

**CODE OF ETHICAL PRINCIPLES AND STANDARDS OF
PROFESSIONAL PRACTICE
OF THE
SOCIETY OF INDUSTRIAL AND OFFICE REALTORS®**



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SOCIETY OF INDUSTRIAL AND OFFICE REALTORS® (SIOR)

CODE OF ETHICAL PRINCIPLES AND STANDARDS OF PROFESSIONAL PRACTICE

Table of Contents

Preamble to the Code

Code Applicability and Intended Effects
Administration, Interpretation, and Enforcement
Timely Filing of Ethics Complaints and Dispute Resolution Requests
Other Professional Codes
Understanding the Code: Recurrent Terms and Concepts
Relationship Parties
Party to an Act
Pertinent Facts

Code of Ethical Principles and Standards of Professional Practice

Principle 1 – Act in the Best Interest of Those Who Should
Benefit from Your Conduct
Principle 2 – Be Honest at All Times and with All Parties
Principle 3 – Honor Your Fiduciary Duties
Principle 4 – Be Sensitive to Potential Conflicts of Interest
Principle 5 – Disclose and Obtain Approval for Self-Dealing
Principle 6 – Document All Agreements and Keep Accurate Records
Principle 7 – Do Not Discriminate
Principle 8 – Obey the Law
Principle 9 – Other Codes Govern Certain Activities
Principle 10 – Be Truthful in All Representations and Advertising
Principle 11 – Do Not Make False or Misleading Statements
about Others
Principle 12 – Disclose the Nature of Your Relationship
Principle 13 – Offer to Cooperate with and Compensate
Other Real Estate Professionals
Principle 14 – Do Not Interfere with the Relationships or Rights
of Other Real Estate Professionals
Principle 15 – Cooperate in All Professional Standards Proceedings
Principle 16 – Resolve Financial Disputes through Mediation
and/or Arbitration

CODE OF ETHICAL PRINCIPLES AND STANDARDS OF PROFESSIONAL PRACTICE
OF THE
SOCIETY OF INDUSTRIAL AND OFFICE REALTORS®
Approved by the Board of Directors on April 26, 1998
Effective May 3, 1999

PREAMBLE TO THE CODE

The SOCIETY OF INDUSTRIAL AND OFFICE REALTORS® is an association of commercial real estate specialists who are dedicated to the highest principles of professional practice. SIOR's Mission Statement declares that the "mission of SIOR is to establish, maintain, and sustain a designation of the highest level for commercial real estate providers," and its Vision Statement stipulates that "the designation will define excellence in performance . . . and that its designees are considered the pre-eminent professionals in their fields".

This Code embodies the principles that are the foundation of SIOR's mission and vision. The following paragraphs briefly describe the SIOR context in which the Code operates and SIOR policies on interpretation and enforcement of the Code. That discussion is followed by a statement of the specific Principles and Standards of Practice that together form the Code.

Code Applicability and Intended Effects

The obligations imposed in this Code apply to all Active designees and Candidates of SIOR ("Adherents"). These obligations may also be applied to conduct arising from the actions of others who are subject to the Adherents' administration, management, and/or control—such as conduct in which Adherents are involved in conjunction with an employee, associate, or partner.

The obligations imposed by the Code should be viewed as the terms of a contract to which all Adherents are bound. The terms of this contract—hence the obligations of the Code—apply to all real estate-related professional and business dealings, except to the extent specifically exempted by law. Some of the obligations imposed by this Code may exceed the minimum contents of the law—and are intended to do so.

The beneficiaries of the contract created by this Code are the clients, customers, principals and other parties who are served by or who conduct real estate-related business with SIOR's Active designees and Candidates. These other parties may include other members of SIOR and other real estate professionals. The Code is also intended to help raise the level of the professional practice of Adherents to the benefit of SIOR, other professional associations, and the general public.

The concepts of "real estate related professional dealings" and "professional practice" include an Adherent's participation in the activities of professional associations and organizations, specifically an Adherent's participation in SIOR-related activities. Consequently, an Adherent's fulfillment of responsibilities assumed as an officer, director, committee chairman, or committee member, or those that are otherwise assumed on behalf of SIOR, at either the national, regional, or chapter level, are subject to the requirements of this Code.

Administration, Interpretation and Enforcement

This Code is intended to be administered, interpreted, and enforced solely by SIOR. Anyone having reason to believe that an Adherent may have violated the Code may notify SIOR. SIOR will process any notice or complaint that it receives in accordance with its policies and procedures. Any Adherent who is found to have violated the Code may be sanctioned by SIOR.

Under this Code, Adherents are specifically obligated to participate in and cooperate with any investigation or proceeding arising from an inquiry or complaint concerning their professional conduct. Adherents are also obligated to resolve certain types of financial disputes through mediation and/or binding arbitration.

The Code itself is only part of SIOR's Professional Standards regimen. The tasks required to enforce the Code and conduct ethics and arbitration hearings are performed by the SIOR Professional Standards Committee, whose makeup and jurisdiction are defined in SIOR's Bylaws and Policy Manual. Staff support for these activities is provided by a professional standards staff officer, who may be reached at SIOR's office in Washington, D.C. The procedures to be followed in initiating proceedings under this Code, for processing complaints, and the conduct of ethics and arbitration hearings are detailed in SIOR's *Ethics and Arbitration Procedures Manual*, copies of which may be obtained from SIOR's headquarters (phone: 202-449-8200).

