



AI Governance for Real Estate Brokerages

Steven Schain

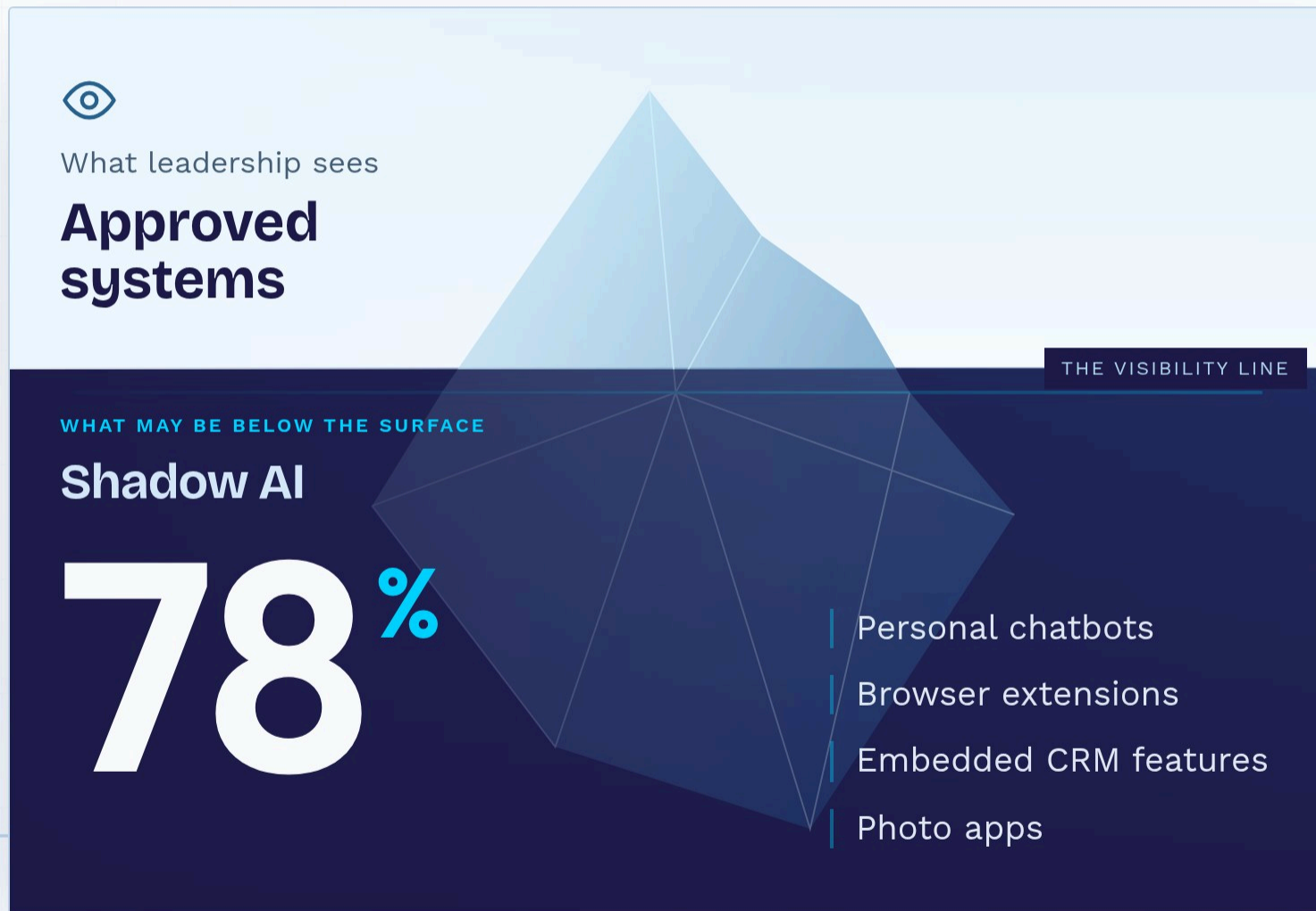
Shared Standards for Brokerage AI

A MANAGING BROKER'S GOVERNANCE ROADMAP

VISIBILITY → STANDARDS → PRACTICE

- ◆ AI is used daily in real estate.
- ◆ Informal adoption creates unmonitored legal risk.
- ◆ Shared standards replace shadow AI practices.
- ◆ SOPs ensure compliance and protect licenses.
- ◆ Today offers an introductory governance roadmap.

