

VIRGIN ISLANDS REAL ESTATE COMMISSION RULES AND REGULATIONS

LISTING:

Exclusive Listings must be in writing and each listing agreement shall fully set forth its terms and have a definite expiration date. At the time of securing a listing each person signing must be furnished a true copy thereof. Negotiations concerning property which is listed with one broker exclusively, must be carried on with the listing broker and not the owner. No broker or salesman shall attempt to obtain an exclusive listing or sales contract from any owner knowing or having reason to believe that another broker has an exclusive listing on the property unless he has written permission from the broker having first exclusive listing.

NET LISTINGS:

The Virgin Islands Real Estate Commission discourages the acceptance by brokers, of net listings, and hereby urgently recommends that the broker, when securing the listing, add the customary commission and closing costs thereby notifying the seller listing the property the gross listed price thereon.

RULES REGARDING SELLING

ADVERTISING:

1. A broker shall not advertise to sell, buy, exchange, rent or lease property in a manner indicating that the offer to sell, buy, exchange rent or lease such property is being made by a private party not engaged in the real estate business, and no advertisement shall be inserted in any publication where only a post office box number, telephone number or street address appear. Every broker, when advertising real estate in any publication and/or signs on property for sale, rent or lease, shall affirmatively unmistakably indicate that the party advertising is a licensed real estate broker and the street address or the office address of the advertising broker must be printed thereon. Every salesman is prohibited from advertising under his own name to purchase any property or offering for sale, rent or lease any property. All advertising must be under the direct supervision and in the name of the employer broker. Advertising by any broker or salesman, whether printed or by radio, TV display, or other nature which is misleading or inaccurate in any material particular or in any way misrepresents any property, terms, values, policies or makes gifts, or otherwise directly or indirectly, for the purpose of securing business, is prohibited.
2. Every real estate broker shall display a sign on the outside of his designated place of business with letters thereon of not less than three inches, or to comply with requirements of downtown offices, stating that he is engaged in the real estate business and such sign shall

be conspicuously displayed so as to notify the public that he is engaged in the real estate business. If a broker maintains his principal place of business at his home, it is still necessary and compulsory that he display a sign, and he will not be exempt from compliance because he maintains his office in a district restricted against business occupancy by local zoning ordinances or other regulations. Salesmen are not required to display signs at the designated place of business of their broker, however, they cannot post signs on property advertising themselves as a real estate agent unless employing broker's name appears thereon in letters of the same or larger size than the name of the salesman.

3. A broker shall not advertise, either personally, or through any media, to sell, exchange, rent or lease property when such advertisement is directed at persons of a particular race, creed, religion, or national origin. The contents of any advertisement must be confined to information relevant to the property itself, and any advertisement which is directed at persons of any particular race, color, creed, religion, or national origin is prohibited.

OFFERS TO PURCHASE:

A broker or salesman shall promptly tender to seller any signed offer to purchase the property involved. If accepted and signed by the seller, copies shall be promptly distributed, one to the seller, one to the purchaser, and one to the broker. A full legal description of the property and all terms and conditions involving sales must be included in the sales contract. A broker or salesman should recommend to each purchaser that an attorney be retained by such purchaser to pass upon the marketability of the title of the property and the other legal questions involved.

SUPERVISION:

In order to obtain and to renew his license, a salesman must be sponsored by a duly licensed broker who shall give the salesman, and all salesman sponsored by him, close and continuing supervision and shall be fully responsible for the real estate activities of that salesman or those salesmen.

CLOSING:

1. A salesman shall not participate in the closing of any real estate transaction except under the direct supervision of the broker present at the closing under whom such salesman is licensed.
2. It shall be mandatory upon every broker to deliver to the seller, and to the buyer, in every real estate transaction wherein he acts as a real estate broker, at the time such transaction is consummated a complete, detailed closing statement showing all the receipts and disbursements handled by such broker. The broker shall retain a true copy of such statements in his files.