Timely Filing of Ethics Complaints and Dispute Resolution Requests

Notices or complaints alleging ethical misconduct on the part of an Adherent must be filed within one (1) year of the latter of (a) the date of the closing of a sale from which the matter arises or to which it is related; (b) the commencement date of a lease (or its renewal or extension) from which the matter arises or to which it is related; (c) the rental commencement date of a lease (or its renewal or extension) from which the matter arises or to which it is related; (d) the date on which any litigation arising from or related to the matter is concluded; (e) the date on which any proceeding (arising from or related to the matter) before a licensing or regulatory authority is concluded; or (f) the date on which the matter is known, or could be known, in the exercise of reasonable diligence.

Notices or requests for the mediation and/or arbitration of financial disputes in which an Adherent is involved must be filed within one (1) year of the latter of: (a) the date of the closing of a sale from which the matter arises or to which it is related; (b) the commencement date of a lease (or its renewal or extension) from which the matter arises or to which it is related; (c) the rental commencement date of a lease (or its renewal or extension) from which the matter arises or to which it is related; or (d) the date on which the basis of the dispute is known, or could be known, in the exercise of reasonable diligence.

SIOR may consider conduct and other facts that predate the one (1) year filing period, such as those involved in a pattern of repeated ethical misconduct, provided there is a logical nexus between the conduct which falls within the filing period and that which precedes it.

Other Professional Codes

Adherents may also be subject to obligations arising from their membership in other associations or organizations, and to the obligations imposed by regulatory authorities for professional licensing purposes. This Code defines only an Adherent's obligations as an Active designee or Candidate of SIOR. Conduct that is consistent with the obligations of certain other associations, organizations, or regulatory authorities may, nonetheless, be

inconsistent with the requirements of this Code, but it is this Code to which an Adherent's conduct is measured by SIOR.

In the case of certain real estate-related activities of commercial specialists, such as appraisals or property management, the standards of other codes of specified professional organizations are adopted by reference as the requirements of this Code.

SIOR Adherents are also subject to the *Code of Ethics and Standards of Practice* of the NATIONAL ASSOCIATION OF REALTORS®. The SIOR Code is substantially consistent with the REALTORS® Code, but is intended to apply specifically to commercial real estate scenarios. SIOR intends to continually attempt to harmonize its Code with the REALTORS® Code.

Understanding the Code: Recurrent Terms and Concepts

The Code consists of sixteen (16) Principles, each of which has several Standards of Practice associated with it. The Standards of Practice discuss specific applications, limits or exceptions to the Principle. The descriptive titles are for convenience only and do not themselves constitute interpretations or impose obligations.

The Code Principles and Standards are drafted using certain phrases or terms that are sometimes repeated and involve important concepts. Several of these are discussed here to assist Adherents in understanding the requirements of provisions in which these phrases are used, while avoiding the burdensome repetition that would result from describing them each time they appear. Reference may be made to the following paragraphs discussing such terms (thereby partially defining them) during the process of Code interpretation or enforcement.

Relationship Parties

The Principles and Standards of Practice establish a group of duties and related requirements, such as to undertake or to refrain from specified conduct or activities, to make disclosures, to withhold disclosures, to obtain acknowledgments or to obtain consents.

The words "client, customer, principal, or other party with whom the Adherent has a legally recognized professional or business relationship," or somewhat shortened forms of that language having the same intended meaning, are used frequently to describe the individuals or business entities to whom such duties are owed.

The breadth of this language in part reflects the changing and diverse activities of today's commercial practitioners, which place them in a wide variety of real estate-related professional or business roles and relationships, all of which the Code is intended to encompass.

The breadth of the clause also is intended to reflect the affirmative objective of the Code that Adherents will behave in a principled manner toward numerous parties, including but not limited to those who will be the source of their compensation. Some duties are owed to fewer than all participants in a transaction or activity, but others, chiefly the duty of honesty, are owed to virtually every party.

Party to an Act

Several provisions require that Adherents not "be a party to" an act of a specified type or having specified consequences. The obligation not to "be a party to" prohibited conduct is intended to be a broad obligation. First, it requires that Adherents not perform such an act

or engage in such conduct themselves. Second, it requires that Adherents neither request others to perform prohibited acts nor assist others in their performing prohibited acts. Third, an Adherent has a duty not to ignore prohibited conduct by other Adherents, even where the observing Adherent has no control over the commission of the act. The third dimension of “party to” meshes directly with the Adherents’ obligation established under Principle 15 and Standard of Practice 15.4 to report to SIOR potential violations of which they have first hand knowledge.

Pertinent Facts

Several provisions impose obligations with respect to “pertinent facts,” or “pertinent facts and information,” often in the context of requiring their communication or disclosure to one or more parties. The precise meaning of these terms cannot be set forth in the abstract, and may vary significantly depending on the nature of a particular professional or business scenario. Use of the word “pertinent” does reflect use of that term in the REALTORS® *Code of Ethics*, and SIOR anticipates that the word will be given a consistent interpretation in the application of its Code.

Certain legal requirements are framed in terms of “material” facts. Where a fact is legally “material,” it typically will also be “pertinent” within the meaning of SIOR’s Code. References to pertinent facts sometimes are accompanied by references to “any facts, conditions, or information that might affect or assist” a relationship party. The latter is intended to be an even broader category, including matters that might be viewed as pertinent or which only have some probability of becoming pertinent.

CODE OF ETHICAL PRINCIPLES AND STANDARDS OF PROFESSIONAL PRACTICE

Principle 1 – Act in the Best Interest of Those Who Should Benefit from Your Conduct

Adherents will act in the best interest of their client, customer, principal, or other party with whom the Adherent has a legally recognized professional or business relationship. Adherents will subordinate pursuit of their own self-interest to the best interest of such other parties in circumstances where those two interests may conflict.