Uncovering Shadow AI in Brokerage



- ♦ Agents use unvetted AI tools daily.
- ♦ 78% of employees use unsanctioned AI tools.
- ♦ Unmonitored prompts yield generic property copy.
- ♦ Leadership lacks visibility into inputs.
- ♦ Shadow AI exposes confidential client data.
- ♦ This is informational, not legal advice.

Bridging the Brokerage Governance Gap

INFORMAL USE	DOCUMENTED WORKFLOW
Personal tool choice	✓ Approved tool register
Unfiltered client notes	✓ Defined input boundaries
Copy → publish	✓ Draft → verify → sign off
No visible record	✓ Named owner + review log

- ◆ Informal prompts lack data privacy controls.
- ◆ Unverified AI drafts risk misrepresentation claims.
- ◆ Documented SOPs establish approved tools.
- ◆ Human review checkpoints ensure marketing accuracy.
- ◆ Governance enables safe, compliant productivity gains.

Broker Supervision and Liability



*Professional judgment
stays with the broker.*

AI assists

People verify

Brokers supervise

- ◆ Broker-in-Charge (BIC) duties still apply when AI is used.
- ◆ Brokers answer for their marketing, whatever tools they use.
- ◆ Clear AI policies help brokers supervise consistently.
- ◆ E&O carriers increasingly ask about AI rules.
- ◆ Documentation supports your supervision defense.

Session Roadmap and Key Takeaways

01 **Visibility & risk** ↗

02 **Data & approved tools** ↗

03 **Fair Housing & ethics** ↗

04 **Images & disclosure** ↗

05 **From prompt to SOP** ↗

06 **Your action plan** ↗

Select a stop to jump ahead. G opens the full slide navigator.

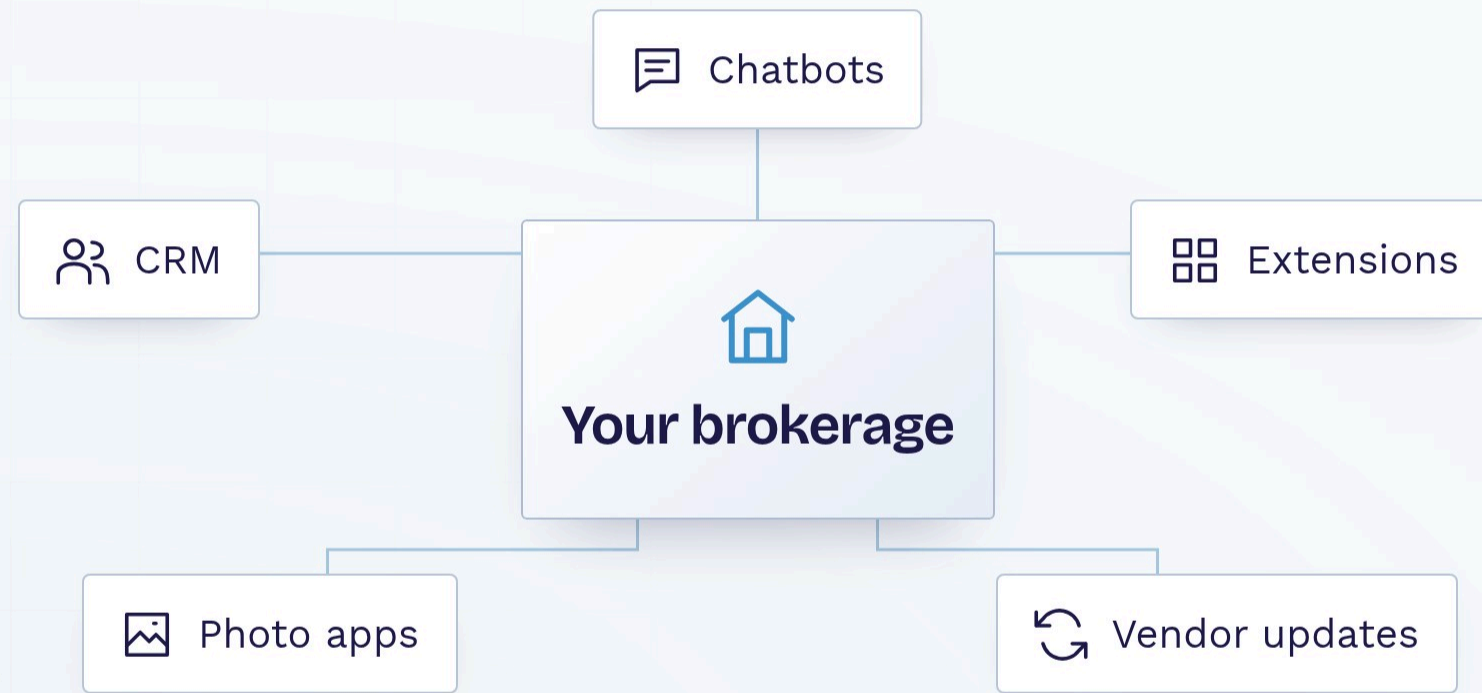
- ◆ Classify AI tasks into risk tiers.
- ◆ Protect confidential client identifying data.
- ◆ Enforce Canopy MLS virtual staging rules.
- ◆ Compare informal prompts against compliant SOPs.
- ◆ Leave with the Managing Broker Checklist.

