

New Eagle Real Estate Group, Inc.

Policy Manual

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1 | POLICY MANUAL

1.1 GENERAL PURPOSE

The purpose of this policy and procedure manual is to:

- Establish a system of advised daily conduct by and between us when dealing with each other, other members of the Company, our Clients and members of the public. You and Company each agree to engage in business in compliance with the real estate laws in an honest, professional manner to create positive Client relations, goodwill and profits.
- Provide you with policies and guidelines to help provide quality service to our Clients and avoid disputes with and liability to others.
- Provide an orderly system of conflict resolution.

As a representative of the Company, you agree that, in the event of any possible conflict of interest, you will immediately notify the Company in writing so that the Company can take appropriate steps in rectifying the conflict for the mutual protection of all parties.

You agree to apply best effort in all real estate opportunities listed with the Company and the solicitation of new Clients and Customers for future business. Furthermore, you agree to act at all times in a lawful and ethical manner for the greatest mutual benefit of both parties.

1-2 INCORPORATED ITEMS

The following items are incorporated into this manual by reference whether or not the items are attached:

- California and Federal Real Estate Law

You agree to observe all applicable local, state, and federal laws, rules and regulations, the Code of Ethics and Bylaws of the Local, State and National Associations of REALTORS® (also referred to herein as “NAR”) and the applicable Multiple Listing Service(s) (also referred to herein as “MLS”).

- The Parties agree to conform to and abide by all laws, rules, and regulations that are binding on, or applicable to, California real estate licensees.

- Strict adherence to the governing rules and regulations of the California Bureau of Real Estate (BRE), the Code of Ethics of the National Association of REALTORS®, Local Association governing documents (Bylaws, MLS Rules and Regulations, etc.) will be followed by the Company and sales Associates.
- Each Party acknowledges receipt of a copy of this Office Policy Manual, the NAR Code of Ethics, the local Board/Association Bylaws, and the Rules and Regulations of the MLS. (OPTIONAL: add links to websites for NAR Code of Ethics, local Board/Association Bylaws and MLS)

1-3 ASSOCIATE LICENSING, LEGAL AND AFFILIATION REQUIREMENTS

As an Independent Contractor and real estate licensee, in accordance with your contract you must comply with the following at your sole expense:

Real Estate License, Mandatory Continuing Education, Automobile Insurance Coverage

- You shall maintain your own current real estate license in good standing.
- You shall meet all Continuing Education (CE) requirements as established by the California BRE. Proof of CE compliance and license renewal shall be provided to Company no later than fifteen (15) days prior to the applicable renewal date.
- You are responsible for all CE, licensing and license renewal fees and fees relating to name changes.

Membership in the Association of REALTORS®

- You agree to become a member of the local Association of REALTORS®, California Association of REALTORS® (also referred to herein as “C.A.R.”), and NAR and to be responsible for paying all applicable dues and fees in a timely manner.
- You expressly understand that you may choose to join any Association in which the Company holds membership. You can also join other Associations as a secondary membership even if the Company holds no membership in the particular Association.
- You also understand the Company is a member of the California Association of REALTORS®, the National Association of REALTORS® and may belong to any of the Institutes and Societies of the National Association of REALTORS®.
- You agree to abide by the rules and regulations of these organizations to which Company must adhere as a member thereof.

1.4 RESPONSIBILITIES

You are responsible to work in accordance with Company policies and procedures. Your failure to comply with the policies and procedures within this manual may result in disassociation (the termination of your Independent Contractor agreement) with this Company.

1.5 EXCEPTIONS TO POLICIES AND PROCEDURES

When exceptions appear to be needed, they shall be discussed in advance with the Manager. Any exceptions shall be in writing and apply only to the particular situation for which the exception is granted.

1.6 CHANGES IN MANUAL

This Office Policy Manual may be changed from time to time by the Company. Changes can be made at any time and will be distributed periodically. You must initial all changes and return them immediately to the Company. (OPTIONAL: through the Company's on-line computer network system. The policies online at any time represent the Company's current Office Policy Manual.) Proposals for policy or procedural changes should be sent to the Manager for study and recommendation. Any questions as to the existence of policy at any time in the past should be directed to a Company Manager.

1.7 EXCLUSIONS FROM THE MANUAL

This Office Policy Manual applies only to real estate licensees with an independent contractor agreement with the Company. This Office Policy Manual does not apply to Company staff who are hired to work as employees of the Company.

1.8 CONFLICT WITH SALESPERSON/BROKER INDEPENDENT CONTRACTOR AGREEMENT

In the event of a conflict between this Office Policy Manual and your Salesperson/Broker Independent Contractor Agreement, the terms of this Office Policy Manual shall prevail.

2

INDEPENDENT CONTRACTOR RELATIONSHIP

2.1 INDEPENDENT CONTRACTOR

You have signed an Independent Contractor Agreement with the Company and are associated with this Company as an Independent Contractor. You do not have an employee-employer relationship with this Company. The Company, however, has the responsibility under state real estate law to supervise the conduct of those operating under the Company license. You are considered to be an Independent Contractor for federal and state tax purposes. You are also considered an Independent Contractor for purposes of unemployment insurance. The Company will provide workers' compensation insurance for you.