Standard of Practice 1.1 – Understand Your Legal and Ethical Duties

When acting in a real estate-related professional or business matter, Adherents will understand their legal and ethical duties, and will conform their actions to these duties.

Standard of Practice 1.2 – Honor the Commitments You Make and Faithfully Fulfill Your Obligations

When acting in a real estate-related professional or business matter, Adherents will honor the legal, contractual, and ethical commitments they have made, and will not unreasonably withhold, delay, or condition the faithful fulfillment of their obligations.

Standard of Practice 1.3 – Code Applies to All Real Estate-Related Professional and Business Dealings

Regardless of the capacity in which an Adherent is acting (i.e., as an agent, subagent, broker, finder, facilitator, counselor, advisor, manager, or principal), Adherents are obligated to conduct themselves in accordance with the requirements of this Code. If an Adherent is engaged in a real estate-related professional or business activity that is conducted by, through, or in conjunction with an employee, subordinate, colleague, or associate, the conduct of such other persons who are under the direction or are otherwise acting at the request of or in conjunction with the Adherent must conform to the requirements of this Code. Additionally, the Adherent will promote understanding of the Code and advocate behavior that conforms to the Code by persons who are within the Adherent's sphere of influence. As to certain types of activities, this Code incorporates by reference Codes adopted by other real estate-related professional organizations. In those circumstances, the specific standards of conduct specified by the referenced Code govern the Adherent's conduct.

Standard of Practice 1.4 – Avoid Dishonest Conduct

Adherents will not engage in any conduct that: (a) dishonestly advantages any party with whom the Adherent has a legally recognized professional or business relationship; (b) dishonestly disadvantages any party with whom the Adherent has a legally recognized professional or business relationship; (c) dishonestly interferes with the rights or interests of any party with whom the Adherent has a legally recognized professional or business relationship; or (d) dishonestly enriches the Adherent or others at the expense of any party with whom the Adherent has a legally recognized professional or business relationship.

Standard of Practice 1.5 – Avoid Misuse of Authority

Adherents will not dishonestly use any position as a corporate officer or director, public official, or other figure of authority: (a) to their own personal advantage; (b) to the advantage of their business colleagues or associates; (c) to the advantage or to the disadvantage of any client, customer, or other party with whom they have a legally recognized professional or business relationship; (d) to the disadvantage of a competitor; or (e) in any way that could potentially cause harm or liability to the company, public body, or any entity to which they owe legal, fiduciary, and/or ethical duties.

Standard of Practice 1.6 – Secure Informed Consent First

Adherents will not take any substantial action on behalf of a client, customer, principal, or other party with whom they have a legally recognized professional or business relationship without first

obtaining the informed consent of such party as to the nature, objectives and expected consequences of the action. While this requirement is intended to foster a regime of knowledgeable supervision, it is not intended to require that Adherents be “micro-managed.”

Standard of Practice 1.7 – Function Competitively

The commercial real estate profession is a competitive business, and numerous laws seek to assure the benefits of competitive markets to all participants. Adherents are expected to compete among themselves and with other real estate professionals. This Code imposes no ethical injunction intended to unlawfully: (a) impair or impede such competition; (b) limit the lawful types of services or activities in which Adherents may engage; (c) set the compensation rates or terms that Adherents may charge or receive; or (d) prohibit current or potential clients, customers, principals, or other parties from selecting the real estate professional(s) from whom to procure the services they desire.

Principle 2 – Be Honest at All Times and with All Parties

Adherents will be honest at all times with all parties including but not limited to parties with whom they have a legally recognized professional or business relationship.

Standard of Practice 2.1 – Avoid Exaggeration, Misrepresentation, Withholding, or Concealment of Pertinent Facts

Adherents will avoid exaggeration, misrepresentation, withholding, or concealment of pertinent facts relating to a property, transaction, or matter in which they are involved in a professional or business capacity.

Standard of Practice 2.2 – Provide Requested Information

Adherents will timely provide information that is reasonably requested by a client, customer, principal, or other party having an interest in a property, transaction, or matter, unless the provision of such information would violate the Adherent’s duty of confidentiality, or unless the provision of such information is excepted under Standard of Practice 2.3.

Standard of Practice 2.3 – Excepted Undertakings and Disclosures

Adherents are not expected (a) to discover, disclose, or advise on matters or adverse conditions that require special expertise or a technical discipline outside of the legal requirements of their professional license, (b) to disclose factors that are defined as “nonmaterial” by law or regulation, or (c) to provide information where doing so would violate a specifically applicable legal obligation.

Standard of Practice 2.4 – Certain Dishonest Acts to Be Avoided

Adherents will not be a party to any act that: (a) involves the knowing falsification of information; (b) attempts to deceive; (c) attempts to defraud; (d) attempts to mislead; or (e) involves a breach of faith, trust, or fiduciary duty.

Principle 3 – Honor Your Fiduciary Duties

Adherents will fulfill, without breach, the fiduciary duties of loyalty, obedience, disclosure, confidentiality, good faith, due care, and accounting that they owe to their client, customer, principal, or other party with whom they have a legally recognized professional or business relationship.

Standard of Practice 3.1 – Duty of Loyalty

Adherents will be loyal to their client, customer, principal, or other party with whom they have a legally recognized professional or business relationship, and will faithfully conform their actions to the interests, needs, and objectives of such party or parties.

Standard of Practice 3.2 – Duty of Obedience

Adherents will be obedient to their client, customer, principal, or other party with whom they have a legally recognized professional or business relationship, and will conform their actions to the instructions, directions, and objectives of such party or parties. However, Adherents will not conduct

themselves in a way that violates any legal or ethical duty or obligation that they owe to any other party.