02

YOUR GOVERNANCE ROADMAP

Visibility & risk

Uncovering Hidden AI Entry Points



Select an entry point to inspect what to ask.

- ♦ Free generative chatbots process client text.
- ♦ CRM tools include default-on AI features.
- ♦ Browser extensions silently read transaction data.
- ♦ Photo apps apply unvetted image enhancements.
- ♦ Silent vendor updates trigger data sharing.

Corporate Governance Versus Acceptable Use

01 / LEADERSHIP



Corporate governance

Approval authority
Risk ownership
Oversight

02 / AGENTS



Acceptable use

Allowed tools
Allowed inputs
Review steps

Two audiences. Connected responsibilities.

- ◆ Separate leadership strategy from agent behavior.
- ◆ Governance policy sets risk and oversight.
- ◆ Usage policy dictates daily application rules.
- ◆ Single merged documents cause widespread confusion.
- ◆ Two distinct documents maintain compliance.

Risk Tier 1: Open Internal Use

RISK TIER 01

1 OPEN INTERNAL USE

 Brainstorm an open-house theme

Use only approved, non-sensitive information.

1

2

3

- ◆ Low risk includes internal task cleanup.
- ◆ Brainstorming marketing concepts is permitted freely.
- ◆ Formatting raw notes requires no approval.
- ◆ Public non-sensitive data is allowed freely.
- ◆ Zero client personal data is permitted.

Risk Tier 2: Controlled Client Use

RISK TIER 02

2

CONTROLLED CLIENT USE

👁️ Draft a property description

A person verifies the facts before release.

1

2

3

- ◆ Client-facing content requires human review.
- ◆ Property listing descriptions require verification.
- ◆ Market reports require factual source checking.
- ◆ Client emails require agent oversight.
- ◆ Human-in-the-loop checkpoints avoid hallucinated claims.

Risk Tier 3: Prohibited AI Uses

RISK TIER 03

3

PROHIBITED USES



Paste client bank details

Stop. Keep identifying data out of the prompt.

1

2

3

- ◆ Never input client personal identifying data.
- ◆ Unapproved tenant screening tools are banned.
- ◆ Automated financial decisions can create Fair Housing exposure.
- ◆ Contract analysis without legal review prohibited.
- ◆ Hard red lines protect realtors and the agency.

03

YOUR GOVERNANCE ROADMAP

Data & approved tools

The Consumer Cloud Retention Trap



Client notes

INPUT



AI service

- ◆ Many AI tools store what you enter.
- ◆ Prompts may train public language models.
- ◆ Free tiers often lack enterprise privacy protections.
- ◆ Consumer accounts can put fiduciary duty at risk.

