



NEW STANDARDS IN ADVERTISING

What California REALTORS® Need to Know



C.A.R.
LEGAL
TOOLS



What We Will Cover

- Changes to business advertising practices
- What is changing and when
- Types of advertising affected
- Exceptions
- Samples
- Special Scenarios

Some Context

AB 1650 (Sponsored by C.A.R.)

- Makes significant changes to the State's Business and Professions Code
- Expands what must be included in real estate-related advertising materials
- Creates uniform advertising standards across a variety of media and types

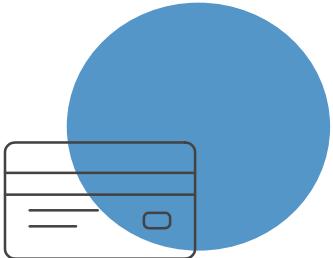


The 2018 Advertising Standards

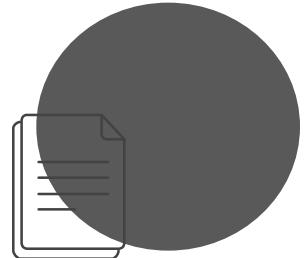
Solicitation materials must include:

- Name, 8-digit CalDRE license number and responsible broker's name
 - Applies to agents and broker-associates
 - Broker license number is optional
- Your status ("REALTOR®" or "agent")
 - When the name of the company does not make clear that the advertisement is by a licensee, then the status is legally required

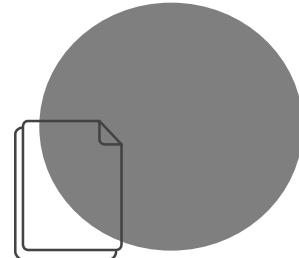
Types of Advertising Affected



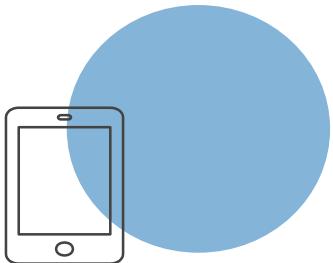
Business Cards



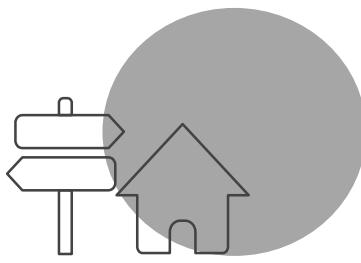
Stationery



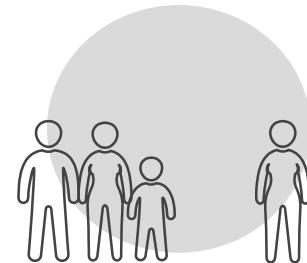
Advertising Flyers



Television, print or electronic Media advertising



“For sale,” “open house,” lease, rent or directional signs when any licensee identification information is included



Any other material designed to solicit the creation of a professional relationship between licensee and consumer

The Basics

The basic advertisement rule:

The responsible broker identity is required whenever an agent creates a first point of contact advertisement or solicitation. In that case the agent's license must be included.



- **Correct** - Includes responsible broker identity
- **Correct** - Includes "REALTOR®" or "agent." When the name of the company does not make clear that the advertisement is by a licensee, then the status is legally required
- **Incorrect** - does not include agent license number. The license number needs to be included and its font should be no smaller than the smallest font on the business card

Keep in Mind



The new law applies to the general rule of disclosing a licensee's status (broker, agent or REALTOR®) in all advertising

N.A.R. Code of Ethics Standard of Practice 12-5: Any advertisement of real estate services or listed property in any medium must disclose the name of the firm in a reasonable and readily apparent way

REALTORS® must include the name of their firm on signs

Responsible Broker Identity

- The Responsible Broker Identity is the name under which the broker is currently licensed and conducts business in general or is a substantial division of the real estate firm
- The responsible broker's license number is optional



A professional real estate agent, a woman with dark hair tied back, wearing a grey blazer over a white collared shirt, is smiling and holding a large red 'FOR SALE' sign. She is standing outdoors in front of a house with a white fence and some greenery.

Exceptions

- For Sale signs
- Open house signs
- For Rent signs
- For Lease signs
- Directional signs

But only when:

- The responsible broker's identity appears (license number is optional) and there is no reference on the sign to an associate broker or sales agent

“The broker sign exception”