The Independent Contractor Agreement with the Company sets forth the duties and responsibilities of both parties. Please read and review it carefully. The agreement includes important terms and requirements, such as:

- The terms of compensation for services performed during the time of your association with the Company or for any work still in progress but not yet completed prior to disassociation with the Company.
- After disassociation with the Company, the disposition of all active listings, pending sales and Buyer Agency agreements that the Salesperson or Broker-Associate (also referred to herein as "Associate") obtained during association with the Company.
- As required by law, delivery by the Associate of all files and documents pertaining to listings, leads and transactions to the Company upon the Company's request or upon disassociation.

2.2 TAX FILING REQUIREMENTS

The Company is not responsible or liable for deduction of Social Security, income or unemployment taxes for any Brokerage sales and related income. Each Associate is responsible for maintaining all business and financial records necessary for purposes of reporting income as required by state and federal agencies and for reporting income as required by law. The Company's obligation is limited to providing a 1099 Miscellaneous Income form to you and to government agencies as required.

2.3 BROKER-ASSOCIATES

We want to avoid confusion with other Brokers, and also let the Consumer know who is the Brokerage Firm for a transaction; therefore, if you are a Broker-Associate, you may not Associate with another Broker or Company nor engage in real estate Brokerage transactions in your own name instead of the Company's name, without the prior written consent of a Company Manager.

Company Authorization to Execute Agreements

The obligation, commitment, or binding of a promise of representation by the Company is not valid unless the Associate receives authorization from the Company in writing and provided that the Associate is authorized to execute listing agreements, Buyer/Seller agency agreements, and other approved forms on behalf of the Company and that the commission involved in the transaction is not less than that specified by the current policy of the Company.

Authority to terminate a listing agreement, Buyer/Seller representation agreement, or other legal or agency agreement, or make amendments to the agreement that alter the term and/or change the amount of compensation established in the agreement is prohibited unless such request is first presented to the Company or manager of the Company who is authorized to execute such terminations and amendments and grants authorization in writing.

2.4 ASSOCIATION WITH THE COMPANY

You are associated with the Company for an unspecified term. Unless it is otherwise expressly agreed in writing by the parties, either the Associate or the Company may terminate the Independent Contractor Agreement at any time, with or without cause.

2.5 ASSOCIATION ID FORM

The Company will keep on file in the office vital information on all Associates for emergency and other situations. This form includes the Associate's name, address, emergency contact, information on the car you drive, and list of primary physicians and special medications.

2.6 CHANGES IN CONTACT INFORMATION

All changes in name, address, telephone numbers, email address and other pertinent information of any Associate must be reported immediately by you to the Office Manager or secretary who will make a record of the changes and report these changes to the BRE and the local Association of REALTORS® if appropriate. You are responsible for any fees associated with name, address and telephone number changes charged by the BRE or the Association of REALTORS®. You are responsible for payment of any costs of printing new materials to reflect these changes.

3

GENERAL OFFICE POLICY

3.1 OFFICE BUSINESS HOURS

The Office's general days of operation will be Monday – Friday 9am – 6pm. Office Support Staff (if any) will be available during these hours.

The Office will be closed on all holidays. While the office may be closed, Associates provided with office keys may use the office at their own discretion.

3.2 OFFICE SECURITY

You will receive a door key and/or access card, if necessary. Do not allow anyone else to use these items absent the Company Manager's prior written consent. All of these items must be surrendered immediately upon your disassociation with the Company. By accepting a key or other means of accessing the Company's office, you are also accepting responsibility for safeguarding the office. Immediately inform the Company of any lost key. There will be a charge for replacement of lost or stolen keys. The Company is not responsible for any theft or loss of personal items left in the office. The last person leaving the office must make sure that all accesses into the building are firmly secured, all lighting and business equipment and appliances are turned off, and that the security alarm is activated before leaving the building.

3.3 OFFICE APPEARANCE

It is your responsibility to keep your work area clean, tidy, and professional in appearance. Your office appearance is a reflection on yourself as well as the firm when Clients and Customers are visiting. Any public areas, including conference or meeting rooms, must be reorganized and cleaned after usage.

3.4 PROFESSIONAL DRESS

Business or business-casual attire is appropriate when you are serving the public in real estate transactions and when representing the Company.

3.5 PROFESSIONAL CONDUCT

As a member of the National Association of REALTORS®, you are expected to be familiar and comply with the Code of Ethics and cooperate and be courteous to other professionals.

If you receive notice from the Association of REALTORS for an ethics, MLS or arbitration matter, you must immediately notify the Broker responsible for such matters for the Company. We place a high value on cooperation in the Company between our Associates, both in the sharing of market and inventory information, as well as working together to provide a high level of service to our Clients. Cooperation and courtesy between Associates fosters a congenial work place, ultimately benefits everyone, and fosters a high level of service to our Clients.

