

Massachusetts Auctioneers Association CODE OF ETHICS

(Adopted by the Association on October 16, 2006)

PREAMBLE

The public auction subjects all possessions to fair and equitable public dispersal, by competitive offer and thereby determines fair market value of personal and real property. The Auctioneer, being the master of Auction and Fund raising procedure shall continually make his talent available to aid in Community efforts where it is possible. With these talents comes a responsibility and duty beyond ordinary business policy to which he must dedicate himself and strive to maintain the highest standards of his profession. He shares with all his fellow Auctioneers a common responsibility to protect the integrity and honor of Auctioneering.

RESPONSIBILITIES TO CLIENTS AND CUSTOMERS

ARTICLE 1.

Members pledge to protect and promote the interests of the client. This obligation of absolute fidelity to the client's interests is primary, but does not relieve members of their obligation to treat all parties to the transaction fairly.

STANDARDS OF PRACTICE 1.1

Members must not enter into an agreement with a client to withhold information from the public that would prove to be unsafe, illegal, detrimental to the public or material to making a decision to bid.

STANDARDS OF PRACTICE 1.2

The practice of encouraging a client to market a property as "absolute" when in actuality the member has verbally promised to convert the sale to an auction with reserve, or alternatively to cancel the sale if the marketing campaign does not produce an opening bid sufficient to satisfy the intended reserve of the client, is strictly prohibited.

STANDARDS OF PRACTICE 1.3

Members must not build unreasonable expectations about the outcome of an auction in the mind of a potential client in order to secure the client's business.

ARTICLE 2.

Members must, in conducting an auction, deal with customers in a manner exhibiting the highest standards of professionalism and respect. Members owe the customer the duties of honesty, integrity and fair dealing at all times.

STANDARD OF PRACTICE 2.1

This Article recognizes not only the legal concept of a member's dual agency responsibility to a buyer (in addition to being the agent for the seller, the auctioneer may become the agent of the buyer at the fall of the hammer in certain situations), but also the member's responsibility to act as a professional at all times. Members must conduct their business affairs so as to promote a positive image of their business and therefore the auction profession.

STANDARD OF PRACTICE 2.2

Members shall provide customers with a clear understanding of all the terms and conditions of the auction. Prior to the auction, customers for real estate auctions should be provided a copy of

the contract to be signed. Following the auction, customers for personal property auctions should be provided a written bill of sale.

STANDARD OF PRACTICE 2.3

It is recognized that custom and practice may vary in the sale of different types of property as well as in different geographic areas. Therefore, this information may be provided in oral or written form. However, wherever possible, it is highly recommended that members communicate this information in written form or at a minimum to communicate this information orally prior to the commencement of bidding.

ARTICLE 3.

Members should, to assure better service to the seller and to prevent misunderstandings, enter into written agreements or, at a minimum, clear oral agreements that set forth the specific terms and conditions of the engagement.

STANDARD OF PRACTICE 3.1

Members have an obligation to conduct their business affairs in a professional manner. Contractual requirements are to a certain extent dependent upon the type of property being sold. However, members should develop their contract forms with this Article in mind.

STANDARD OF PRACTICE 3.2

Members should discuss all aspects of the services to be provided and include them in written form where appropriate including: duties and obligations of the parties; services provided by the member; insurance coverage relating to liability, theft and casualty loss; use of a buyer's premium, if applicable; handling of funds received and controlled by the member; sales tax, if applicable; and form of payment by buyers. Additionally, members must provide the client with a timely, detailed written accounting of the sale, which must include information concerning the handling and timely disposition of all funds received or controlled by the member.

ARTICLE 4.

Members shall not accept compensation from any party, other than the client, even if permitted by law, without the full knowledge of all the parties to the transaction.

ARTICLE 5.

Members shall provide the highest level of competent service in those fields in which members are customarily engaged. This competency is attained by education, training, study, practice and experience. Competence also includes the wisdom to recognize the limitations of that knowledge and when to seek the counsel, assistance or client referral appropriate for the circumstances.

STANDARD OF PRACTICE 5.1

Members should not provide auction services in a careless or negligent manner, such as a series of errors that, considered individually, might not significantly affect the results, but which when considered in the aggregate would be detrimental to the client's interests. Members must use due diligence and due care.

