



Brokerage AI Governance 25-Point Checklist

For Brokers-in-Charge

25 priorities across seven governance areas

Revised September 30, 2026

Informational only; not legal advice.

Use this list to review brokerage policy, agent workflows, vendor controls, and audit readiness. It uses the same terms as the Applied Momentum presentation, *AI Governance for Real Estate Brokerages: the Approved Tool Register*, three risk tiers, the Acceptable Use Policy (AUP), and human-in-the-loop review.

This checklist is informational only and is not legal advice. It reflects sources reviewed in September 2026. Confirm legal requirements, MLS rules, insurance terms, and vendor practices against current primary sources, and have your attorney review before you adopt it as brokerage policy. See the notice at the end of this document and the source list.

Category	Focus	Items
I	Legal Accountability, Broker Supervision & License Law	1–3
II	Fair Housing, Discrimination & Algorithmic Bias	4–6
III	Client Confidentiality, Personal Identifying Data (PID) & Fiduciary Duty	7–9
IV	Advertising Accuracy, MLS & Visual Media Compliance	10–14
V	Shadow AI, Tool Registers & Vendor Due Diligence	15–18
VI	Operational Workflows, Prompt SOPs & Training	19–21
VII	Incident Response, Monitoring & Program Maintenance	22–25

Checklist at a Glance

Check off each item as your brokerage puts it in place.

✓	#	Checklist Item	Category
☐	01	Broker-in-Charge Supervision & License Law Compliance	I. Legal Accountability
☐	02	Adoption & Enforcement of a Standalone Agent Acceptable Use Policy (AUP)	I. Legal Accountability
☐	03	E&O Insurance Alignment & Liability Risk	I. Legal Accountability
☐	04	Fair Housing Act Compliance & Disparate-Impact Awareness	II. Fair Housing
☐	05	Coded Language, Steering & Ad Targeting Review	II. Fair Housing
☐	06	Automated Tenant Screening Red Lines & Mandatory Human Decisions	II. Fair Housing
☐	07	Personal Identifying Data (PID) Protection & Data Classification	III. Client Confidentiality
☐	08	Consumer Cloud Data Retention & Public Model Training	III. Client Confidentiality
☐	09	Client Confidentiality, Consent & Disclosure	III. Client Confidentiality
☐	10	Mandatory Human-in-the-Loop (HITL) Verification Gates	IV. Advertising Accuracy
☐	11	Canopy MLS Virtual Staging & Altered-Image Disclosures	IV. Advertising Accuracy
☐	12	The Canopy MLS Original-Photo Requirement	IV. Advertising Accuracy
☐	13	Image Enhancement vs. Physical Property Misrepresentation	IV. Advertising Accuracy
☐	14	REALTOR® Code of Ethics Article 2 & 12 Advertising Audits	IV. Advertising Accuracy
☐	15	Shadow AI Discovery & Comprehensive Tech Stack Audits	V. Shadow AI
☐	16	Maintenance of an Active Approved Tool Register	V. Shadow AI
☐	17	Vendor Data Processing Agreement (DPA) & Contractual Vetting	V. Shadow AI
☐	18	Structural Separation of Corporate Governance Policy vs. Agent AUP	V. Shadow AI
☐	19	Standardized Prompt Templates, Risk Tiers & Guardrail SOPs	VI. Operational Workflows
☐	20	Agent AI Training & Training Records	VI. Operational Workflows
☐	21	Contract Drafting & Unauthorized Practice of Law (UPL) Restrictions	VI. Operational Workflows
☐	22	4-Step AI Incident Response & Data Leak Containment Protocol	VII. Incident Response
☐	23	Data Loss Prevention (DLP) & Technical Endpoint Controls	VII. Incident Response
☐	24	Quarterly Tool Audits, Annual Policy Review & Regulatory Watch	VII. Incident Response
☐	25	Records Retention & Audit Readiness	VII. Incident Response

CATEGORY I

Legal Accountability, Broker Supervision & License Law

01



Broker-in-Charge Supervision & License Law Compliance

CORE RULE North Carolina Rule 21 NCAC 58A .0110(g) makes the Broker-in-Charge responsible for the firm's advertising, its trust accounts and transaction records, and for assuring that affiliated brokers comply with specified Commission rules. The NCREC's June 2025 bulletin, *Artificial Intelligence Legal and Ethical Considerations*, says AI should enhance workplace duties and tasks, not replace them, and that brokers are ultimately responsible for ensuring their marketing and outreach follow Fair Housing law regardless of the tools used. Treat AI as an assistant: judgment and accountability stay with the licensee and the BIC who supervises them.