3.6 SMOKING

Smoking is not permitted on the Company premises.

3.7 SUBSTANCE ABUSE

Drugs and alcohol, with the exception of prescription drugs necessary for you to perform your duties, are prohibited on the premises or in the workplace and their use may be grounds for disassociation or the suspension of your association with the Company.

Under no circumstances is an Associate to perform his/her services with a Client who is substance impaired. In the event that an Associate suspects that a Client is under the influence of drugs, alcohol, or is otherwise impaired, you are to cease transacting business and resume only when the Client is no longer under the influence.

3.8 SAFE WORK ENVIRONMENT

The Company is committed to providing a safe work environment. If you observe any situation or condition which could pose a health or safety risk to employees, Associates, Clients or members of the public on any of the Company's premises, promptly notify the Company Manager.

3.9 INJURY AT WORK

If you are injured at work or in a work-related activity, you must report the injury to the Company Manager at the earliest practicable time.

3.10 COMPANY MEETINGS

Sales and other types of meetings are held on a regular basis at the office. The purpose of these meetings is to provide a format for the exchange of market opinions and ideas, helpful anecdotes, market statistics, recent sales, new listings, mortgage news, training, and any other information deemed valuable to you. These meetings are voluntary in nature, but all Associates are encouraged to attend.

Red Flag Meetings may be held, as needed, to inform the Associates of changes to the Independent Contractor Agreement, and laws affecting the practice of real estate. Because Red Flag Meetings most often address the Company's responsibilities under state real estate law, including supervision of Salespersons operating under the Company license, and the information provided in Red Flag Meetings may affect the terms of your association with the Company, all Associates are required to attend Red Flag Meetings unless specifically excused from participation. Ample notice will be given prior to the Red Flag Meeting.

3.11 FLOOR TIME

The main purpose of Floor Time is to have a representative of the Company present to assist prospective Buyers and Sellers in becoming Clients. A secondary purpose is to provide information about our listings to Brokers from other firms. Therefore, it is essential that a real estate Licensee be available on site during business hours. This opportunity is available on a voluntary basis, but once an Associate is scheduled, he or she is required to keep his or her commitment or find someone else who will fulfill the commitment. The Office Manager will prepare the monthly Floor Time schedule and will post it prominently.

3.12 WORKING FROM HOME

You may work from your home, but not conduct personal consultations with Company Clients at home. Remember that the Broker is required to supervise your activity as a salesperson. For legal compliance, be sure that all listings, transactions, files and documents that you work on in your home are promptly brought into the office or accessible for review by the Company Manager in the same manner as if you were working from the office.

3.13 JURY DUTY

Jury service is a civic duty. If you are called to serve on a jury, advise the Company Manager and arrange with him or her to have a fellow Associate handle your business while on jury duty.

3.14 TIME OFF / LEAVES OF ABSENCE

The Company may allow time off and/or leaves of absence for extenuating personal reasons. Discuss any request for a leave of absence with the Company Manager, how any pending business will be handled, and how your compensation may be affected.

3.15 DESK

Desk space in the office may be available for use and may be shared or used with others unless otherwise agreed between you and the Company Manager. You are responsible for keeping any desk you use and the area immediately around it in a neat and professional appearance.

3.16 CONFERENCE ROOMS

Conference rooms (if any) are available for your use. They are available on a first come, first served basis unless a reservation system has been set up by the Company Manager. Be considerate of others. When you finish using the room, leave promptly and be sure to clean up when you leave.

3.17 OFFICE EQUIPMENT

Shared office equipment for your use may be available for your use. Please be considerate of others and limit your time when using shared equipment. You are expected to provide your own computer for your own business and personal use.

3.18 COMPANY SUPPLIED ITEMS

Any equipment and supplies provided by the Company are for your business-related use, and may not be used for your personal use without the Company's prior consent.

3.19 BUSINESS CARDS

You will receive at no cost your initial order of Company business cards. The cost of additional cards will be billed to you in accordance with a separately-published policy regarding costs for business cards.

3.20 CONTRACT FORMS AND ZIP FORMS

All Standard transactions forms should be pulled from Zip Forms. **DO NOT USE OUTDATED FORMS!**

3.21 SIGN POLICY

Each Associate is responsible for the purchase of their building signs, A-frames, yard signs, riders, and other onsite marketing items. Signage must be purchased from a vendor approved by the Company and consistent with the Company's Sign Formats/Design.. It is your responsibility to assure that the signs meet Company format and legal requirements.

All signage must comply with advertising laws and the regulations in effect in each particular community. Any fines incurred due to the Associate's improper use of signage will be paid by the Associate.

"Pending Sale" or similar signs may be posted, with the Seller's permission, after acceptance of an offer.

If a listing agreement expires or is cancelled, a For Sale/For Lease sign should not be left on the property. Such signs must be removed within three days after expiration or cancellation.