Standard of Practice 3.3 – Duty of Disclosure

Adherents will disclose all pertinent facts and information to their client, customer, principal, or other party with whom they have a legally recognized professional or business relationship. Such required disclosures include, but are not limited to, those mandated by law. In addition, Adherents will keep each relationship party reasonably informed of any facts, conditions, or information that might affect or assist such party.

Standard of Practice 3.4 – Duty of Confidentiality

Adherents will maintain the confidentiality of information that concerns their client, customer, principal, or other party with whom they have a legally recognized professional or business relationship, and will not knowingly, during or following the termination of a real estate-related professional or business relationship: (a) reveal confidential information of or about such party; (b) use confidential information of or about such party to the disadvantage of the party; (c) use confidential information of or about such party to the Adherent's advantage; or (d) use confidential information of or about such party to the advantage of any other party, including, without limitation, to: (i) other clients, customers, or principals with whom the Adherent has a legally recognized professional or business relationship, (ii) the Adherent's colleagues and associates, and (iii) the Adherent's friends and family relations. The only exceptions to an Adherent's absolute duty of confidentiality are: (a) the transmission of confidential information after disclosure to and approval from all affected parties; (b) the transmission of information in the context of a legal proceeding pursuant to a court order, (c) where the transmission of confidential information is believed by the Adherent to be required to prevent the commission of a crime; or (d) where the use or transmission of confidential information is required to defend the Adherent or the Adherent's employees or associates against accusations of wrongful conduct.

Standard of Practice 3.5 – Duty of Good Faith and Due Care

Adherents will exercise good faith and due care in actions affecting their client, customer, principal, or other party with whom they have a legally recognized professional or business relationship, and will conduct themselves in a manner consistent with the confidence, trust, and reasonable expectations of such party.

Standard of Practice 3.6 – Duty of Accounting

Adherents will provide their client, customer, principal, or other party with whom they have a legally recognized professional or business relationship with a true, complete, timely, and accurate accounting of all financial facts and information. Adherents will not seek to deny, hinder, or obstruct such party's access to such financial facts and information. Adherents have an affirmative duty to provide such financial facts and information to such party.

Principle 4 – Be Sensitive to Potential Conflicts of Interest

In situations involving a potential for conflict of interest, Adherents will subordinate their interests to the interests of their client, customer, principal, or other party with whom they have a legally recognized professional or business relationship.

Standard of Practice 4.1 – Client's Interests Come First

Adherents will not place their rights in, or entitlement to, a fee or commission before the interests of their client, customer, principal, or other party with whom they have a legally recognized professional or business relationship. This does not mean that Adherents must forgo their claim to compensation to which they are legally entitled. However, Adherents must not allow their entitlement to compensation to take precedence over the interests of such parties in their conduct.

Standard of Practice 4.2 – Non-Interference with Client's Rights and Interests

Adherents will not take any action to obstruct or impede the rights or interests of their client, customer, principal, or other party with whom they have a legally recognized professional or business relationship.

Standard of Practice 4.3 – Permitted Exceptions

Adherents may represent owners, buyers, tenants, or other parties that may have competing interests. Adherents may buy, own, and develop real estate for their own account. Adherents may also charge and earn fees for the services they provide on behalf of clients, customers, principals, or other parties. However, to the extent that any activity in which an Adherent may engage has the appearance of a potential conflict, the Adherent will make proper disclosures to and seek to obtain the acknowledgment of those parties with whom a conflict may arise. In the event any of those parties acknowledges the disclosure but objects to an Adherent's continuing with the activity that involves the appearance of conflict, then the Adherent will refrain from doing so.

Principle 5 – Disclose and Obtain Approval for Self-Dealing

Adherents will not engage in any activity that may be deemed to constitute self-dealing without disclosure to and approval from all affected parties.

Standard of Practice 5.1 – Disclosure of Interest

Adherents will not provide real estate-related professional services to any affected party when they have a present or contemplated interest in a property that is the subject of an assignment or transaction, without making prior disclosure of such interest to all affected parties and receiving prior approval from all affected parties.

Standard of Practice 5.2 – Acquisition of Ownership Interest

Adherents will not acquire an interest in a property or present offers from themselves, any person with whom they have a familial relationship, their firm or any members of their firm, any person with whom they are involved in a business venture, or any entity in which they have a present or contemplated interest, without disclosing their true position to all affected parties prior to the commencement of negotiations.

Standard of Practice 5.3 – Professional Services for Owned Properties

Adherents will not provide real estate-related professional services for a property in which they have a beneficial interest without first obtaining approval for such activities, including, without limitation, an agreement regarding compensation and costs with the other parties who also have a beneficial interest in such property.

Standard of Practice 5.4 – Rebates from Expenditures Made for Client

Adherents will not accept any commission, rebate, or profit on expenditures they make for goods or services that are obtained for or provided to their client, customer, principal, or other party with whom they have a legally recognized professional or business relationship without making prior disclosure to and receiving prior approval of such party.

Standard of Practice 5.5 – Unearned Compensation

Adherents will not accept commissions, fees, or other non-nominal benefits from the vendors or providers of goods or services purchased by a client, customer, principal, or other party with whom they have a legally recognized professional or business relationship, without making prior disclosure to and receiving prior approval of the party making such purchase.

Standard of Practice 5.6 – Undisclosed Participation

Adherents will not provide ancillary real estate-related services (such as property maintenance, construction, or environmental remediation) to a client, customer, principal, or other party with whom they have a legally recognized professional or business relationship, through a business or enterprise in which they have a beneficial interest or from which they receive compensation or other benefits, without making prior disclosure to and receiving prior approval of all affected parties.