01 What is retained?

02 Who can access it?

03 Is it used for training?

Protecting Personal Identifying Data

FICTIONAL TRAINING EXAMPLE

Property-writing input

Client: [fictional client name]

Payment: [fictional bank details]

Terms: [private offer terms]

3 bedrooms · covered porch · fenced yard

Redact private fields

Keep only the information needed for this task.

- ◆ Exclude Social Security numbers, bank details and unreleased deal terms.
- ◆ Redact client names from prompt inputs.
- ◆ Use synthetic identifiers for case studies.
- ◆ Seek zero-data-retention terms for enterprise tools.

Fiduciary Duty and Client Consent



**Confidentiality
travels with the data.**

Purpose Permission Protection

- ◆ Licensing rules mandate strict confidentiality.
- ◆ Processing client PID may require informed consent.
- ◆ Unauthorized data use can breach agency duty.
- ◆ Documented consent supports client data protection.

Agreement changes and consent requirements need case-specific legal review.

Maintaining the Approved Tool Register

FICTIONAL TRAINING EXAMPLE

Tool	Approved task	Input boundary
Writing tool A	Draft descriptions	Verified public facts
Photo tool B	Virtual furniture	Authorized photos
New browser add-on	Pending review · do not use	

Owner: Managing broker

Review when features or terms change

- ♦ Audit and inventory all active tools.
- ♦ Publish a live approved software database.
- ♦ Define approved data categories per tool.
- ♦ Unvetted software remains strictly prohibited.

Vendor Due Diligence for Tech

BEFORE APPROVAL

The terms behind the tool

- 01 Retention & deletion
- 02 Training use & subprocessors
- 03 Data-processing agreement
- 04 Changes & review dates

Review owner

Decision record

- ♦ Verify data-retention contractual guarantees.
- ♦ Require signed Data Processing Agreements.
- ♦ Confirm whether vendors train on your data.
- ♦ Review vendor terms at least annually.

04

YOUR GOVERNANCE ROADMAP

Fair Housing & ethics

Fair Housing Risks in AI

Historical language



AI-generated draft



Human review



Patterns in the data
can become patterns in the copy.

- ◆ Models learn from legacy listing copy.
- ◆ Generated text can include discriminatory language.
- ◆ Coded phrases can violate Fair Housing laws.
- ◆ Algorithms can repeat historical housing biases.
- ◆ Brokers remain responsible for what they publish.

Coded Language and Protected Classes

FICTIONAL TRAINING EXAMPLE

“Located in a quiet,
family-friendly neighborhood perfect for
young couples with children.”

Select the highlighted phrases to discuss the risk.

PROPERTY-FOCUSED EXAMPLE

“Three-bedroom home near a public park.”

- ◆ Avoid steering language in property copy.
- ◆ Exclude references to demographic preferences.
- ◆ Remove subtle family status phrases.
- ◆ Verify neighborhood descriptions for bias.
- ◆ Pre-publication reviews catch illegal wording.

REALTOR Code of Ethics Alignment

02

ARTICLE

**Property
representation**

Check the facts.

12

ARTICLE

**Advertising
that tells the truth**

Check the picture.

- ◆ Article 2 mandates truthful property representation.
- ◆ Article 12 requires accurate advertising pictures.
- ◆ AI hallucinations can become false representations.
- ◆ Verification prevents exaggerated property claims.
- ◆ Ethics compliance requires mandatory review.

Automated Decisions and HUD Penalties



Housing decisions affect people.

Review the criteria.

Question the result.

Keep a person accountable.

- ♦ Automated screening can create disparate-impact claims.
- ♦ Private lawsuits can still challenge biased screening.
- ♦ Civil penalties escalate with repeat violations.
- ♦ Never delegate housing decisions to algorithms.
- ♦ Human oversight remains essential.

Mandatory Human in the Loop

01

AI draft

Prepare the starting copy.

02

Human verification

Check facts and language.

03

Broker sign-off

Follow brokerage policy.

04

Publication

Release the reviewed version.

- ♦ Humans must review all AI outputs.
- ♦ Verify factual claims before publishing copy.
- ♦ Check MLS details against authoritative public records.
- ♦ Agent sign-off validates final representations.
- ♦ Software never assumes legal representation duties.