3.22 CARAVANS AND BROKERS' TOURS

You are encouraged to participate in caravans and Brokers' Tours to familiarize yourself with Company listings.

3.23 FEES AND COMMISSIONS

As provided by law, all fees and commissions must be made payable to the Company. You will be paid out of the fees and commissions earned by you based on the Compensation Schedule published separately by the Company. Payment to you, less expenses and offsets, is conditioned upon actual receipt of the compensation by the Company. For compliance reasons, payment is further conditioned upon review of your transaction file by the Company Manager and the file being deemed by him/her to be complete.

3.24 MONTHLY ADVANCES/DRAWS

It is the Company's policy to NOT pay monthly advances or draws to our Associates.

3.25 BUSINESS EXPENSES

Any expenses relating to customer/Clients, transactions, entertainment or personal promotion will be paid for by you, not the Company, unless otherwise agreed in writing by the Company Manager or Broker.

3.26 DEDUCTIONS

All expenses of any kind incurred by you with the Company; or incurred by the Company on your behalf, including unpaid draws and advances, expenses for advertising, supplies, signs, etc., and/or any such expenses that you have agreed to pay the Company but have not paid in accordance with Company policy, will be deducted from the next commission payments due you.

3.27 TRANSACTION COORDINATORS

The Company contracts with one or more transaction coordinators (T.C.). A transaction coordinator can assume many roles including:

- Reviews all agreements and documents to determine if all signatures have been obtained.
- Calendars all dates.

- Monitors compliance with contractual requirements.
- Orders inspections.
- Originates Broker escrow files.
- Arranges for delivery of documents.
- Interfaces with outside affiliates such as lenders, mortgage Brokers, and inspection companies, professional reporting companies, escrow companies and title companies.
- Reports deficiencies, delinquencies or problems to the Associate and Broker.

The T.C. is available for your use. You will be assessed a per transaction fee of \$200 for use of the T.C. (whether or not escrow closes on the transaction).

If you are considering retaining the services of a transaction coordinator or assistant, you must first notify the Company Manager to assure the relationship and terms are clear as between the parties involved.

3-28 ANTITRUST GUIDELINES

In order to avoid antitrust claims against the Company, you are reminded not to engage in any verbal or written conversations with Agents or Brokers from other companies that could be construed as an antitrust violation, including, but not limited to, the following:

- Setting of commissions, charges or other fees to the public.
- Boycotting or not doing business with a particular person, competitor or entity.
- Setting of Rates or percentages of compensation to be paid to cooperating Brokers.
- Refraining from conducting business in specific territories, refraining from providing certain services or refraining from servicing certain customers.

4

MAINTAINING FILES

4-1 GENERAL

Your files are a record of every event relative to your dealings with your Client on a listing or sale transaction. For regulatory reasons, you must retain copies of all listings, deposit receipts, cancelled checks, trust records, and other documents executed by you or obtained by you in connection with a real estate transaction, whether the sale is consummated or not.

You must maintain a neat and orderly file on every listing and sale on which you work. Since the business is being conducted using the Broker license of the Company, all files are the property of the Company and are to remain either in your possession or the Company's possession until the file is closed. All closed files will be promptly returned to and remain with the Company for storage. All physical files will be held in storage a minimum of three (3) years from the date of closing or the date of listing if the transaction is not completed in accordance with real estate law after which time they may be destroyed in accordance with the Company's document storage policy. Electronic Files of all completed transactions will be stored at a minimum of 7 years.

In addition, you are responsible for alerting the Company of any mortgage loan activities. All such records will be held in storage a minimum of three (3) years from the date of closing or the date of listing if the transaction is not completed in accordance with real estate law after which time they may be destroyed in accordance with the Company's document storage policy.

4-2 BROKER REVIEW

To assist with compliance with the real estate laws, you must promptly submit all signed documents to the Company Manager or his/her designee after receipt by you. The Manager will review the document for completeness and accuracy. Any incomplete or incorrect items or documents must be promptly corrected and returned to the Manager.

Prior to the close of every escrow, you are required to turn in your files for review by the Manager or his/her designee for a pre-closing review. Any missing or incomplete items will be noted and you will be given a time period within which to comply. Remember, your file must be complete to receive compensation.

4-3 FILE REQUIREMENTS

- A. Your file must contain an accurate, comprehensive telephone log and journal of your activities relative to that file.

B. Always document the following:

- Setting of commissions, charges or other fees to the public.
- The name of any person you spoke with.
- The date and time of the conversation or activity.
- The subject matter of the conversation or activity and the result of the conversation or activity.
- Any significant decision or discussion not documented elsewhere in writing.

C. Also include in your file:

- A checklist and calendar of important information and deadlines.
- Copies of all correspondence and significant emails to and from your Client.
- Copies of all offers and counter-offers and contract addenda.
- Copies of all disclosures and reports or any other writing delivered to you or your Client.

