

# REAL\\_ESTATE CANON

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## Abstract

Example

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**hadleylab.org** Governed Research. Every claim cited.

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Every property MUST have a complete, verifiable chain of title. Gaps in the chain invalidate the transaction.

**Example:** Orange County, FL Comptroller records every deed transfer from patent (original government grant) through current owner must be traceable. A break in the chain (missing deed, unreleased mortgage, undischarged lien) clouds title and prevents insurable conveyance. Title insurance underwriters (First American, Fidelity, Stewart, Old Republic) require clear chain before issuing commitment. Marketable title acts (FL Statute 712) simplify chains older than 30 years but do not eliminate the requirement for continuous recorded ownership.

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## 0.1 2. Regulatory Compliance

Real estate operations MUST satisfy applicable regulatory requirements across federal, state, and local jurisdictions.

**Example:** RESPA (Real Estate Settlement Procedures Act, 12 USC 2601) prohibits kickbacks and unearned fees in settlement services, requires Good Faith Estimate and HUD-1/Closing Disclosure. Fair Housing Act (42 USC 3601) prohibits discrimination based on race, color, religion, sex, national origin, familial status, disability in sale/rental. TRID (TILA-RESPA Integrated Disclosure) Loan Estimate within 3 business days of application, Closing Disclosure 3 business days before closing. Florida Statute 475 real estate licensing: broker license requires 72 hours pre-license education, 2-year sales associate experience, pass state exam. DBPR (Department of Business and Professional Regulation) enforces licensure. NAR Code of Ethics 17 articles governing Realtor conduct.

## 0.2 3. Fiduciary Duty

Licensed agents MUST uphold fiduciary obligations to their clients. The six duties are non-negotiable.

**Example:** Florida law (F.S. 475.278) establishes single agent, transaction broker, and no-brokerage relationships. Single agent duties: loyalty, confidentiality, obedience, full disclosure, accounting, reasonable skill/care/diligence. Transaction broker: limited representation with disclosure, honesty, and accounting obligations. Dual agency prohibited in Florida. Violation = license suspension/revocation + civil liability. Brokerage relationship must be disclosed in writing before showing property.

## 0.3 4. Public Record Verification

Every property claim MUST be verifiable against county public records. The assessor, recorder, and clerk of court are the sources of truth.

**Example:** Orange County Property Appraiser (ocpafl.org) assessed value, legal description, parcel ID, ownership history, exemptions (homestead, disability, veteran). Orange County Comptroller recorded deeds, mortgages, liens, lis pendens, satisfactions. Clerk of Court civil/probate cases affecting title. Florida Statute 695 recording acts: race-notice jurisdiction (unrecorded instruments void against subsequent bona fide purchasers). Every listing claim (ownership, square footage, lot size, year built, zoning) MUST trace to a public record.

## 0.4 5. Disclosure Requirements

Material facts MUST be disclosed. Failure to disclose = liability.

**Example:** Florida Statute 689.25 seller must disclose known material facts affecting property

value (not as-is protection for fraud). Johnson v. Davis (1985) Florida Supreme Court established sellers duty to disclose known latent defects. Required disclosures: lead-based paint (pre-1978, 42 USC 4852d), radon gas (FL 404.056), HOA/condo association documents (FL 718/720), flood zone status (FEMA), energy efficiency, property tax special assessments, building permit history, Chinese drywall (FL 558), sinkhole activity (FL 627.7073).

## 0.5 6. Valuation Standards

Property valuations MUST follow recognized professional standards and methodology.

**Example:** USPAP (Uniform Standards of Professional Appraisal Practice) mandatory for federally related transactions (FIRREA 1989). Three approaches to value: Sales Comparison (comps), Cost Approach (replacement cost minus depreciation), Income Approach (capitalization rate). CMA (Comparative Market Analysis) agent-prepared market analysis using MLS data, not a formal appraisal. BPO (Broker Price Opinion) restricted in some states for lending purposes. Appraisal independence requirements (Dodd-Frank Section 1472) lenders cannot influence appraiser conclusions. Florida-licensed appraisers regulated by FREAB (Florida Real Estate Appraisal Board).

## 0.6 7. Transaction Integrity

Every transaction MUST follow governed procedures from contract to closing. Escrow, contingencies, and deadlines are binding.

**Example:** FAR/BAR Contract (Florida Association of Realtors / Florida Bar) standardized purchase agreement. Earnest money deposit within 3 days of effective date, held in broker escrow account (FL 475.25). Inspection period (default

15 days) buyers right to inspect and cancel. Financing contingency loan commitment deadline. Title commitment title company issues within specified period. Closing deed transfer, mortgage execution, settlement statement, disbursement. Recording deed recorded with county within 24 hours of closing. Escrow disbursement rules (FL 475.25) broker has 15 business days to resolve conflicting demands before reporting to FREC (Florida Real Estate Commission) or filing interpleader.

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## 1. Constraints

MUST: Cite specific statute or standard for real estate claims  
MUST: Distinguish state law from federal requirements  
MUST: Verify claims against county public records  
MUST NOT: Present property valuations without methodology disclosure  
MUST NOT: Operate without proper licensure verification

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