article 2

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

### • Standard of Practice 2-1

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

### • Standard of Practice 2-2

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

### • Standard of Practice 2-3

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

### • Standard of Practice 2-4

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

### • Standard of Practice 2-5

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

### Article 3

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

### • Standard of Practice 3-1

REALTORS®, acting as exclusive agents or brokers of sellers/landlords, establish the terms and conditions of offers to cooperate. Unless expressly indicated in offers to cooperate, cooperating brokers may not assume that the offer of cooperation includes an offer of compensation. Terms of compensation, if any, shall be ascertained by cooperating brokers before beginning efforts to accept the offer of cooperation. (Amended 1/99)

### • Standard of Practice 3-2

REALTORS® shall, with respect to offers of compensation to another REALTOR®, timely communicate any change

of compensation for cooperative services to the other REALTOR® prior to the time such REALTOR® produces an offer to purchase/lease the property. (Amended 1/94)

### • Standard of Practice 3-3

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

### • Standard of Practice 3-4

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

### • Standard of Practice 3-5

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

### • Standard of Practice 3-6

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

### • Standard of Practice 3-7

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

### • Standard of Practice 3-8

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

### Article 4

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

### • Standard of Practice 4-1

For the protection of all parties, the disclosures required by Article 4 shall be

in writing and provided by REALTORS® prior to the signing of any contract. (Adopted 2/86)

### Article 5

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

### Article 6

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

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

### • Standard of Practice 6-1

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

### Article 7

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

### Article 8

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

### Article 9

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

### • Standard of Practice 9-1

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

### Duties to the Public

#### Article 10

REALTORS® shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, or national origin. REALTORS® shall not be parties to any plan or agreement to discriminate

against a person or persons on the basis of race, color, religion, sex, handicap, familial status, or national origin. (Amended 1/90)

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

### • Standard of Practice 10-1

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

### • Standard of Practice 10-2

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

### • Standard of Practice 10-3

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

### • Standard of Practice 10-4

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

### Article 11

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



Santa Cruz Association of REALTORS®  
**HOUSING FOUNDATION**

# Bridging the Gap to Homeownership

## Free, One-Hour Workshops on Charitable Remainders and Lead Trusts Offered

If you could easily and inexpensively educate your clients about charitable giving and its possible advantages for them, would you be interested? If so, please consider a workshop emphasizing charitable remainder and lead trusts presented by The Santa Cruz Association of REALTORS® Housing Foundation.

With the help of the Community Foundation of Santa Cruz County, the Housing Foundation recently established a Planned Giving Program as a way of educating potential charitable donors while making known our goal of assisting first-time homebuyers realize the dream of home ownership in one of America's most expensive housing markets.

In this connection, we would like to invite you and your clients to attend one of a series of free, one-hour Planned Giving Workshops, which will be held quarterly on the second Wednesday of the second month of each quarter, from 2-3pm, at the Santa Cruz Association of REALTORS® offices, located at 2525 Main Street, Soquel, California. **Upcoming workshop dates are February 8, May 10, August 9, and November 8, 2006.**

The Planned Giving Workshop will be useful to professionals in the fields of estate planning, law, accounting, financial planning, taxation, and real estate, their clients, as well as employers, public and private union representatives, other nonprofit organizations, and

members of the donor community.

The workshop consists of a Power Point presentation conducted by Timothy Cleary, Esq., who is a State Bar certified specialist in estate planning, trust and probate law. Mr. Cleary's presentation will be prefaced by brief comments by Mark Millenacker, Esq., a member of the Housing Foundation's Board of Trustees. Please reserve a seat at a workshop by contacting Dawn Valentine or Karen Kirwan at (831) 464-2000.

The Santa Cruz Association of wRS® Housing Foundation is a tax-exempt Section 501(c)(3) public charity organized for the purpose of providing downpayment and closing cost assistance to help low and moderate

income working households striving to overcome the housing affordability crisis and purchase their own residence in Santa Cruz County. We are touching the lives of working people who make this County function on a day-to-day basis.