ESCROW OR DEPOSIT FUNDS:

Monies delivered to a real estate broker or salesman by a buyer, promisor or obligor for the purpose of being held by such real estate broker until the happening of a contingency or the performing of a condition and, upon such happening or performance, to be delivered to the seller, promisee or obligee are known as escrow or deposit funds. The broker must maintain an account at a banking institution authorized to do business in the U.S. Virgin Islands and must deposit therein any escrow or deposit funds which come into his possession as a result of any activities as a real estate broker. Said account must be one from which said escrow or deposit funds or any portion thereof can be withdrawn at any time and directly from such account. The Virgin Islands Real Estate Commission shall not grant or renew a real estate broker's license unless the application therefore shall be accompanied by the signed and sworn statement of the applicant showing the name of the institution where such escrow account is held, the number of such account and an authorization to the Commission or its investigators to examine such account, such information and authorization to be supplied on a form furnished by the Commission. In addition to the foregoing, each broker shall keep at his principal place of business a journal or register of escrow or deposit funds which journal or register shall also be subject to examination when specifically authorized by the Commission in writing during the normal business hours of such place of business. Such examination shall be conducted by an Assistant Attorney General of the Virgin Islands, and any information obtained shall be strictly confidential and shall only be disclosed to the Commission in the event that the said Assistant Attorney General finds what appears to be an irregularity in the journal or register examined. The journal or register required to be kept herein shall show:

- a. The name of the buyer, depositor, promisor or obligor;
- b. The name of the seller, promisee, or obligee;
- c. The amount of money placed on deposit or in escrow by such a buyer, depositor or obligor, and the date of such deposit;
- d. The date such deposit or escrow funds are released to the seller, obligee or promisee or returned to the buyer, depositor, obligor or promisor.

BROKERS OR SALESMAN'S PERSONAL INTEREST:

No broker nor salesman shall buy for himself, either directly or indirectly, property listed with him or on which he has been approached by the owner to act as a broker, nor shall he acquire any interest therein, either directly or indirectly, without first making his true position clearly known to the listing owner. Satisfactory proof of this fact must be produced by the broker upon request of the Commission. No broker nor salesman shall take an option to himself, either directly or indirectly, upon property for the sale of which he has been approached by the owner to act as a broker without first making his true position clearly known that he is now acting as a prospective buyer and is no longer acting as a broker or agent for the owner. Satisfactory proof of this fact must be produced by the broker upon request of the Commission.

BROKER OR SALESMAN ATTEMPTING TO ACT IN DUAL CAPACITY:

No broker or salesman shall buy or lease, nor take an option to buy or lease, any interest in property listed with him, or on which he has been requested to act as broker, unless he shall clearly disclose his position as a buyer rather than a broker to the seller and insert a clause to this effect in the contract. Neither shall any broker or salesman sell or lease or otherwise convey any interest in property owned by him to any person, unless he shall clearly disclose his position as a seller rather than a broker to the buyer and insert a clause to this effect in the contract.

DISCLOSE OF FINDER'S FEE TO PURCHASER:

No broker or salesman shall collect a "finder's fee" or any additional compensation from a lender in connection with an FHA or VA loan, unless he shall clearly show in the closing statement that this "finder's fee" is an additional charge being paid to the broker or salesman and not to the lender.

IMPROPER USE OF FORM SALES CONTRACTS, ETC. PROHIBITED:

It shall be considered a "substantial misrepresentation" for a licensed real estate broker or salesman to otherwise hold himself out to be a "Realtor" or to use a sales contract, lease or listing form on which there appears the name of any real estate board or similar organization, unless the broker or salesman is a member of such board or organization.

LICENSING REQUIREMENTS

BUSINESS NAME:

A broker shall not conduct his business under any name other than the one in which his license is issued. A broker desiring to operate under a trade name shall send a certified copy of his certificate of trade name, certified to by the Lieutenant Governor where such certificate is on file, to the Commission with his application for broker's license and same name shall be shown on the broker's license and pocket card.