D. Be sure all documents contain signatures of all parties required to sign. Whenever your Client receives a written document regarding the transaction, you must leave a copy with the Client and retain a copy of the same document for your file.

E. Retain copies of emails and other electronic documents that are part of the transaction or as required by the real estate law.

F. The Company Manager may have a sample file for your use as a guide for proper record keeping. If you are not sure how to maintain a proper file, get help from the Manager.

4-4 GET IT IN WRITING

As a general rule, all agreements must be in writing. In fact, if you don't have a written agreement with the principal, you may not receive your commission. If you discuss anything with any party or another Broker/Agent, always confirm your discussions and understanding with a written follow-up to that party or Broker/Agent. Never sign anything on behalf of your Client, another Agent or anyone else.

4-5 THE LISTING/MANAGEMENT/COMMISSION AGREEMENT

California law requires that a compensation agreement be in writing and signed by the party to be charged in order to be enforceable. If you represent a Buyer in a for-sale-by-owner (FSBO) transaction and the Buyer is to pay a commission, you must have a written agreement with the Buyer to pay that commission, such as a Buyer-Broker agreement.

If Seller has not signed (or will not sign) a listing agreement, and if the Seller is to pay the commission, you must have a written agreement with the Seller, such as a single party compensation agreement.

Make sure that you obtain all necessary signatures to be able to sell the property.

Unless approved in advance by the Company Manager, all listings will be “Exclusive Authorization and Right to Sell” listings. All listing and management agreements will be taken on the most current CALIFORNIA ASSOCIATION OF REALTORS® Standard Forms or another form approved by the Broker.

4-6 DO NOT USE OUTDATED FORMS

Always use current forms. Keep your on-line forms database (such as zipFormsPlus®) up to date with the most current forms. Always check with your office to ensure that you are not using out-of-date forms.

5

HANDLING CLIENTS AND SALES ACTIVITIES

5-1 AGENCY RELATIONSHIPS AND DUTIES

A. Broker's Policy on Agency

In a given transaction Company and its Associates may represent one or more parties. These relationships include representing the Seller, the Buyer or both in the same transaction. It is also possible that there may be multiple Sellers or multiple Buyers at any given time that may be interested in the same property or Buyer.

If the Company has the listing agreement with the Seller, the Broker and Associate represent the Seller only, unless you or another Associate working for the Company also represents the Buyer, in which case the Broker is a dual Agent.

If the Company is representing the Buyer and does not have a listing agreement with the Seller, the Broker and Associate represent the Buyer.

Remember, a dual agency relationship may be created through the Broker. If you have listed the property for a Seller and another salesperson from this Company brings an offer from a Buyer, the Broker may be a dual Agent. If you have questions on how to complete the agency disclosure forms, contact your Broker.

B. Duties and Standards of Conduct

When you represent a principal in a transaction you have a duty to that person. This means you have a duty of utmost care, integrity, honesty and loyalty in dealings with that principal. In addition, a listing Agent owes the Buyer, and a Buyer's Agent owes the Seller the following duties:

- Honesty.
- Good faith and fair dealing.
- Disclosure of known facts materially affecting the value or desirability of the property that are not within the diligent attention or observation of the parties.
- The exercise of reasonable skill and care in performance of your duties.

In situations involving dual agency, (created by one salesperson representing both Buyer and Seller, one salesperson representing multiple Buyers regarding the same property, or two different salespersons working under the same Broker with one representing the Buyer and the other representing the Seller), it is particularly important for each salesperson to understand the Client information that must be held confidential in accordance with the law, agency agreements, the BRE regulations, and the NAR Code of Ethics. Please consult the Broker or Company Manager if you have any questions. You may never represent two or more competing Buyers offering to purchase the same property at the same time without the Company Manager's prior written consent.

Please also review the Company policies described in the section, "Drafting and Negotiating Contracts" below.

C. Agency Disclosure Requirements

The agency disclosure law applies to sales, exchanges and leases for more than one year, involving real property improved with one-to-four dwelling units, stock cooperatives, and mobile homes and commercial property. The law applies whether or not the property is owner-occupied. You must provide a statutory disclosure form entitled "Disclosure Regarding Real Estate Agency Relationships" (California Association of REALTORS® form AD or similar form) in every applicable transaction.

If you represent the Seller, you must provide the disclosure form to the Seller BEFORE entering into the listing agreement. Inform the Seller of our policy regarding agency as set forth above. Get a signed "Acknowledgment of Receipt."

If you represent the Buyer, the law requires that you must provide the Buyer with an agency disclosure as soon as practicable BEFORE executing an offer to purchase. Don't forget to get a signed acknowledgment of receipt.

When you present an offer and the listing Agent is not licensed under this Company, you must also provide an agency disclosure to the Seller as soon as practicable BEFORE presenting an offer. Delivery of the disclosure to the listing Agent is generally sufficient.

Delivery may be made in person, by mail or by facsimile.