**For additional information on the Housing Foundation or Planned Giving, please contact Philip Tedesco, Executive Director of the Santa Cruz Association of REALTORS® Housing Foundation, at (831) 464-2000 or [ptedesco@scaor.org](mailto:ptedesco@scaor.org), or go to [www.scaorhf.org](http://www.scaorhf.org).**

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Fax 831 688-6209

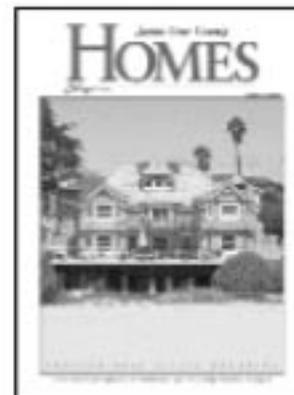
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# Calendar

# February 2006

# Did You Know?

Sun	Mon	Tues	Wed	Thur	Fri	Sat
			<b>1</b> ORIENTATION - DAY 1 8:30 - 4:45 P.M. EDUCATION COMMITTEE MEETING 9:00 A.M.	<b>2</b>	<b>3</b> ORIENTATION - DAY 2 8:30 - 4:30 P.M. BOARD OF DIRECTORS 8:30 A.M.	<b>4</b>
<b>5</b>	<b>6</b> OFFICE LIAISON MEETING 2:00 P.M.	<b>7</b>	<b>8</b> AFFILIATE COMMITTEE 8:30 A.M. PLANNING GIVING MEETING 2:00 - 3:00 P.M.	<b>9</b> REAL ESTATE PROFESSIONAL ASSISTANT COURSE (REPA) - DAY 1 8:00 - 4:00 P.M.	<b>10</b> REAL ESTATE PROFESSIONAL ASSISTANT COURSE (REPA) - DAY 2 8:00 - 4:00 P.M.	<b>11</b>
<b>12</b>	<b>13</b> GRI 102-104 8:00 - 5:00 P.M.	<b>14</b>	<b>15</b> BUDGET AND FINANCE MEETING 8:45 A.M. GRIEVANCE COMMITTEE 2:30 P.M.	<b>16</b> CRS 201 8:00 - 5:00 P.M.	<b>17</b> CRS 201 8:00 - 5:00 P.M. LGR 8:30 A.M.	<b>18</b>
<b>19</b>	<b>20</b> OFFICE CLOSED Presidents Day	<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>
<b>26</b>	<b>27</b> JEFF DAVI, REAL ESTATE COMMISSIONER 9:00 - 11:00 A.M. HF COMMITTEE MEETING 3:00 P.M.	<b>28</b>				

## Protect your future! Support C.A.R.'s REALTOR® Action Fund

REALTORS® are among California's hardest working professionals. Everyday, brokers and agents fight for their clients to deliver the American Dream. The long hours and grueling pace leaves little time to track new laws, regulations and political activities.

### REALTORS® Take Action!

- Every year, thousands of laws and proposed regulations are introduced that impact REALTORS®. Trial lawyers, bureaucrats, politicians and other special interests are working hard to attack our profession.
- REALTOR® opponents spend millions making political contributions to pass their agenda! If they succeed, your business could fail!
- C.A.R.'s REALTOR® Action Fund is a political action committee designed solely to protect your business. An annual contribution of \$197 helps provide more than \$13,738 in REALTOR® savings.
- C.A.R.'s REALTOR® Action Fund gives an industry with hundreds of thousands of individuals the ability to speak with ONE VOICE... YOUR VOICE!
- Contributions to C.A.R.'s REALTOR® Action Fund are voluntary (separate from C.A.R. dues) and vital to your business. The fund is neither Republican nor Democrat - it is bipartisan, supporting pro-real estate issues agenda.
- C.A.R.'s REALTOR® Action Fund is all that stands between political special interests and your livelihood. By making a generous contribution today, you can defeat trial lawyers, point of sale mandates and harmful regulations while protecting the real estate industry, your business and our future.