Standard of Practice 5.7 – Undisclosed Compensation

Adherents will not accept compensation from more than one party in a transaction, even if permitted by law, without making prior disclosure to and receiving prior approval from all affected parties.

Principle 6 – Document All Agreements and Keep Accurate Records

Adherents will use reasonable diligence to assure that all offers, contracts, agreements, understandings, disclosures, acknowledgments, approvals and consents are properly documented, transmitted to and acknowledged by all affected parties, and that the specific terms, conditions, obligations, commitments, and understandings of the parties are clearly and fully articulated. Adherents will use reasonable diligence to assure that complete and accurate records of all real estate-related professional assignments and business dealings in which they are engaged are properly assembled and maintained for an adequate period of time.

Standard of Practice 6.1 – Types of Agreements

The agreements and related communications intended to be covered by this obligation to document include, but are not limited to: listing agreements, agreements of sale, lease agreements, offers to buy or lease, letters of intent, notices, financing agreements, extensions of contracts, compensation agreements, offers to and acknowledgments of terms of cooperation with other real estate professionals, offers to and acknowledgments of terms of compensation with other real estate professionals, partnership agreements, management agreements, referral agreements, and other contracts and substantial communications that are reasonably expected or required in any transaction, assignment, or real estate-related business or professional matter.

Standard of Practice 6.2 – Copies to All Parties

Adherents will use reasonable diligence to assure that a copy of each document is provided to each party to an agreement at the time of its execution, acceptance, or acknowledgment, and thereafter upon the reasonable request of any party having a direct interest in the terms arising from such document.

Standard of Practice 6.3 – False Consideration

Adherents will not be party to the naming of a false consideration in any document, unless it is the naming of an obviously nominal consideration.

Standard of Practice 6.4 – Scope and Duration of Record Retention

The types of records intended to be covered by the obligation to assemble records include, but are not limited to: correspondence, notices, financial records, bank statements and records, tax-related records, legal records, and corporate and partnership records. The period of time for which these records must be maintained is intended to be no less than the period required by law. Adherents are obligated to determine (a) the specific types of records that they are required to maintain and (b) the specific period of time that they are legally required to maintain such records. The time period of retention should, at minimum, be long enough to ensure that the relevant records are available for use in SIOR ethics or arbitration proceedings.

Standard of Practice 6.5 – Availability and Copies of Records

Adherents will make the records that they are obligated to maintain available for the reasonable inspection of any party having a direct interest in such records, and, upon reasonable request, will provide copies of such records to such parties.

Standard of Practice 6.6 – Avoid Falsification of Information

Adherents will not be a party to the knowing falsification of information in any document or business record.

Principle 7 – Do Not Discriminate

Adherents will not discriminate, or participate in any plan or agreement to discriminate, on the basis of race, creed, color, religion, gender, handicap, national origin, familial status, age, sexual orientation or any other category or characteristic defined as discriminatory by law.

Standard of Practice 7.1 – Demographic Reports

Adherents may provide demographic information (related to a property, transaction or assignment) to a client, customer, principal, or other party with whom they have a legally recognized

professional or business relationship, if such demographic information is (a) needed to assist with or complete in a non-discriminatory manner a real estate transaction or professional assignment; (b) is obtained or derived from a recognized, reliable, independent, and impartial source; and (c) the source of such information and any additions, deletions, modifications, interpretations, or other changes are disclosed in reasonable detail.

Standard of Practice 7.2 – Credit and Financial Reports

Adherents may provide credit or financial information (concerning, as may be applicable, a prospective buyer, tenant, landlord, etc.) to a client, customer, principal, or other party with whom they have a legally recognized professional or business relationship, if such information is (a) needed to assist with or complete in a non-discriminatory manner a real estate transaction or professional assignment; (b) is obtained or derived from a recognized, reliable, independent, and impartial source; and (c) the source of such information and any additions, deletions, modifications, interpretations, or other changes are disclosed in reasonable detail.

Principle 8 – Obey the Law

Adherents will conform their real estate-related professional and business conduct to all applicable principles and requirements of law.

Standard of Practice 8.1 – Licensing Requirements

Adherents will conduct themselves in accordance with the requirements of the licensing authority in any jurisdiction in which they conduct business.

Standard of Practice 8.2 – Commingling of Funds

Adherents will maintain funds belonging to clients, customers, or other parties in escrow, fiduciary, or trust accounts, and will not commingle the funds of others with their own personal or business funds. Adherents will administer such accounts either: (1) in the manner agreed to, or as otherwise directed, by the appropriate parties; (2) as provided by law or regulation; or (3) in the absence of such guidance, in a manner that will protect such funds from losses and yield a reasonably favorable interest rate of return for the benefit of the appropriate parties.

Standard of Practice 8.3 – Use or Conversion of Funds or Assets

Adherents will not access, use, apply, or convert the funds, property, or assets belonging to a client, customer, principal, or other party with whom they have a legally recognized professional or business relationship in any way that is inconsistent with the rights or interests of such party.

Standard of Practice 8.4 – Unauthorized Practice of Law

Adherents will not engage in activities that constitute the unauthorized practice of law, and will recommend that legal counsel be engaged whenever Adherents believe that the interest of any party requires it.

Standard of Practice 8.5 – Activities Requiring Professional Licenses

Adherents will not engage in activities for which a professional license is required unless they have such a license, and will, whenever Adherents believe that the interest of any party requires it, recommend the engagement of a properly licensed professional when they do not have such a license.

Principle 9 – Other Codes Govern Certain Activities

In addition to all applicable legal requirements, Adherents will conform their real estate-related professional and business conduct to the ethical and Professional Standards that are reasonably expected in the specific disciplines in which they engage.

