

**CAROLINAS REAL ESTATE INVESTORS ASSOCIATION
STANDARDS OF CONDUCT**

September 11, 2010

Article I -- LANDLORDING

Investors shall comply with all points of the NC landlord/tenant law.

Article II -- REAL PROPERTY EXCHANGE

A. Acquisition. Investors shall not structure real estate transactions in which other parties are put at risk for unnecessary harm.

B. Disclosure

1. Investors shall make full disclosure to all parties to a real estate transaction regarding the existence and nature of all liens, deeds of trust, and notes. 2. Investors shall not make any misleading, untrue, unfair or deceptive representations to a seller, tenant or buyer. 3. Investors shall make all required disclosures relating to the sale of a property where applicable (including lead based paint and residential property disclosures). Investors shall not knowingly give false or misleading representation nor willfully omit any material fact.

C. Deposits, Payments, Fees

1. Investors shall not collect any nonrefundable deposits, payments, fees or similar consideration which exceed ten percent (10%) of the contract sale price of the real property, on any agreement, however denominated or structured to lease or purchase a residential property if the property is subject to an outstanding deed of trust or mortgage obligated by a third party.

2. If an investor cannot perform as obligated in a contract, the investor shall refund all deposits, fees and similar consideration.

D. Foreclosure Transactions

1. Investors shall recognize and comply with all anti-trust laws. No investor shall make or accept consideration in order to limit or alter bidding participation or a bidding outcome. 2. No investor shall collude with any other party in order to alter the outcome of a bid.

E. Financing

1. Financing as the Investor Lending to Another

(a) All investors shall observe and comply with all laws and statutes pursuant to truth in lending laws.

(b) All investors shall fully disclose to buyers all of the terms of any contract in detail, shall sign all disclosure documents and shall obtain signatures of all parties on these disclosures.

(c) Investors shall always recommend that buyers consult with a legal advisor before signing any tax related and/or legally binding documents. d. All investors shall comply with applicable state and federal usury laws.

2. Financing as the Investor as Borrower

(a) Investors shall not exchange any funds or other consideration that are not reflected on the HUD-1 closing statement. (b) Investors shall not verbally or in any other fashion, provide false loan information in order to obtain a loan.

F. Closing Statements. Investors shall not knowingly encourage, facilitate or conceal the provision of false loan information or the exchange of funds or other consideration that are not reflected on the HUD-1 closing statement by any party.

G. Recording Documents All loan related documents are to be recorded with the appropriate registrar as a notice, memorandum, or deed of trust on all transactions.

Article III -- BUYING AND SELLING NOTES

A. All investors shall fully disclose what their interest is in any note which they offer for sale. B. No investors shall offer for sale a note on real or personal property for which the investor has not equitable or contractual interest secured in such note.

Article IV -- EDUCATION AND TRAINING SANCTIONED BY THE ASSOCIATION

A. All speakers, instructors and trainers shall be provided with a copy of these Standards of Conduct prior to signing a contract or conducting a presentation to Association members and guests, whichever is earlier.

B. Speakers will provide an outline/summary of instructional content prior to the delivery or presentation of the material.

C. All library material will carry a standard disclaimer stating the content has not been reviewed for compliance with these Standards of Conduct or North Carolina law.

D. All speakers will present concepts and provide materials which fully conform to these standards.

Article V -- GENERAL CONDUCT

A. All Association members shall be aware of and respect cultural differences and shall not participate in discriminatory practices of any kind.

B. Association members shall not engage in or encourage suggestive or sexually inappropriate behavior during Association meetings or other sanctioned events or functions.

C. Association members shall show respect for others and shall not use inappropriate language during Association meetings and other Association sanctioned events and functions. D. Association members shall conduct themselves in a professional manner and shall not engage in conduct unbecoming a member of a professional association. E. Members shall be prudent in their disclosure of information regarding other persons or entities. Information of a personal nature, in particular, shall be treated judiciously and disclosed only when essential to the conduct of their business.

F. Members will not intentionally lie, cheat or otherwise take unfair advantage of others in the conduct of their real estate transactions.

G. Members shall provide advice and/or information only to the extent that they are competent to do so.

Article VI -- ADVERTISING

Investors shall present for sale at monthly association meetings only those properties in which they have a legal interest.

Article VII -- OTHER TRANSACTIONS

All option or assignment transactions shall be in compliance with IRS regulations.

Article VIII -- MEMBERSHIP ELIGIBILITY

New members are encouraged to attend a membership training class of no more than 2 hours that will be made available quarterly. Those members who do not attend this training class shall acknowledge receipt, understanding, and acceptance of the current CREIA Standards of Conduct.

Revised September 11, 2010 to encourage, rather than require, new members to attend the training class.

Article IX -- GRIEVANCE/COMPLAINT PROCEDURE

A. The grievance procedure, including a grievance/complaint form, will be published in the new member handbook and will be made available on the Association website. All member grievances must be submitted to the grievance committee in writing. B. The Association will establish and provide public notice of a telephone number accessible for public complaints. Persons making grievances/complaints regarding non-Association members will be referred directly to the North Carolina Attorney General's office.

Article X -- STANDARDS OF CONDUCT HEARING PANEL

A. Requirements

1. The Standards of Conduct Hearing Panel shall be composed of 5 members. One committee member shall be a Board Member and another shall be the Membership Chairperson. The

remaining three members will be members of the Association in good standing for a minimum of one year. 2. Committee members shall voluntarily agree to be available should a complaint be filed to review, and if necessary, attend a complaint hearing. Review meetings may be teleconferenced.

3. Any member of the hearing panel who does not attend two hearings in a single year period will be deemed as resigned. The Board will appoint a replacement. B. Disciplinary Measures 4. Upon establishing, through due process, that there is a factual basis to a complaint, the Standards of Conduct Hearing Panel may take the following actions.

(a) Reprimand/warn members (b) Limit membership privileges (c) Require members to attend a Standards of Conduct class or other educational program (d) Recommend suspension of membership privileges (e) Recommend termination of membership (to be enacted by Board decision only) (f) Defer to Board 5. The Standards of Conduct Hearing Panel will reserve the right to refer a complaint to the Board in particular situations. If there is a question concerning a possible law violation, the Board will hear the complaint and take necessary action including referral to the appropriate local or state legal authority.

END

Adopted June 2, 2008 by the Carolinas Real Estate Investors Association Board of Directors