For more information or to make a contribution, visit [www.CAR.org](http://www.CAR.org).

## Save The Date!

February 1 & 3 – Association Orientation

February 6 – Office Liaison Meeting

April 26 & 28 – Association Orientation

May 3 – Spring Fling

May 15-20 – NAR Midyear Meetings (Washington, D.C.)

June 7-10 – C.A.R. Meetings (Sacramento, CA)

July 21 – Charity Golf Tournament

July 26 & 28 – Association Orientation

August 17-18 – NAR Leadership Conference

October 18-21 – C.A.R. Meetings (Long Beach, CA)

October 25 & 27 – Association Orientation

November 2 – “A Taste of Santa Cruz”

November 8-13 – NAR Governance Meetings,

Conference & Expo (New Orleans, LA)

**Code of Ethics...continued**

from page 11

contribution to the assignment should be set forth. (Amended 1/95)

**• Standard of Practice 11-1**

When REALTORS® prepare opinions of real property value or price, other than in pursuit of a listing or to assist a potential purchaser in formulating a purchase offer, such opinions shall include the following:

- 1) identification of the subject property
- 2) date prepared
- 3) defined value or price
- 4) limiting conditions, including statements of purpose(s) and intended user(s)
- 5) any present or contemplated interest, including the possibility of representing the seller/landlord or buyers/tenants
- 6) basis for the opinion, including applicable market data
- 7) if the opinion is not an appraisal, a statement to that effect (Amended 1/01)

**• Standard of Practice 11-2**

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

**• Standard of Practice 11-3**

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

**• Standard of Practice 11-4**

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

**Article 12**

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

**• Standard of Practice 12-1**

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

**• Standard of Practice 12-2**

REALTORS® may represent their

services as “free” or without cost even if they expect to receive compensation from a source other than their client provided 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 REALTORS® 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 listed property without disclosing the name of the firm. (Adopted 11/86)

**• Standard of Practice 12-6**

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

**• Standard of Practice 12-7**

Only REALTORS® who participated in the transaction as the listing broker or 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)

**Article 13**

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

**Article 14**

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

**• Standard of Practice 14-1**

REALTORS® shall not be subject to disciplinary proceedings in more than

one Board of REALTORS® or affiliated institute, society or council in which they hold membership with respect to alleged violations of the Code of Ethics relating to the same transaction or event. (Amended 1/95)

**• Standard of Practice 14-2**

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

**• Standard of Practice 14-3**

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

**• Standard of Practice 14-4**

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

**Duties to REALTORS®****Article 15**

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

**• Standard of Practice 15-1**

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

**Article 16**

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

**• Standard of Practice 16-1**

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

**• Standard of Practice 16-2**

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

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

First, telephone or personal solicitations of property owners who have been

identified by a real estate sign, multiple listing compilation, or other information service as having exclusively listed their property with another REALTOR®; and

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

**• Standard of Practice 16-3**

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

**• Standard of Practice 16-4**

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

**• Standard of Practice 16-5**

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

**• Standard of Practice 16-6**

When REALTORS® are contacted by the client of another REALTOR® regarding the creation of an exclusive relationship to provide the same type of service, and REALTORS® have not directly or indirectly initiated such discussions, they may discuss the terms upon which they might enter into a future agreement or,

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alternatively, may enter into an agreement which becomes effective upon expiration of any existing exclusive agreement. (Amended 1/98)

### • Standard of Practice 16-7

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

### • Standard of Practice 16-8

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

### • Standard of Practice 16-9

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

### • Standard of Practice 16-10

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

### • Standard of Practice 16-11

On unlisted property, REALTORS® acting as buyer/tenant representatives or brokers shall disclose that relationship to the seller/landlord at first contact for that buyer/tenant and shall provide written confirmation of such disclosure to the seller/landlord not later than execution of any purchase or lease agreement. (Amended 1/04)