05

YOUR GOVERNANCE ROADMAP

Images & disclosure

Image Enhancement Versus Physical Misrepresentation



Compare  Drag or use ← →

Fictional AI-generated property • Notice the railing, paint, power lines and lawn.

- ◆ Lighting and color adjustments are permitted.
- ◆ Hiding material defects or power lines is prohibited.
- ◆ Adding views or amenities that don't exist is prohibited.
- ◆ Deceptive photo edits can trigger MLS complaints.

Virtual Staging Text Disclosure Standards



- ♦ Virtually staged photos require clear labels.
- ♦ Watermark disclosures directly on the image.
- ♦ Also note virtual staging in MLS remarks.
- ♦ Clear disclosures help avoid misrepresentation claims.

👁 Keep the disclosure on the image.

Fictional AI-generated teaching example

The Canopy MLS Dual Photo Rule



ORIGINAL



STAGED VERSION

Same fictional room, same camera view • Keep the original adjacent to the staged image.

- ◆ Canopy MLS mandates unaltered original photos.
- ◆ Show the original immediately before or after the staged version.
- ◆ Omitting the original photo violates Canopy's rule.
- ◆ Violations go through the MLS complaint process.

Cross Platform Media Disclosure Rules

MLS

Social

Print

Website

MLS / PROPERTY PHOTOS



The disclosure stays with the photograph.

- ◆ Apply photo disclosures across all channels.
- ◆ Watermark social media property images clearly.
- ◆ Label printed property flyers and brochures.
- ◆ Disclose virtual staging on property websites.

One fictional staged image, carried across every channel.

Canopy MLS image standards · Educational examples

06

YOUR GOVERNANCE ROADMAP

From prompt to SOP

Case Study: The Informal Prompt

FICTIONAL TRAINING EXAMPLE

THE INFORMAL PROMPT

“Write an energetic listing. 3 beds, near a park. Great rental potential.”

Inspect the output

- ◆ Agent inputs raw unvetted property notes.
- ◆ Public chatbot generates generic listing copy.
- ◆ Output contains subtle Fair Housing red-flags.
- ◆ Unverified HOA rental terms are inaccurate.
- ◆ Unvetted publishing exposes brokerage to fines.

Case Study: Documented SOP Workflow

FICTIONAL TRAINING EXAMPLE

SOP / LISTING DRAFT

4 CHECKPOINTS

- ☐ Use verified property facts only.
- ☐ Describe features, not preferred residents.
- ☐ Check current HOA rental restrictions.
- ☐ Review and sign off before publication.

0 / 4 checks completed

Complete all four checks to reveal the approved draft.

- ◆ Agent uses structured brokerage prompt templates.
- ◆ Template embeds strict Fair Housing guardrails.
- ◆ SOP requires checking HOA rental rules.
- ◆ Mandatory human review verifies listing facts.
- ◆ Reviewed copy is ready for MLS publication.

Side by Side Risk Comparison

INFORMAL OUTPUT

**Fast draft.
Unanswered
questions.**

“Perfect for young
families.
Unlimited rental
potential.”

⚠️ Claims still need review

REVIEWED EXAMPLE

**Specific facts.
Visible review.**

“Three-bedroom home
near a public park.
Verify HOA rental
restrictions.”

✓ Review recorded

- ◆ Informal prompts create unmanaged legal liabilities.
- ◆ Documented SOPs reduce discriminatory copy.
- ◆ Structured workflows help verify property details.
- ◆ Human verification supports Canopy MLS compliance.