Standard of Practice 9.1 – Commercial Real Estate

The practices of Adherents of SIOR who engage in industrial, office, retail, investment, and other commercial real estate activities will, with respect to such activities, conform to this Code.

Standard of Practice 9.2 – Residential Real Estate

The practices of Adherents who engage in residential real estate activities will, with respect to such activities, conform to the Code of Ethics and Standards of Practice of the NATIONAL ASSOCIATION OF REALTORS®.

Standard of Practice 9.3 – Appraisal and Valuation

The practices of Adherents who engage in appraisal activities or the valuation of real property will, with respect to such activities, conform to the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation. This requirement will not apply to a broker's pricing opinion, a broker's opinion of value, or to pricing opinions that are incidental to the listing, sale, or lease of a property.

Standard of Practice 9.4 – Property and Asset Management

The practices of Adherents who engage in the management of real estate will, with respect to such activities, conform to the Code of Professional Ethics of the Institute of Real Estate Management (IREM), and will be conducted: (a) with due regard for the rights, responsibilities, benefits, safety, and health of tenants and others lawfully on the premises; and (b) with due diligence and reasonable efforts to protect the property and all affected parties from reasonably foreseeable contingencies and losses.

Standard of Practice 9.5 – Counseling

The practices of Adherents who engage in real estate counseling and advisory services which do not include real estate brokerage, with respect to such activities, shall conform to the Standards of Professional Practice of the Counselors of Real Estate (CRE), the counseling affiliate of the NATIONAL ASSOCIATION OF REALTORS®. Any fee or compensation for such counseling or advisory services will not be conditioned or contingent on the substance of the advice or counsel given. If counseling or advisory services are provided in addition to other professional services, the compensation for such other services must be agreed upon separately.

Principle 10 – Be Truthful in All Representations and Advertising

Adherents will present a true picture in all real estate-related representations and advertising, and will clearly identify their professional role and/or business interest in the matter being communicated or promoted.

Standard of Practice 10.1 – Authority to Advertise or Make Representations

Adherents will not advertise or promote a property, assignment, or requirement, or make any other representations about a property, assignment, or requirement, without the authority of their client, customer, principal, or other party with whom the Adherent has a legally recognized professional or business relationship.

Standard of Practice 10.2 – Proper Identification of Role and Professional Status in Advertising and Promotional Material

Adherents will identify, with reasonable clarity, in their advertising and promotional material: (a) the name of the firm through which they are licensed to practice; (b) the capacity in which they are working (e.g., as the owner's exclusive agent, as the tenant's exclusive agent, as the manager of the property, as an owner of the property, etc.); and (c) whether they, or any member of their firm, or any person with whom they have a familial relationship, have an interest in the property or other relationship as a principal with the matter.

Standard of Practice 10.3 – Honest, Accurate and Complete Representations

Unless such representations conflict with the legal or ethical duties that Adherents owe to a client, customer, principal, or other party with whom they have a legally recognized professional or business relationship (such as their duty of confidentiality to a client), the representations that Adherents make in the context of real estate-related professional and business activities will be honest, accurate, and complete. Adherents will identify, with reasonable clarity, information that is

subjective, speculative, or otherwise conditioned on facts or circumstances that are not known. Adherents will clearly identify the source or basis of all empirical information. Adherents will not withhold pertinent facts and information of which they are aware, and will keep each relationship party reasonably informed of any facts, conditions, or information that might affect or assist such party.

Standard of Practice 10.4 – Professional Credentials

Adherents (a) who are Active designees will identify themselves as SIORs in accordance with SIOR's policies in their advertising and representations; (b) if they choose or are required to, will identify accurately any other professional affiliation or designation which they possess; (c) will not make inaccurate, exaggerated, or misleading representations about their professional experience, capabilities, credentials, or expertise; and (d) will not make inaccurate, exaggerated, or misleading representations about the professional experience, capabilities, credentials, or expertise of their firm, or of others with whom they are affiliated.

Standard of Practice 10.5 – “Free of Charge” Services

Adherents will not promote or offer a service described as “free of charge” (or words to that effect) unless they simultaneously disclose: (1) their expectation, if any, of a commission, fee or other benefit (such as a listing or other assignment); and (2) the source of such expected commission, fee or other benefit.

Standard of Practice 10.6 – Premiums and Prizes

Adherents will exercise reasonable care and candor when offering premiums, prizes, or other inducements or benefits in any promotion, advertising, or representation. Any such offer should not mislead any party interested in receiving or otherwise benefiting from the offer. The terms, conditions, and limitations of such offer must be clearly articulated in advance.

Principle 11 – Do Not Make False or Misleading Statements about Others

Adherents will not knowingly or recklessly make any false or misleading statement about their competitors, their competitors' firms, or their clients, customers, principals, or other parties with whom they have a legally recognized professional or business relationship.

Standard of Practice 11.1 – Unsolicited Comments

Adherents will refrain from making unsolicited comments about their competitors, their competitors' firms, or their clients, customers, principals, or other parties with whom they have a legally recognized professional or business relationship.

Standard of Practice 11.2 – Objective Opinion

In instances where their opinion about a competitor, a competitor's firm, or a client, customer, principal, or other party with whom they have a legally recognized professional or business relationship is sought, or where they believe that such opinion is required, Adherents will render such opinion in an impartial and objective manner. Where needed to avoid misinterpretation of the opinion or its significance, the presentation should include a description of the basis for the opinion.

Principle 12 – Disclose the Nature of Your Relationship

Adherents may represent a client, principal, customer, or other party in any capacity permitted by law, but must reasonably advise the affected parties about the professional implications of serving in that capacity.