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

### • Standard of Practice 16-12

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

### • Standard of Practice 16-13

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

Before providing substantive services (such as writing a purchase offer or presenting a CMA) to prospects, REALTORS® shall ask prospects whether they are a party to any exclusive representation agreement. REALTORS® shall not

knowingly provide substantive services concerning a prospective transaction to prospects who are parties to exclusive representation agreements, except with the consent of the prospects' exclusive representatives or at the direction of prospects. (Adopted 1/93, Amended 1/04)

### • Standard of Practice 16-14

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

### • Standard of Practice 16-15

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

### • Standard of Practice 16-16

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

### • Standard of Practice 16-17

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

### • Standard of Practice 16-18

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

### • Standard of Practice 16-19

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

### • Standard of Practice 16-20

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

## Article 17

In the event of contractual disputes or specific non-contractual disputes as defined in Standard of Practice 17-4 between REALTORS® (principals) Associated with different firms, arising out of their relationship as REALTORS®, the

REALTORS® shall submit the dispute to arbitration in accordance with the regulations of their Board or Boards rather than litigate the matter.

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

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

### • Standard of Practice 17-1

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

### • Standard of Practice 17-2

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

### • Standard of Practice 17-3

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

### • Standard of Practice 17-4

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

1) Where a listing broker has compensated a cooperating broker and another cooperating broker subsequently claims to be the procuring cause of the sale or lease. In such cases the complainant may name the first cooperating broker as respondent and arbitration may proceed without the listing broker being named as a respondent. Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance the decision of the hearing panel as to procuring cause shall be conclusive with respect to all current or subsequent claims of the parties for compensation arising out of the underlying cooperative transaction. (Adopted 1/97)

2) Where a buyer or tenant representative is compensated by the seller or landlord, and not by the listing broker, and the listing broker, as a result, reduces the commission owed by the seller or landlord and, subsequent to such actions, another cooperating broker claims to be the procuring cause of sale or lease. In such cases the complainant may name the first cooperating broker as respondent and arbitration may proceed without the listing broker being named as a respondent. Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance the decision of the hearing panel as to procuring cause shall be conclusive with respect to all current or subsequent claims of the parties for compensation arising out of the underlying cooperative

transaction. (Adopted 1/97)

3) Where a buyer or tenant representative is compensated by the buyer or tenant and, as a result, the listing broker reduces the commission owed by the seller or landlord and, subsequent to such actions, another cooperating broker claims to be the procuring cause of sale or lease. In such cases the complainant may name the first cooperating broker as respondent and arbitration may proceed without the listing broker being named as a respondent. Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance the decision of the hearing panel as to procuring cause shall be conclusive with respect to all current or subsequent claims of the parties for compensation arising out of the underlying cooperative transaction. (Adopted 1/97)

4) Where two or more listing brokers claim entitlement to compensation pursuant to open listings with a seller or landlord who agrees to participate in arbitration (or who requests arbitration) and who agrees to be bound by the decision. In cases where one of the listing brokers has been compensated by the seller or landlord, the other listing broker, as complainant, may name the first listing broker as respondent and arbitration may proceed between the brokers. (Adopted 1/97)

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

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

### Explanatory Notes

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

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

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

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

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"I've been in the business for two years. I did not realize how much I didn't know until starting the Real Training™ program. The training and tools I've received have proven to be invaluable."

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## The four components of R.E.A.L. Training™ are:

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Scotts Valley Office



**Suzanne Yost**  
Technical Skills Trainer  
GRI Instructor  
Attorney at Law



**Vicky Wilson**  
Orientation Coach  
Agent Mentor  
Soquel Office Manager



**Krista Brox**  
Transaction Coach  
Soquel Office Staff



For further information please contact  
**Robert Bailey at 831.688.7434**

\*Bailey Properties has an exclusive contract with Quantum Management Systems™, a Park City, Utah based consulting firm to provide Quantum Training™ courses in the Monterey Bay Area.