STANDARD OF PRACTICE 5.2

The concept of competency also extends to members who are requested or required to travel to geographic areas where they do not have recent auction experience. Members not in a position to spend the necessary time in a market area to obtain the appropriate understanding of market conditions may find affiliating with a qualified local auctioneer the appropriate response to ensure a competently conducted auction.

STANDARD OF PRACTICE 5.3

Members must ascertain all pertinent facts necessary to implement a professional marketing campaign.

ARTICLE 6.

Members shall not undertake to provide professional services where either they, members of their immediate family, members of their firm, or any entity in which they have an ownership interest has presently or contemplates an interest, without first specifically disclosing such interest or contemplated interest.

ARTICLE 7.

Members shall not make a profit on expenditures made for their client without the client's prior knowledge and consent.

ARTICLE 8.

Members shall not engage in activities that constitute the unauthorized practice of law and shall recommend that legal counsel be obtained when the interest of any party to the transaction would be appropriately served.

ARTICLE 9.

Members shall keep monies coming into their possession in trust for other persons such as escrows, trust funds, client's monies and other similar items in a separate special account, in an appropriate financial institution.

ARTICLE 10.

Members shall not disclose any confidential client information without the client's specific consent except as required by appropriate legal authorities.

STANDARD OF PRACTICE 10.1

As a confidential trustee of information provided by the seller or gained by members through their relationship with the seller, members must carefully observe the confidential relationship in order to preserve and protect the client's trust and to maintain the public's confidence.

RESPONSIBILITIES TO THE PUBLIC

ARTICLE 11.

Members shall avoid misrepresentation or concealment of pertinent facts. There is an affirmative obligation to disclose adverse factors of which they have personal knowledge.

STANDARD OF PRACTICE 11.1

In order to protect the public and to avoid misunderstandings, members should create and retain for a reasonable period of time an audio and/or video record of each auction conducted.

ARTICLE 12.

Members must be careful at all times to present a true picture in their advertising and representations to the public. Members shall ensure that all advertising includes the names and information necessary for the public to contact the auctioneer or firm responsible for conducting the auction.

ARTICLE 13.

Members must keep informed on all matters affecting the auction industry and their areas of specialization and should participate in continuing education programs when ever possible.

STANDARD OF PRACTICE 13.1

It is essential for members to remain abreast of matters affecting the profession so as to fulfill the expectations of the public. These expectations include the member's abilities to perform the tasks that are regularly expected, as well as those promoted by members as specialties. This responsibility also includes leading public discourse on matters affecting the profession.

ARTICLE 14.

Members are duty bound at all times to abide by the laws and regulations which govern the profession as well as those which, if violated, would negatively affect their ability to present to the public an image of behavior that appropriately represents the professionalism of our industry.

RESPONSIBILITIES TO THE PROFESSION

ARTICLE 15.

Members should never publicly criticize a competitor using false or deceptive information. Where an opinion of a competitor's transaction is especially requested, it should be rendered in conformity with strict professional courtesy and dignity.

STANDARD OF PRACTICE 15.1

Members shall not engage in practices or take actions inconsistent with the agency of other members. They should not seek unfair advantage over other members and should conduct their business so as to avoid controversies with other members.

STANDARD OF PRACTICE 15.2

Members shall not directly or indirectly solicit the affiliation of an employee or independent contractor in the organization of other members without the prior notice to said member.

ARTICLE 16.

Members should willingly share with other members the lessons learned through experience and study to better the profession, members' business practices and how the profession is perceived by society. Members shall be loyal to the MAA; this includes active participation in educational, civic and charitable endeavors.

ARTICLE 17.

Members should conduct their business affairs so as to avoid disputes with other members. In an instance where a controversy between members arises, they shall seek the assistance of the MAA to arbitrate the controversy.

ARTICLE 18.

Members, having personal knowledge of an act by another member that, in their opinion, is a material violation of the ethical principles of this Code shall treat the matter in accordance with the procedures for filing a grievance.

STANDARD OF PRACTICE 18.1

In order for any professional organization to earn and maintain the confidence of the constituencies it serves, it must demonstrate to them the ability to "police" its own. Members have the unique ability to observe and therefore assist in the stewardship of this trust. Members have an obligation to assist the MAA and its officers in all matters, including the investigation, censure, discipline, or dismissal of members who engage in violations of this Code.