Standard of Practice 12.1 – Pre-engagement Disclosures

As early as commercially practical and before performing real estate-related services for a client, customer, principal, or other party with whom they have a legally recognized professional or business relationship, an Adherent will, to the extent that such disclosures apply to the nature of the assignment, advise such party of (a) the nature of the agency or non-agency relationship in which they will be involved; (b) the pertinent facts and information regarding the Adherent's compensation;

(c) the policy of the Adherent's firm regarding cooperation with and compensation of other real estate professionals; (d) the nature and professional implications of possible relationships with other real estate professionals (such as subagency), including reasonably foreseeable compensation issues that may arise; and (e) if there is any potential for the Adherent or the Adherent's firm to become involved in representational conflicts, such as dual agency, and the manner in which such conflicts may be resolved.

Standard of Practice 12.2 – Preexisting Obligations

As early as commercially practical in the context of providing real estate-related services for a client, customer, principal, or other party with whom they have a legally recognized professional or business relationship, and to the extent applicable to the nature of a specific assignment, Adherents will use reasonable efforts to determine if any other real estate professional has a prior right or interest arising from the same property or a relevant prior agreement or relationship. Adherents will not subject a client, customer, principal, or other party with whom they have a legally recognized professional or business relationship to any obligation to pay additional compensation related to such prior existing right without first obtaining such party's informed consent.

Principle 13 – Offer to Cooperate with and Compensate Other Real Estate Professionals

Adherents will cooperate with other real estate professionals except when cooperation is not in the best interests of their client, customer, principal, or other party with whom they have a legally recognized professional or business relationship. The obligation to cooperate with other real estate professionals is not an obligation to share commissions or fees, or to otherwise compensate other real estate professionals. Where consistent with the best interests of and authority granted by their client, customer, principal, or other party with whom they have a legally recognized professional or business relationship, Adherents will, when appropriate, offer compensation to other real estate professionals and will timely disclose the terms and conditions related to the compensation offered.

Standard of Practice 13.1 – Terms of Cooperation

Adherents have the right to establish the terms and conditions by which they will cooperate with other real estate professionals, and will (a) disclose these terms and conditions to their client, customer, principal, or other party with whom they have a legally recognized professional or business relationship as soon as commercially practical when seeking authority to perform any real estate-related services on behalf of such party (which shall always be prior to consummation of a binding agreement); and (b) articulate these terms and conditions to other real estate professionals when soliciting their cooperation or upon inquiry from any real estate professional seeking cooperation.

Standard of Practice 13.2 – Terms of Compensation

Adherents have the right to establish the terms and conditions by which they will compensate other real estate professionals, and will (a) disclose these terms and conditions to their client, customer, principal, or other party with whom they have a legally recognized professional or business relationship as soon as commercially practical when seeking authority to perform any real estate-related services on behalf of such party; and (b) articulate these terms and conditions to other real estate professionals when soliciting their cooperation or upon inquiry from any real estate professional seeking cooperation and/or compensation.

Standard of Practice 13.3 – Seeking Cooperation or Compensation

Adherents who are seeking to cooperate with or to be compensated by another real estate professional will determine the terms of cooperation and/or compensation as soon as commercially practical in the context of providing real estate-related services for a client, customer, principal, or other party with whom they have a legally recognized professional or business relationship. Adherents will not assume that another real estate professional's offer of cooperation is an offer of compensation.

Standard of Practice 13.4 – Changes in Terms of Cooperation or Compensation

Adherents who have made an offer to cooperate with and/or an offer to compensate other real estate professionals have an affirmative obligation to promptly communicate any change in the

terms of cooperation or compensation to any parties to whom the previous terms were previously offered.

Standard of Practice 13.5 – Negotiations to Change Terms of Cooperation or Compensation

Offers to cooperate and/or offers to compensate other real estate professionals, unless accepted, will not preclude Adherents from negotiating, in good faith, agreements that deviate from such terms. Further, even after the terms of cooperation and/or compensation have been offered and accepted, Adherents may negotiate, in good faith, for a change in such terms.

Principle 14 – Do Not Interfere with the Relationships or Rights of Other Real Estate Professionals

Adherents will respect the agency or other exclusive relationships, recognized by law, of other real estate professionals, and will not engage in any practice or take any action that is inconsistent with such relationships or rights.

Standard of Practice 14.1 – Abandonment

Adherents will not attempt to represent a party in an ongoing transaction or assignment in which another real estate professional has been representing such party, unless it is first determined through direct inquiry to all affected parties that the transaction or assignment has been abandoned by such other real estate professional.

Standard of Practice 14.2 – Alienation and Estrangement

Adherents will not attempt to represent a party in an ongoing transaction or assignment in which another real estate professional has been representing such party, unless it is first determined through direct inquiry to all affected parties that such other real estate professional, although retaining related rights to compensation, has become so alienated or estranged from such transaction or assignment as to no longer be operative in it. However, Adherents may not be a cause of, or a party to, the alienation or estrangement of another real estate professional involved in an ongoing transaction or assignment.

Standard of Practice 14.3 – Termination

Adherents may represent a party in an ongoing transaction or assignment in which another real estate professional has been involved, if it is first determined that such other real estate professional's representational role in the transaction or assignment has been terminated. However, Adherents may not be a cause of, or a party to, the termination of such other real estate professional's representational role in such ongoing transaction or assignment.

Standard of Practice 14.4 – No Other Exceptions

Adherents will not represent a party in an ongoing transaction or assignment in which another real estate professional has been representing such party, if the other real estate professional has not abandoned such transaction or assignment, has not been alienated or estranged from such transaction or assignment, or has not been terminated from such transaction or assignment.