02



Adoption & Enforcement of a Standalone Agent Acceptable Use Policy (AUP)

CORE RULE Adopt a written AUP covering approved tools, allowed data, risk tiers, human review, and consequences for violations, and have every affiliated broker sign it. A written, enforced AI policy is strong evidence that you supervise AI use. The NCREC has not said that lacking one is a violation in itself, so treat the policy as protection, not a guarantee.

03



E&O Insurance Alignment & Liability Risk

CORE RULE Ask your E&O carrier and your insurance broker, in writing, whether AI-related claims (such as misrepresentation in AI-drafted advertising) are covered or excluded, and what documentation the carrier expects. Carriers may ask for your written AI policy, Approved Tool Register, and agent training records at renewal, so keep them current.

CATEGORY II

Fair Housing, Discrimination & Algorithmic Bias

04



Fair Housing Act Compliance & Disparate-Impact Awareness

CORE RULE Generative AI learns from historical text and can reproduce bias in listing copy and ads. The Fair Housing Act applies to AI-generated content, and courts recognize disparate-impact claims even without discriminatory intent. HUD withdrew its April 2024 guidance on advertising through digital platforms (which addressed AI) effective September 17, 2025, and proposed rescinding its disparate-impact rules in January 2026. Those rules remain in effect until HUD issues a final rule, and the statute and private lawsuits remain regardless. Brokers stay responsible for the output.

05



Coded Language, Steering & Ad Targeting Review

CORE RULE AI prompts can produce coded steering phrases (for example, "family-friendly neighborhood" or "young couples with children") that raise Fair Housing risk concerning familial status or demographic preferences. Enforce standardized prompt templates with built-in Fair Housing guardrails, require pre-publication review, and have a person review every AI-driven ad targeting setting to avoid geographic exclusions and demographic proxies.

06



Automated Tenant Screening Red Lines & Mandatory Human Decisions

CORE RULE Never delegate housing decisions to algorithms. *Louis v. SafeRent Solutions*, a private class action over an algorithmic tenant-screening score, settled for \$2.275 million (final approval November 20, 2024) and barred the company from using its scoring algorithm to assess applicants who rely on housing vouchers. HUD's Fair Housing Act civil penalty caps, as adjusted effective July 14, 2025, are \$26,262 for a first violation, \$65,653 with one prior violation within five years, and \$131,308 with two or more within seven years. HUD's September 2026 notice made no inflation adjustment for 2026, so these amounts still apply, but they can change, so confirm current figures before you quote them. Keep a documented human decision on every accept/deny, and be able to explain how any AI-assisted result was reached.

CATEGORY III

Client Confidentiality, Personal Identifying Data (PID) & Fiduciary Duty

07



Personal Identifying Data (PID) Protection & Data Classification

CORE RULE The NCREC's November 2025 Tech Corner warns against entering client names, property addresses, and transaction details into AI tools. As brokerage policy, classify data as Class 1 (Public), Class 2 (Internal), Class 3 (Confidential), or Class 4 (Restricted). Never enter Class 4 data, such as Social Security numbers, birth dates, government IDs, bank or trust account details, or unreleased deal terms, into consumer AI tools. Redact or use synthetic identifiers before any processing.

08



Consumer Cloud Data Retention & Public Model Training

CORE RULE Many AI tools store what users enter, and some may use it to train models, depending on the vendor, plan, and settings. Free consumer accounts often lack enterprise privacy protections. Limit client and firm data to approved tools whose retention and training terms you have reviewed, and seek zero-data-retention terms when you buy an enterprise tool. Microsoft and LinkedIn's 2024 Work Trend Index found that 78% of AI users at work bring their own AI tools. Assume it is happening in your office.

09



Client Confidentiality, Consent & Disclosure

CORE RULE Your duty of confidentiality applies to AI use. Whether a specific use needs client consent depends on the data involved, the tool, and your existing agreements. If your brokerage wants AI disclosure or consent language in its agreements, have your attorney or NCAR guidance draft it, and do not alter standard forms yourself. Answer client questions about AI use truthfully.

CATEGORY IV

Advertising Accuracy, MLS & Visual Media Compliance

10



Mandatory Human-in-the-Loop (HITL) Verification Gates

CORE RULE Generative AI can invent property details. Require a person to check all AI copy against MLS data and authoritative records (such as deeds, county records, and inspection reports) before publication, and require agent sign-off. Tax records can be incomplete, so do not treat them as the only source.

11



Canopy MLS Virtual Staging & Altered-Image Disclosures

CORE RULE Canopy MLS requires a clear, readily visible disclosure directly on the image (or within the virtual tour) for virtually staged and AI-enhanced photos. Captions, agent remarks, or other text alone do not satisfy the rule, though you may also note staging in MLS remarks. As recommended practices, repeat the disclosure wherever you reuse the image, including social media, print, and websites, and label AI-generated avatars and video. Canopy's article does not address those uses, so check your MLS and state rules.