STANDARD OF PRACTICE 18.2

Members shall not knowingly or recklessly file false or unfounded ethics complaints.

ARTICLE 19.

Members charged with unethical practice or who are asked to present evidence in any disciplinary proceeding or investigation shall promptly and voluntarily place all pertinent facts and information before the appropriate body.

STANDARD OF PRACTICE 19.1

Violations of any provision of this Code should not give rise to a civil cause of action and should not create any presumption that a legal duty has been breached. Violations of the Code are not designed or intended to be the basis of any civil liability.

GRIEVANCE PROCEDURES

Reg. 1 Grievance Committee

R1.1 The Grievance Committee shall consider, resolve and recommend to the Board of Directors appropriate action for grievances arising from alleged unethical behavior of members.

Reg. 2 Grievance Procedures

R2.1 Any grievance must be submitted in writing to the President with the necessary supporting documentation, signed by the complainant. The President shall forward all grievances to the Grievance Committee.

R2.1a In filing a charge of a violation of the Code of Ethics, the charge must read as an alleged violation of one or more Articles of the Code. Standards of Practice may not be cited as the basis of the complaint, but only in support of the charge.

R2.2 Upon receipt of a written grievance, the President shall notify the members of the Board of Directors and initiate a Grievance Committee review of the allegations.

R2.2a Grievances will not generally be considered until all pending administrative hearings and/or court proceedings have been resolved.

R2.2b In extraordinary circumstances, the Board of Directors can refer the grievance to outside arbitration. Any expense of referral shall be the responsibility of the MAA.

R2.3 If the Grievance Committee determines the grievance has merit and is appropriate for review, a copy of the grievance, any supporting documentation and a copy of these regulations shall be sent via Certified Mail, Return Receipt Requested to the individual(s) against whom the grievance was filed.

R2.4 The individual shall have thirty (30) days from the date of the mailing to submit a written response to the President, who shall forward it to the Board of Directors.

R2.5 After review of the response, if the Grievance Committee determines that the grievance has validity, it shall notify the individual against whom the complaint was filed of their right to submit additional evidence to the Board of Directors, either in writing or at a hearing requested by the individual. The individual shall have ten (10) days to respond.

R2.5.1 If the individual chooses to submit additional evidence in writing (without requesting a hearing) the Grievance Committee shall allow the complainant the opportunity to submit final written comments. The complainant shall have ten (10) days to respond.

R2.5.2 If the individual requests a hearing, the Grievance Committee shall facilitate this request within a reasonable time. The Grievance Committee shall allow the opportunity for all the parties to be present, to be represented by counsel, and to participate in the proceedings. The President shall establish and forward hearing procedures to all parties and participants not later than twenty (20) days prior to the hearing.

R2.5.3 If the individual does not submit additional evidence or request a hearing, the Grievance Committee shall decide the complaint on the evidence submitted.

R2.6 Grievances shall be decided by the Grievance Committee based on all the evidence before it within a reasonable time.

R2.7 The Grievance Committee shall report its findings and recommendations to the Board of Directors. These recommendations may include censure, suspension or revocation of the individual's membership. If, however, the individual appeals the decision of the Board of Directors, the effect of the Board's action shall be delayed until final determination of the appeal.

Reg. 3. Appeal Procedure

R3.1 Upon determination of a grievance by the Board of Directors, all parties shall be notified of their right to and procedures for an appeal.

R3.2 A party shall have thirty (30) days from the date of mailing of notification of the decision of the Board to file an appeal. The request must be in writing, made to the President, and specify the basis for the appeal.

R3.3 If no appeal is filed within (30) days, the decision of the Board of Directors shall be implemented by the President.

R3.4 If an appeal is filed, a hearing shall be held within a reasonable time before an Appeals Board. The Appeals Board shall consist of three Past Presidents who are currently members in good standing and who did not serve on the Grievance Board of Directors that heard the complaint. A separate Appeals Board shall be appointed by the President for each appeal. The members of the Appeals Board shall choose its Chairman who shall establish and forward procedures to all parties and participants not later than twenty (20) days prior to the hearing. All parties shall have the right to be present, represented by counsel, and participate in the proceedings.

R3.5 The Appeals Board, by majority vote shall (1) reaffirm; (2) modify; or (3) reverse the original decision. The decision of the Appeals Board shall be rendered within a reasonable time and shall be final.