SALESMAN:

Every salesman must be licensed under a broker; he cannot be licensed with more than one broker during the same period of time. A salesman shall not commence work until he receives his pocket card from his employer/broker, either on original application or transfer. Brokers and salesman shall carry their pocket cards with them at all times. Duplicate cards will be issued upon satisfactory proof of the loss of the originals. Immediately on the issuance of a duplicate card the original shall cease to have any force or effect. Any salesman leaving the employment of a broker shall not take nor use any listings of properties secured through the office or through salesman of the former employing broker unless specifically authorized by the broker. The names of all prospective purchasers tabulated or listed by the departing salesman shall be left with the former employing broker unless

specifically authorized by the broker. The names of all prospective purchasers tabulated or listed by the departing salesman shall be left with the former broker. All plots of property, "For Sale" signs, notebooks, listing cards, or record of any kind that have been used in connection with the listing or selling of property shall be returned to the former broker in person by the departing salesman unless otherwise agreed between the salesman and the broker.

LICENSEE'S DUTIES UPON SURRENDER, SUSPENSION OR REVOCATION OF LICENSE:

A broker or salesman, upon surrendering his license or upon notice of suspension or revocation of his license, shall forward the same, together with his pocket card, at once to the Commission. If such license is that of a broker, such broker shall also forward to the Commission with his broker's license and pocket card all salesman's licenses and pocket cards in his possession or in his office and shall be responsible for all missing licenses of his salesman. No refund will be made upon any license when surrendered, suspended or revoked.

EXAMINATIONS:

After an application is filed and examination scheduled no refund of license fee will be made to any applicant in the event of withdrawal. Written examination for real estate brokers and salesmen shall be held at such places as designated by the Commission. All application for examination should be on file ten days prior to the examination date. A passing grade of **seventy percent (70%)** is required of all applicants. If a broker or salesman fails the examination, a new application and fee must be submitted.

RENEWALS:

All licenses expire on December 31st of the year issued. Persons desiring to continue in business must make proper application for renewal on or before January 1st. Failing to do this subjects such persons to loss of right to charge a commission and also prosecution for doing business without a license. The Commission, in its discretion, may require delayed renewal applications to take an examination. Persons who fail to renew their licenses within one year of expiration date cannot engage in any of the activities authorized by such license unless they file an original application, pay for and sit the examination required of new licensees and must wait for approval by the Commission at their next meeting.

RECOMMENDING BROKER:

No broker shall furnish the Real Estate Commission with information or advise the Commission that any applicant for license as real estate salesman or real estate broker is honest and competent and at the same time know or have information to lead him to believe that such applicant is incompetent or dishonest. A recommending broker shall exercise extreme caution in recommending a salesman or broker bearing in mind that he should be an asset to the profession.

LICENSEE IN SERVICE:

Any licensee entering the armed service will be re-licensed, without examination, for the current year provided application is filed within one year after honorable discharge.

BROKERS DUTIES AND AGREEMENTS**PROPERTY MANAGEMENT:**

When acting as agent in the management of property, a broker should not accept any commission, rebate, or profit on expenditures made for the owner, without his full knowledge and consent.

SALESMAN BUYING AND SELLING:

No salesman shall be permitted to buy or sell real estate in his own name, either in individual or multiple parcels while licensed through a broker by the Virgin Islands Real Estate Commission without the knowledge and consent of the employing broker.

BROKERS AGREEMENT - OUT OF STATE:

A licensed broker in the U.S. Virgin Islands is hereby permitted to divide or share a real estate commission with a licensed broker in another State, where the latter broker does not carry on any of the negotiations in this Territory and where similar privileges are extended by the other State to licensed brokers in this Territory.

FALSIFYING CONTRACTS:

No broker nor salesman shall represent to a lender or any other interested party, either verbally or through the preparation of a false sales contract, an amount in excess of the true and actual selling price. Such practice constitutes a gross misrepresentation.