12



The Canopy MLS Original-Photo Requirement

CORE RULE Canopy MLS requires an unmodified original image immediately before or after the AI-enhanced or virtually staged photo, or easily accessible alongside the virtual tour, so buyers can see actual conditions. Canopy processes alleged violations as Category II violations under its MLS rules (Section 8.4.2). Check the current rule, because Canopy's article was updated in February 2026.

13



Image Enhancement vs. Physical Property Misrepresentation

CORE RULE Canopy permits digitally placing furniture, artwork, and plants, and cosmetic changes such as paint color or décor, subject to disclosure. Its published standard prohibits adding visual elements that are not physically possible or not within the owner's control (such as a skyline view or a pool that does not exist) and removing power lines, water towers, nearby highways, or flaws. Deceptive edits can lead to MLS complaints and misrepresentation claims.

14



REALTOR® Code of Ethics Article 2 & 12 Advertising Audits

CORE RULE For REALTOR® members, Article 2 (no misrepresentation or exaggeration of pertinent facts) and Article 12 (present a "true picture" in advertising) apply to AI-assisted content. Audit published AI-assisted content for accuracy. The licensee and the broker remain responsible for what is published.

CATEGORY V

Shadow AI, Tool Registers & Vendor Due Diligence

15



Shadow AI Discovery & Comprehensive Tech Stack Audits

CORE RULE Audit for unsanctioned tools and for AI features that are on by default inside CRMs, email clients, photo apps, browser extensions, and vendor updates. Include AI dialers and voice agents: under the FCC's February 2024 ruling, calls using AI-generated voices are treated as "artificial" voices under the TCPA and need prior express consent, so have counsel review before you use them.

16



Maintenance of an Active Approved Tool Register

CORE RULE Publish and maintain an auditable register listing every approved AI tool, its approved use cases, the data classes it may handle, its owner, and prohibited uses. Enter MLS or IDX data into a third-party AI tool only if your MLS data license allows it. Unvetted tools stay prohibited until reviewed.

17



Vendor Data Processing Agreement (DPA) & Contractual Vetting

CORE RULE Before approval, verify what data a vendor retains, whether it trains on your data, and who its subprocessors are. Require a signed Data Processing Agreement, ask for incident-notification commitments (72 hours is a reasonable target to negotiate), and ask who owns and is responsible for AI-generated output. Review vendor terms at least annually and when features change. A standard SOC 2 report may not answer AI-specific questions, so ask directly.

18



Structural Separation of Corporate Governance Policy vs. Agent AUP

CORE RULE Keep two documents for two audiences: a Corporate Governance Policy for leadership (vendor approval, risk tiers, oversight) and a short AUP with the day-to-day rules for agents. A single merged document tends to become unmanageable shelfware.

CATEGORY VI

Operational Workflows, Prompt SOPs & Training

19



Standardized Prompt Templates, Risk Tiers & Guardrail SOPs

CORE RULE Replace informal prompting with approved prompt templates that embed Fair Housing guardrails, verification steps, and brand voice. Sort AI tasks into three risk tiers: Tier 1, open internal use with non-sensitive information; Tier 2, controlled client-facing use with mandatory human review; and Tier 3, prohibited uses such as entering client PID, using unapproved tenant-screening tools, and analyzing contracts without legal review.

20



Agent AI Training & Training Records

CORE RULE Require training before agents use approved AI tools, covering Fair Housing, safe prompting and data privacy, and disclosure standards. Keep a training log for your E&O carrier and as part of your own supervision record. This is brokerage policy, not a continuing-education credit requirement.

21



Contract Drafting & Unauthorized Practice of Law (UPL) Restrictions

CORE RULE Do not use AI to draft or change contract language, alter standard forms, or give legal interpretations. Use approved standard forms and refer custom language to an attorney. Selecting and completing a standard form is different from drafting legal documents. The NC REALTORS® forms policy prohibits revising the pre-printed content of standard forms, and an agent who does so risks unauthorized practice of law under N.C. Gen. Stat. § 93A-6.

CATEGORY VII

Incident Response, Monitoring & Program Maintenance

22



4-Step AI Incident Response & Data Leak Containment Protocol

CORE RULE Adopt a four-step protocol: (1) Stop the activity and remove the offending content. (2) Contact the managing broker promptly, within 24 hours. (3) Preserve evidence, including AI logs and conversation history. (4) Assess with the broker and legal counsel what notice is required, including under N.C. Gen. Stat. § 75-65 if restricted data was exposed, which can require notice to affected individuals and to the Attorney General's Consumer Protection Division. Practice the protocol in periodic drills.