Standard of Practice 14.5 – Compensation Rights

If Adherents are engaged to represent a party in an ongoing transaction or assignment, they will not take any action inconsistent with the compensation rights of other real estate professionals who may have been or may be representing any party to such transaction or assignment.

Principle 15 – Cooperate in All Professional Standards Proceedings

Adherents will cooperate with any professional standards investigation or proceeding, and will take no action to impede or disrupt such investigation or proceeding.

Standard of Practice 15.1 – Pertinent Facts

Adherents who are involved in a professional standards proceeding as a party or as a witness will:
(a) produce all requested documents, information, and other potential evidence; (b) place all

pertinent facts before the proper committees or tribunals; and (c) testify fully and truthfully about the matter.

Standard of Practice 15.2 – Proceedings before Other Boards

In addition to proceedings before SIOR, Adherents may be subject to Professional Standards investigations or proceedings in which issues of professional conduct have been finally adjudicated before other professional Boards or Associations on matters related to the same transaction or event. Adherents are required to advise SIOR if they are named as a respondent party in any other Professional Standards proceeding in which issues of professional conduct have been finally adjudicated. The advisory to SIOR must be made promptly after they receive notice of the final disposition of such Professional Standards matter from another Board or Association. SIOR may then investigate such matter, and may initiate professional standards proceedings in accordance with its policies and procedures.

Standard of Practice 15.3 – Proceedings before Licensing Authorities, Regulatory Authorities, or Courts

In addition to proceedings before SIOR, Adherents may be subject to investigations or proceedings before real estate licensing authorities or regulatory authorities, or may be subject to civil or criminal judicial proceedings on matters related to the same transaction or event. Adherents are required to advise SIOR if they are named as a respondent party in any licensing or regulatory proceeding, or as a defendant in any judicial proceeding, in which issues of professional conduct have been finally adjudicated. The advisory to SIOR must be made promptly after they receive notice of the final disposition of such proceeding from a real estate licensing authority, regulatory authority, or court. SIOR may then investigate such matter, and may initiate professional standards proceedings in accordance with its policies and procedures.

Standard of Practice 15.4 – Duty to Report Potential Violations

Adherents having first hand knowledge of the potential violation of this Code by another Adherent are required to promptly report any such potential violation to SIOR. SIOR may investigate such matter, and may initiate professional standards proceedings in accordance with its policies and procedures.

Standard of Practice 15.5 – Obstruction of Proceedings

Adherents who are involved in a professional standards matter as a party or as a witness will not: (a) hinder or obstruct any professional standards process or proceeding; or (b) institute or threaten to institute any action for libel, slander, or defamation against any party involved in such professional standards matter. Adherents expressly waive any cause of action for libel, slander, or defamation that might arise from the filing or consideration of any professional standards matter before SIOR in which they may be a participant.

Standard of Practice 15.6 – Confidentiality of Proceedings

Adherents will not discuss, disclose, or disseminate any information regarding the allegations, findings, or decisions of any professional standards matter, except as authorized by SIOR.

Standard of Practice 15.7 – Multiple Filings

Adherents will not file multiple or repetitive complaints against the same party that are based upon the same transaction or event. This does not preclude Adherents from amending a complaint after it has been filed to expand the allegations or scope of a complaint, or from filing a new complaint if new facts or information become known or available.

Principle 16 – Resolve Financial Disputes through Mediation and/or Arbitration

Unless all affected parties agree otherwise, Adherents are required to resolve compensation and related financial disputes that arise from their real estate-related professional and business activities through mediation and/or binding arbitration. Further, unless the disputes involve claims that extend substantially beyond a disagreement over compensation or the fulfillment of the terms of a contract (such as allegations of unlawful conduct), Adherents will not litigate such disputes.

Standard of Practice 16.1 – Disputes between Adherents

In the event two or more Adherents, who are employed by different firms, claim a right, entitlement, or interest in a fee or commission arising from or related to the same real estate transaction, the Adherents will submit such dispute to mediation and/or binding arbitration in accordance with the policies and procedures of SIOR.

Standard of Practice 16.2 – Financial Disputes with Clients, Customers, or Principals

If a client, customer, principal, or other party with whom an Adherent has a legally recognized professional or business relationship wishes to resolve a real estate-related financial dispute that arises from such professional or business relationship through mediation or arbitration, and such party agrees to be bound by the resulting decision, such dispute will be submitted to mediation and/or binding arbitration in accordance with the policies and procedures of SIOR.

Standard of Practice 16.3 – Financial Disputes with Non-Adherent Real Estate Professionals

If Adherents become involved in financial disputes with non-Adherent real estate professionals of other firms arising from real estate-related activities, Adherents are obligated to submit such disputes to mediation and/or binding arbitration. Such mediation and/or binding arbitration may be conducted, in accordance with the request of the non-Adherent: (a) through SIOR (provided the non-Adherent agrees to be bound by the arbitration decision); (b) through a local Board or State Association (provided (i) the non-Adherent is obligated to submit the dispute to mediation and/or arbitration and (ii) alternative dispute resolution facilities are available through the local Board or State Association); or (c) through other alternative dispute resolution sources (provided the non-Adherent is obligated or agrees to be bound by the arbitration decision).

Standard of Practice 16.4 – SIOR Prefers Alternative Dispute Resolution to Litigation

If Adherents become involved in financial disputes that do not otherwise conform to the Standards of Practice under this Principle, Adherents are obligated to recommend, seek, and agree to be bound by alternative dispute resolution procedures that are available through the American Arbitration Association and other recognized providers. To the greatest extent reasonably possible, Adherents will specify alternative dispute resolution preferences in the contracts and agreements that they employ in their real estate-related professional and business activities.