BROKER CHANGE OF ADDRESS:

If a broker changes business location, he or she must immediately notify the Real Estate Commission by letter and return pocket card and pocket cards of all salesmen, whereupon the Commission shall issue new pocket cards for unexpired period of license. For each change of business a fee \$50.00 will be charged. If a broker wishes to become a salesman, he or she must return broker license and pocket card to placed inactive, and file salesman's application and fee, whereupon the Commission will issue a salesman license. If a broker wishes to change firm name, he or she should contact the Commission office for application form and information on filing.

SALESMAN TRANSFER OR RELEASE:

The real estate broker shall retain in his possession the license of all real estate salesman licensed under him, and shall relinquish possession of said licenses only to the Real Estate Commission. When for any reason a salesman severs connection with his broker, and desires to transfer to another, he should secure a transfer and release form, provided by the Commission, to be executed by him, his former broker, and his new employing broker. For each transfer of license a fee of \$50.00 will be charged. Should his former broker not be agreeable to the transfer or release, the applicant then shall have the right to appear before the Commission and it may be transferred in the discretion of the Commission.

ASSOCIATE BROKER:

Where a licensed broker operates as an individual or Sole Owner of the business he or she may hire one or more Associate Brokers provided the Associate Broker has met all of the qualifications as defined in the law.

BRANCH OFFICES:

Every additional office of place of business other than the principal place of business of a broker now in existence or hereafter established shall be approved by the Real Estate Commission after the broker has given satisfactory proof that each additional place of business will be under the supervision of a duly licensed Broker or Associate Broker. The Branch Office must be operated under the same name as the principal office. Every such office must display a sign in the manner provided for signs in Rules and Regulations covering "Advertising" paragraphs thereof.

CODE OF ETHICS

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The following Code of Ethics has been adopted as a Rule and Regulation of the Virgin Islands Real Estate Commission:

Article 1

The Broker should keep himself informed as to movements affecting real estate in his community, territory and the nation, so that he may be able to contribute to public thinking on matters of taxation, legislation, land use, city planning, and other questions effecting property interests.

Article 2

It is the duty of the broker to be well informed on current market conditions in order to be in a position to advise his clients as to the fair market price.

Article 3

It is the duty of the broker to protect the public against fraud, misrepresentation or unethical practices in the real estate field. He should endeavor to eliminate in his community any practices which could be damaging to the public or to the dignity and integrity of the real estate profession. The broker should assist the commission charged with regulating the practices of brokers and salesmen in his Territory.

Article 4

The broker should ascertain all pertinent facts concerning every property for which he accepts the agency, so that he may fulfill his obligations to avoid error, exaggeration, misrepresentation, or concealment of pertinent facts.

Article 5

The broker should not be instrumental in introducing into a neighborhood a use of property which will be clearly detrimental to property values in that neighborhood.

Article 6

The broker should not be a party to the naming of false consideration in any document.

Article 7

The broker should not engage in activities that constitute the practice of law and should recommend that legal counsel be obtained and that title insurance be secured when the interest of any party to the transaction requires it.

Article 8

The broker should keep in a special bank account, separated from his own funds, monies coming into his possession in trust for other persons, such as escrows, trust funds, client's monies and other like items.

Article 9

The broker in his advertising should be especially careful to present a true picture and should neither advertise without disclosing his name, nor permit his salesman to use individual names or telephone numbers, unless the salesman's connection with the Broker is obvious in the advertisement.

Article 10

The broker, for the protection of all parties with whom he deals, should see that final obligations and commitments regarding real estate transactions are in writing, expressing the exact agreement of the parties; and that copies of such agreements, at the time are in writing, expressing the exact agreement of the parties; and that copies of such agreements, at the time they are executed, are placed in the hands of all parties involved.

Article 11

In accepting employment as an agent, the Broker pledges himself to protect and promote the interests of the client. This obligation of absolute fidelity to the client's interest is primary, but it does not relieve the Broker from the obligation of dealing fairly with all parties to the transaction.

Article 12

In justice to those who place their interests in his care, the Broker should endeavor always to be informed regarding laws, proposed legislation, government orders, and other essential information and public policies which affect those interests.