23



Data Loss Prevention (DLP) & Technical Endpoint Controls

CORE RULE Back written rules with technical enforcement: monitor browser extensions, use tools that block unapproved apps or redact sensitive data before it reaches a model, and use enterprise single sign-on where available. Also confirm wire instructions by phone using a known number, to counter AI-enabled impersonation and deepfake fraud.

24



Quarterly Tool Audits, Annual Policy Review & Regulatory Watch

CORE RULE Audit AI tool usage quarterly, formally review the policy at least annually, and update it whenever major tools, vendor terms, or rules change. Watch for developments such as HUD's guidance withdrawals, new NCREC bulletins, Canopy rule updates, California AB 723 (Bus. & Prof. Code § 10140.8, effective January 1, 2026, for California property only), and Colorado's SB 26-189 (effective January 1, 2027, if you serve Colorado clients).

25



Records Retention & Audit Readiness

CORE RULE NC Rule 21 NCAC 58A .0108 requires brokers to keep transaction records for three years after all funds held in connection with the transaction have been disbursed or the transaction concludes, whichever is later. Decide with your attorney how AI prompts, outputs, and logs related to a transaction fit that requirement and your privacy rules. Keep your policy, Approved Tool Register, training records, audit logs, and go/no-go tool decisions in one place so you can show supervision to regulators, insurers, or counsel.

Sources Checked in September 2026

- [NCREC, Artificial Intelligence Legal and Ethical Considerations \(June 2025\)](#)
- [NCREC, Tech Corner: What to Avoid When Using AI Tools \(November 2025\)](#)
- [Canopy MLS, Digital, Virtually Staged, and AI-enhanced Images \(updated February 2026\)](#)
- [Federal Register, HUD civil monetary penalty adjustments \(June 12, 2025\)](#)
- [N.C. Gen. Stat. 75-65 \(security breach notice\)](#)
- [NC Real Estate Commission Rules 21 NCAC 58A .0108 \(records\) and .0110 \(broker-in-charge\)](#)
- [National Apartment Association, HUD withdraws fair housing-related guidance documents](#)
- [Cohen Milstein, Louis v. SafeRent Solutions](#)
- [Cooley, FCC: AI-generated robocalls are illegal under the TCPA \(February 2024\)](#)
- [Microsoft and LinkedIn, 2024 Work Trend Index \(May 2024\)](#)
- [Federal Register, HUD Civil Monetary Penalty Amounts for 2026 \(September 24, 2026\)](#)
- [Federal Register, HUD withdrawal of fair housing guidance documents \(April 6, 2026\)](#)
- [Federal Register, HUD proposed rule on the disparate impact standard \(January 14, 2026\)](#)
- [NC REALTORS®, Can a client make changes to the pre-printed language on a NC REALTORS® form?](#)
- [California AB 723, digitally altered listing images \(Bus. & Prof. Code § 10140.8\)](#)

Important Notice and Disclaimer

Informational purposes only. This checklist is provided by Applied Momentum for general educational and informational purposes. It is not legal, insurance, tax, compliance, or other professional advice, and it does not create an attorney-client, advisory, or fiduciary relationship between you and Applied Momentum or its authors.

Laws, rules, and guidance change. Statutes, regulations, agency guidance, MLS rules, and insurance practices concerning artificial intelligence are changing quickly. The information here reflects sources reviewed in September 2026 and may be out of date when you read it. Confirm the current text and status of every law, rule, penalty amount, and policy mentioned before you rely on it.

Adapt it to your brokerage. This is a starting framework, not a complete or customized compliance program. Recommendations such as data classes, prohibited inputs, training topics, review cycles, and reporting windows are suggested practices, not requirements of North Carolina license law unless a cited source says so. Your obligations depend on your brokerage's facts, your MLS and association memberships, your contracts, and your insurance policies.

Get professional review. Before you adopt any policy or make any decision based on this document, consult a licensed North Carolina attorney, the North Carolina Real Estate Commission, and your errors and omissions (E&O) carrier or broker, as appropriate. Do not alter standard forms or draft contract or consent language without qualified legal advice.

No warranty; third parties. Applied Momentum makes no warranties, express or implied, about the accuracy, completeness, or fitness for a particular purpose of this document, and it is not liable for any loss or damage resulting from its use. References to third-party organizations, products, and publications are for identification only and do not imply endorsement. All trademarks belong to their respective owners.

© 2026 Applied Momentum. All rights reserved. Revised September 30, 2026. appliedmomentum.us | Book a free 15-minute call: appliedmomentum.us/book

appliedmomentum.us