5-2 FAIR HOUSING

We live and work in a diverse, multi-cultural society. The Company is committed to equal opportunity, fair housing and complying with all applicable local, state and federal fair housing laws, Article 10 of the NAR Code of Ethics and the NAR Code of Fair Housing Practices. Please also see Section XI, titled "Discrimination Policy."

5-3 PROPRIETARY INFORMATION

Treat all Client information as confidential and proprietary. You have a fiduciary duty to your Clients and should never use any information learned during the course of your representation of your Clients in any manner adverse to their interests. Of course, this does not override the requirement to disclose material facts or to be honest. If there is an issue with a Client instructing you to commit fraud or not to disclose material facts, contact the Company Manager immediately before proceeding.

5-4 SHARING INFORMATION

It is the Company's policy to make a full, open and sincere effort to cooperate with other Company salespersons including sharing information, unless the principal has given instructions to the contrary. This does not mean, however, that you should disclose confidential information about your Client or the Company.

5-5 TAKING LISTINGS

California law requires that a compensation agreement be in writing and signed by the party to be charged in order to be enforceable. Unless approved in advance by the Broker, all listings will be "Exclusive Right and Authorization to Sell" listings.

Any exclusive listing agreement (including an exclusive agency or an exclusive Buyer-Broker agreement) must include a definite, specified date of final and complete termination. The claiming of compensation under an exclusive agreement which does not contain a definite, specified termination date can lead to revocation or suspension of a real estate license.

Absent the Company Manager's prior consent, you must have all owners of a property sign the listing agreement before you begin marketing the property. If someone signs on behalf of another, you must have written evidence of the authority to act, such as a power of attorney or letter of administration. If a party refuses to sign the listing agreement, notify the signing parties in writing that it is Company policy not to market the property until all parties have signed the agreement.

Before taking the listing, search the MLS to determine whether or not the property is currently listed with another Broker. If the property has previously been listed, be sure to ascertain whether there are any persons that should be excluded due to an express statement/claim by the previous Company. Check with the Company in the event of any questions on this. It is this Company's policy to not take a new listing until the existing listing has expired.

NOTE: With the approval of the Company Manager, and subject to Article 16 of NAR's Code of Ethics, you may enter into a listing agreement now which will not become effective until after expiration of the prior listing agreement.

If the property is in escrow, continue marketing the property unless the Seller agrees otherwise in writing. Make sure the listing does not expire before close of escrow. Get all modifications or extensions in writing.

All listings are taken in the name of the Company, which reserves the right to reassign the listing upon request of the Seller, or if the listing has not been handled properly, or the Company deems it in the best interest of the Client to do so. Any decision by the Company to reassign a listing is conclusive and you will have no right to a commission upon the sale unless agreed to by the Company Manager.

If you represent a Buyer in a for-sale-by-owner (FSBO) and the Buyer is to pay a commission, you must have a written agreement with the Buyer to pay that commission, such as a Buyer-Broker agreement. If the FSBO Seller is to pay the commission, you must have a written agreement with the Seller, such as a single-party compensation agreement or a separate commission agreement.

5-6 FARMING

The Company will separately publish its procedures and guidelines for farming activities. These procedures and guidelines may be changed at the discretion of the Company Manager.

5-7 LISTING PRESENTATIONS

All of your marketing efforts will be a waste if you don't have an effective listing presentation. If you are a new licensee, don't be afraid to ask for help. The Company Manager or an experienced Associate will be more than happy to help you develop an effective listing presentation. If you are an experienced Associate, it never hurts to review your presentation with other Associates. Remember: practice makes perfect.

For an effective presentation, here are a few guidelines to follow:

- **BE PROMPT!**
- Prepare a Market Analysis for the Seller's review and use.
- Always leave a copy of any signed contract with the Seller
- Be confident, positive and truthful. Don't exaggerate or mislead.

5-8 DRAFTING AND NEGOTIATING CONTRACTS

- A. When preparing an offer to purchase on a purchase agreement form, or completing an addendum or counter-offer form, make sure of the following:
- All blank lines are filled or have a line placed through them.
 - Any inserted written language can be clearly understood by someone who is not familiar with the discussions you may have had with your Client. Do not draft contractual language on your Client's behalf.
 - Review the document in light of all prior offer terms, addenda and/or counter offers to make sure that there are no ambiguities or conflicts between the various terms.
 - Review the document to be sure it reflects your Client's wishes prior to asking them to read and sign it.
- B. Remember, as a listing Agent, you must present all offers to the Seller, even if the property is in escrow, unless the Seller has given you written instructions to the contrary. Upon receiving the offer, review it thoroughly for completeness, accuracy and clarity. Pay close attention to time limits set out in the offer, **ESPECIALLY** the time within which the Seller must respond. Make an appointment as soon as possible to present the offer.
- C. As with all contracts, you must obtain all parties' signatures. If a party signs on behalf of another, you must have evidence of that person's authority to do so in writing. If you must present an offer missing a signature, you must disclose this fact to the Seller or listing Agent. Be sure to condition the offer on obtaining any missing signature(s).
- D. If your Clients receive a counter-offer, be sure the terms are clear and complete. Be sure to review it against the original offer to purchase and all previous counter offers. Act expeditiously to present the counter-offer for consideration, signature and timely delivery to the other Agent.
- E. As mentioned above, you may never represent two or more competing Buyers offering to purchase the same property at the same time without the Company Manager's prior written consent.
- F. It is Company policy that, if you have a listing and there are multiple offers, you may not represent both Buyer and Seller in the contract negotiations without the Company Manager's prior written consent. You must choose to represent only the Seller or the Buyer during the pre-contract negotiations, and a Company Manager or another salesperson will represent either the Buyer or Seller who is not represented by you during contract negotiations.