Article 13

Since the broker is representing one or another party to a transaction, he may not accept compensation from more than one of the parties without the full knowledge of all parties to the transaction.

Article 14

The broker should not acquire an interest in or buy for himself, any members of his immediate family, his firm or any member thereof, or any entity in which he has substantial ownership interest, property listed with him or his firm, without making the true position known to the listing owner, and in selling property owned by him, or in which he has such interest, the facts must be revealed to the purchaser.

Article 15

In general, the exclusive listing of property should be urged and practiced by the broker as a means of preventing dissention and misunderstanding and of assuring better service to the owner where it is in the owner's best interest.

Article 16

When acting as agent in the management of property, the broker should not accept any commission,

rebate or profit on expenditures made for the owner without the owner's knowledge and consent.

Article 17

The Broker should not undertake any appraisal that is outside the field of his expertise unless he obtains the assistance of an authority on such types of property, or unless the facts are fully disclosed to the client. In such circumstances the authority so engaged should be so identified and his contribution to the assignment should be clearly set forth.

Article 18

When asked to make a formal appraisal of real property, the broker should not render an opinion, without careful and thorough analysis and interpretation of all factors affecting the value of the property. His counsel constitutes a professional service. The broker should not undertake to make an appraisal or render an opinion of value on any property where he has a present or contemplated interest unless such interest is specifically disclosed in the appraisal report. Under no circumstances should he undertake to make a formal appraisal when his employment or fee is contingent upon the amount of his appraisal.

Article 19

The broker should not submit or advertise property without authority and in any offering, the price quoted should not be other than that agreed upon with the owner as the offering price.

Article 20

In the event that more than one formal written offer on a specific property is made before the owner has accepted an offer, any other formal written offer presented to the Broker, whether by a prospective purchaser or another broker, should be transmitted to the owner for his decision.

Article 21

The broker should seek no unfair advantage over his fellow brokers and should willingly share with them the lessons of his experience and study.

Article 22

The broker should not voluntarily disparage the business practice of a competitor, nor volunteer an opinion of a competitor's transaction. If his opinion is sought it should be rendered with strict professional integrity and courtesy.

Article 23

The agency of a broker cooperating with a listing broker should not invite the cooperation of a third broker without the consent of the listing broker.

Article 24

The broker should cooperate with other brokers on property listed by him exclusively whenever it is in the interest of the client, sharing commissions on a previously agreed basis. Negotiations concerning property listed exclusively with one broker should be carried on with the listing broker, not with the owner, except with the consent of the listing broker.

Article 25

The broker should not solicit the services of an employee or salesman in the organization of a fellow broker without the knowledge of the employer.

Article 26

Signs giving notice of property for sale, rent, lease or exchange should not be placed on any property by more than one broker, and then only if authorized by the owner, except as the property listed with an authorization given to more than one broker.

Article 27

Signs, as directed in Article 26, shall not exceed three (3) square feet in surface area; shall not be nearer than fifteen (15) feet from any similar sign or signs on the same property and only if multiple signs are authorized by the owner; must be taken down immediately upon sale, lease or exchange of the property or upon expiration, termination or cancellation of the listing. No real estate broker or firm shall place more than one sign on the property.

Article 28

Signs advertising land subdivision exceeding five (5) acres in gross size may be placed at the major access road or roads to the said subdivision only by the owner, developer or managing broker and such subdivision signs may not exceed one (1) square foot in surface area for each one (1) acre in gross size of the said subdivision; however, in no case shall the sign exceed thirty-two (32) square feet in surface area.

Article 29

Signs advertising initial land sales in subdivision consisting of four (4) or more parcels may be placed on the individual parcels only by the owner, developer or managing broker provided that each

such sign shall not exceed two (2) square feet in surface area. No real estate broker or firm shall place signs on parcels offered for initial sale in any subdivision; however, a broker or firm may place a For Sale sign, in strict accordance with Article 26, hereof, on any such subdivision parcel offered for re-sale.

Article 30

The Virgin Islands Real Estate Commission discourages the nailing or affixing of signs or live trees.