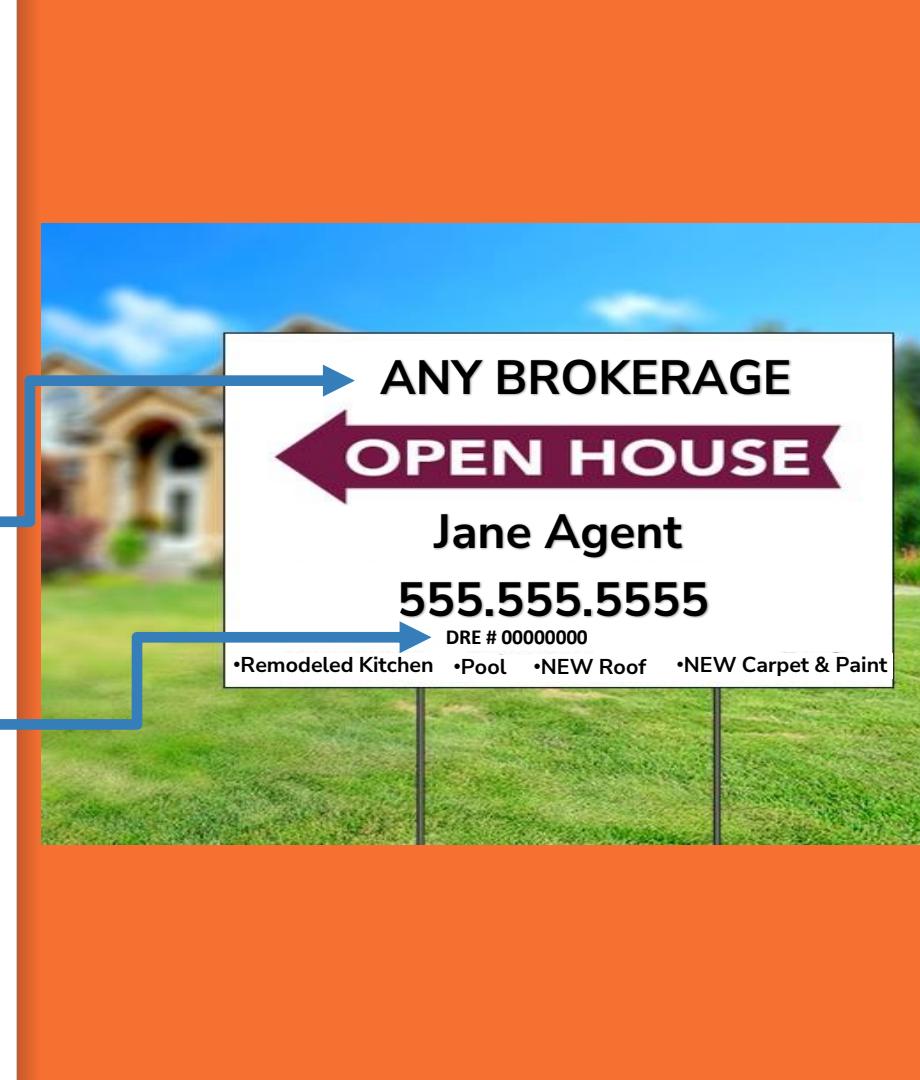
OR

- There is no licensee identification information at all

“The generic sign exception”

Example of Basic Sign Without Exception

- **Correct** – includes responsible broker identity
- **Correct** – includes license number of agent. The font is as large as other print on the ad.



Example of Broker Sign Exception



- **Correct** – Includes responsible broker identity
- **Correct** – Because no sales agent or broker-associate is referenced, the broker may include their name alone with no license number

Example of Broker Sign Exception



- **Correct** – Includes responsible broker identity
- **Incorrect** – Since the agent is referenced, the sign must include the license number of the agent

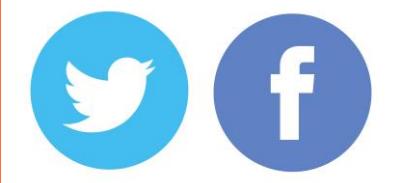
Example of Generic Sign Exception:

Generic For Sale Sign



Incorrect - Although a totally generic “For Sale” sign is legally permitted under CA law, it isn’t under the N.A.R. Code of Ethics, which requires that the firm name be disclosed in a reasonable and readily apparent manner when advertising real estate services

Special Challenges for Social Media



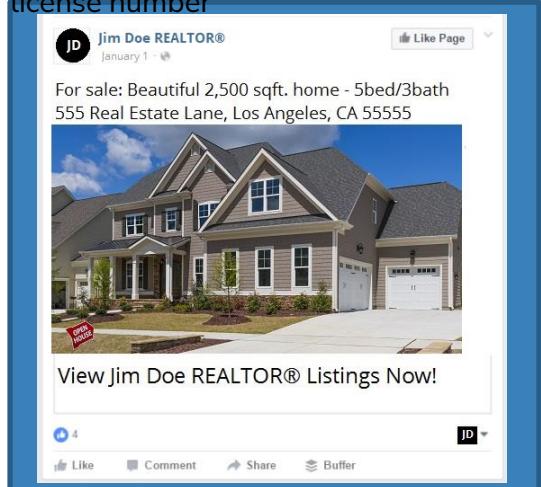
- Electronic Media Advertising includes Social Media
- Is your Tweet, Facebook, Instagram, Pinterest, SnapChat post of that listing designed to solicit the creation of a professional relationship?
- If yes, you must include room for your license number and broker's name and your status in the post!

These common type posts would be incorrect as they are missing the required disclosures:

Incorrect – does not include responsible broker identity or agent license number



Incorrect – does not include responsible broker identity or agent license number



Rules for Mortgage Originators and Brokers



CalDRE-licensed mortgage brokers must include:

- Licensed status by use of the term “broker,” “agent” or their abbreviations
- The regulatory entity under which the loan transaction is being arranged. There are two ways to state that a loan is being made under a DRE license:
 - Real estate broker, California Department of Real Estate, or
 - California Department of Real Estate, real estate broker
- If the mortgage broker also is mortgage originator, the unique identifier assigned to the licensee by the Nationwide Mortgage Licensing System and Registry (NMLS) must be included on all solicitation materials
- This information also must be disclosed in the printed text of the advertisement and in the spoken text of any radio or television ad
- Type size cannot be less than the smallest type in the advertisement copy

Summary

- New standards in advertising go into effect **Jan. 1, 2018**
- Your name, 8-digit DRE number and responsible broker's name must be included in all solicitations
- Applies to business cards, stationery, flyers, TV, print, or electronic media advertising
- Applies to signs when licensee information is included
- Any other material designed to solicit a professional relationship between licensee and consumer



New Standards in Advertising

Q&A

Advertising By REALTORS®

Q&A

Advertising Your Services:

Required Name and License Information

All content is available on the C.A.R. website in the [Legal Tools](#) section

ADDITIONAL RESOURCES

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