- G. Even if an Associate may be a qualified professional in the financial or legal fields, all Associates are strictly prohibited from giving any tax or legal advice or legal opinions. If questions of a legal or tax nature arise, the Associate should advise the Client to consult with his or her own tax advisors or legal consultants.

5-9 NEGOTIATING COMMISSIONS

While commissions are negotiable, the Company reserves the right to set minimum acceptable commissions on listing agreements. The Company Manager will advise you of the Company's policy in this regard. You must get the Company Manager's permission to accept a listing at a commission lower than the Company's acceptable minimum commission.

5-10 NO ADVANCE FEES

The payment by a principal to the Company prior to the performance of services is known as an Advance Fee. All Advance Fee arrangements must be pre-approved by the California Bureau of Real Estate. You may not propose or accept an Advance Fee without the express approval of the Company Manager and the prior written approval of the Advance Fee arrangement and materials by the California Bureau of Real Estate.

5-11 SHOWING PROPERTIES

Whenever possible, preview a property before showing it to prospective Buyers. If you are familiar with the property you will be more effective when showing it to your Client. Also, you may find that despite contrary representations, the property really is not suitable after all. Your time and your Client's and the Seller's time are valuable, don't waste it:

- Whenever possible, call the listing Agent to alert the Seller before showing.
- Follow instructions in the MLS that relate to showings.
- Give the Seller reasonable time to make the property ready for you and your Client.
- Listing Agents should give the Seller an estimated time frame within which you expect to arrive. Be prompt. If you will be considerably late, call the Seller.
- If you have not heard from the Seller before arriving, or if you are using the lockbox, go to the door first without your Client.

5-12 CONDUCTING OPEN HOUSES

Open houses are a great way to expose your listing for sale and to meet prospective Buyers. Plan your open houses in advance. Be sure they are advertised. In order to assure a successful open house, follow these guidelines:

- Prepare and take sufficient property flyers and information about you and the Company.
- Prepare and take a list of comparable sales and properties for sale in the immediate area of the open house.
- Suggest that the Sellers not be present and that they lock away all valuables that could be targets of theft.
- Place your A-Frames in strategic, but permissible, locations.
- Open the house, turn on the lights, and make the house look fresh and inviting. Have a sign-in sheet.
- Greet visitors in a friendly manner.
- Be aware of your personal safety. Let someone know where you are and have a plan if a visitor starts to make you feel uncomfortable or threatened.
- Accompany the visitors through the property, especially in furnished properties.
- When the open house is over, close up the home, making sure that all doors and windows are locked.

5-13 SAFE DRIVING

You are expected to keep your automobile in a properly maintained and safe operating condition at all times. You are responsible for damage or injury caused while driving. It is your obligation to drive in a safe, responsible and alert manner. This is especially true if you have Clients in your car. Under California law, drivers are generally prohibited from using a wireless telephone, except a hands-free telephone, and from reading, writing or sending a text message while driving. Cell phones can be a distraction; do not become distracted while driving.

Remember the automobile is part of your image and it is recommended it be kept clean and have a professional appearance in order to reflect well on you and the Company. It must be maintained in a safe operating condition at all times.

5-14 PROPERTY MANAGEMENT

The Company does not provide property management services to our Clients. You may not engage in the management of property for others without the express written consent of the Company. If you have questions about whether certain activities requested by a Client are property management services, please consult with the Company Manager.

5-15 GIFTS

It is the policy of this Company that you may give gifts to your Clients at closing and other times as an appreciation of their business, but Associates must be aware of the laws against referral arrangements and fees.

5-16 REFERRAL FEES

The Real Estate Settlement Procedures Act (RESPA) generally prohibits a settlement provider (real estate Agent, lender, Title Company, etc.) from giving or receiving cash or anything else of value for the referral of business or in expectation of the receipt of future business, pursuant to a pre-existing agreement. One exception is a referral fee paid between real estate Brokers (but not mortgage Brokers) for the referral of Clients, in which case referral fees are allowed. RESPA generally applies to transactions involving properties with one-to-four residential units with a federally-related mortgage loan (this includes most institutional loans). You may not, personally or on behalf of the Company, offer to give to, or accept from, any person without a real estate license a fee or thing of value for the referral of a Client pursuant to a pre-existing agreement. If you have any questions as to whether to pay or accept such a fee or anything of value, contact the Company Manager.