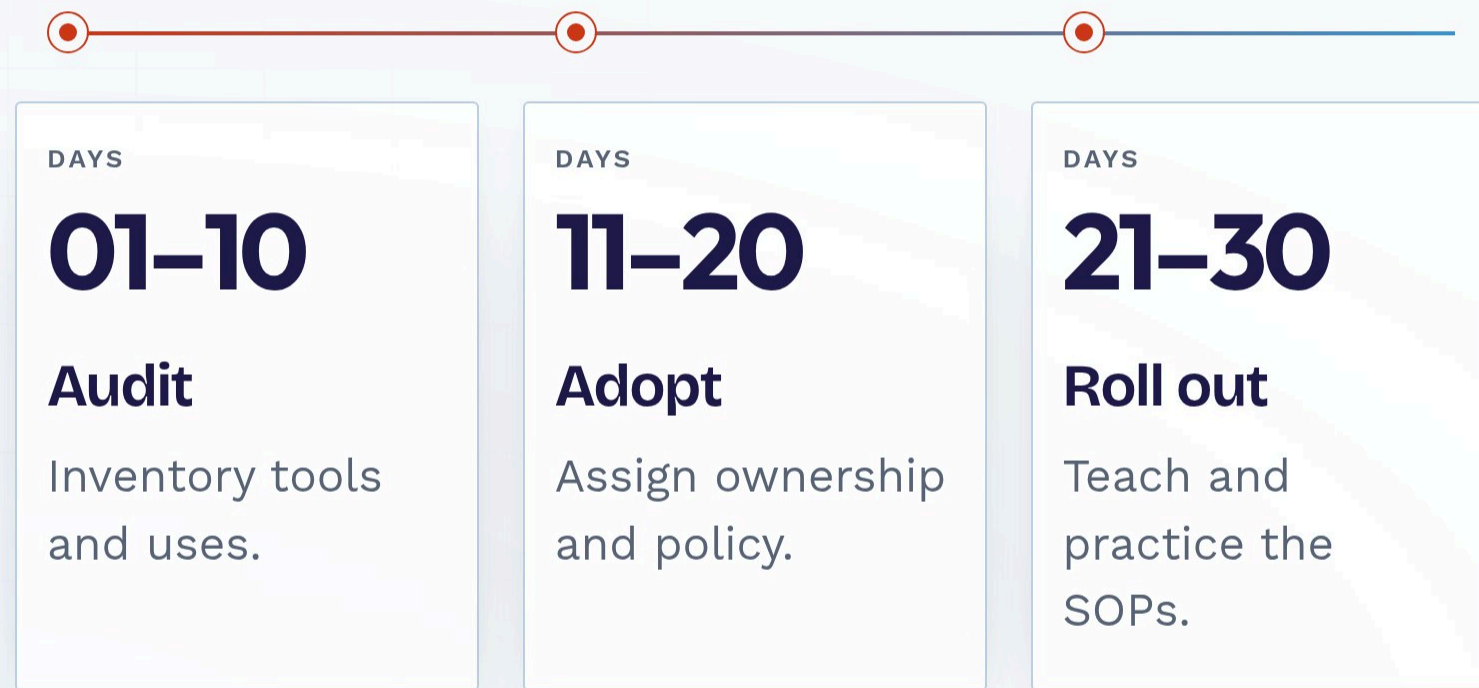
Workflows reduce risk; they cannot guarantee compliant or error-free output.

07

YOUR GOVERNANCE ROADMAP

Your action plan

The Thirty Day Governance Plan



↻ Training and review continue beyond day 30.

- ◆ Days 1-10: Audit shadow AI tools.
- ◆ Days 11-20: Adopt corporate governance and use policies.
- ◆ Days 21-30: Roll out agent SOPs.
- ◆ Conduct role-based employee training sessions.
- ◆ Establish continuous audit log tracking.

Ensuring Long Term Governance Survival

A REPEATING PRACTICE

Keep the system current.

 Audit tools	 Train people
 Keep records	 Update policy

*A policy works through
the people who use it.*

- ◆ Conduct quarterly AI tool usage audits.
- ◆ Maintain role-based agent training records.
- ◆ Execute four-step incident response drills.
- ◆ Update policies upon major tool releases.
- ◆ E&O carriers may review documented policy logs.

Takeaways and Next Action Steps

Thank you.

YOUR NEXT CONVERSATION

Where does your brokerage begin?

Download the class materials at

<https://www.appliedmomentum.us/resources>

- ◆ Download the Managing Broker's AI Governance Checklist.
- ◆ Implement structured 30-day governance workflows.
- ◆ Schedule a complimentary 15-minute call.
- ◆ Contact Applied Momentum for advisory support.