5-17 OUT-OF-AREA BUSINESS

If you are requested by a Client to handle the listing or sale of property outside of the normal geographic market served by the Company, it is the Company's policy that referrals should be sent through the Company's Relocation Department which maintains referral relationships with Brokerages throughout the country.)

See the Company's Compensation Schedule for compensation to you on the payment of referral fees.

5-18 POWERS OF ATTORNEY

It is Company policy that you never act as an attorney-in-fact under a power of attorney for your Clients. If your Clients will not be available to sign documents related to a transaction, they should secure someone, other than you or someone connected with the Company, to act on their behalf. You should have the Escrow Company review any power of attorney to determine its sufficiency for its purposes for the attorney-in-fact to execute necessary documents.



5-19 TRUST FUND HANDLING

As a regular part of the real estate business, you may receive funds on behalf and for the benefit of others, i.e., “trust funds.” The California Department of Real Estate (which is now the “Bureau of Real Estate”) Reference Book defines trust funds as “money or other things of value that are received by a Broker or Salesperson on behalf of a principal or any other person, and which are held for the benefit of others in the performance of any acts for which a real estate license is required.” The most common types of funds are “earnest money deposits”, improper trust fund handling is a serious problem that may lead to civil, criminal and Bureau of Real Estate action against you and the Company. Remember, you are handling someone else’s money and there are specific rules on how to do so. If you have questions, contact a Company Manager. Salespersons are not allowed to keep separate trust accounts.

If the funds of an offeror are to be held uncashed, such as the initial deposit on a purchase agreement, you must still deliver those funds to the Broker or designated staff person.

The Broker is generally required to deposit trust fund money not later than the third business day after receipt, unless as is specifically / authorized to hold a check received from an offeror uncashed in the manner specified by the law.

If trust funds will be something other than money (other than cash, personal check, cashier’s check, or money order), you must obtain the Company Manager’s pre-approval before taking possession of the trust item. If you receive cash, always verify the amount you are receiving. Count it in the presence of the party and always give the person a receipt immediately upon receiving cash from them.

5-20 AGENT OWNED PROPERTY – PERSONAL TRANSACTIONS

You may buy or sell real property for your personal use (property in which you either have, or will have, an ownership or financial interest) subject to the following guidelines.

Listings

In the event of a Salesperson selling a property in which she/he has an ownership or financial interest (“Agent Property”), the Agent must:

- 1 Notify Manager or Broker in Advance; obtain approval in advance of the Manager or Broker of all marketing material and disclosure documents; and, not represent Buyers or prospective Buyers in the sale of Agent’s property.
- 2 Notify Management immediately in the event that any of the Company’s Agents writes an offer on the Agent’s property.

Indemnity

The transaction in which you have a personal interest may not be covered by the Company's Errors & Omissions policy. Check with the Company manager before proceeding. Except as may be covered by the Company's Errors & Omissions policy of insurance, you agree to indemnify and hold harmless the Company from any and all claims against you and/or the Company arising out of the purchase, sale, or lease of any real property in which you have, or will acquire, an ownership or possessory interest.

Commissions

Upon the sale or purchase of real property in California in which you have, or will have, an ownership interest, you agree to pay to the Company a commission based on % of the sales price in the amount that the Company would have received, net of any commission paid to you, based on your commission split on that transaction.

An exception exists for one purchase and one sale of a primary residence within a month period, in which case you will be allowed to keep the entire commission paid for that respective side of the transaction.

6

PERSONAL ASSISTANTS

6-1 GENERAL

You may find hiring a personal assistant to be helpful to your business. In hiring a personal assistant, you may become an employer and have numerous employer responsibilities under state and federal law (e.g., compliance with applicable requirements on minimum wage, mealtime and breaks, etc.). Interviewing, hiring and contracting with the assistant will be solely up to you. You agree that any assistant you hire will be required to abide by this Office Policy Manual. If your assistant engages in any conduct that would violate this Office Policy Manual, or in any way acts in a manner to bring disrepute or potential liability to the Company, the Company reserves the right to demand that you terminate the assistant or otherwise prohibit him/her from entering the office for any reason, at any time.

Any compensation due the assistant shall be arranged between you and your assistant, and will be your sole responsibility.

6-2 UNLICENSED AND LICENSED ASSISTANT

The Company's general policy is that unlicensed office personnel (secretaries, assistants, personal assistants, receptionists, accounting personnel, etc.) are to be used in a support role to the main real estate business function of the Company. **UNDER NO CIRCUMSTANCES** will you authorize or allow unlicensed office personnel to engage in acts for which a real estate Broker or salesperson's license is required.

You must immediately disclose to the Company if your personal assistant has a real estate license. The personal assistant may not engage in any activity which requires a real estate license without: (1) the prior written consent of the Company; (2) entering into a written Broker/Associate-Licensee/Assistant Three-Party Agreement (C.A.R. Form TPA) or Independent Contractor Agreement (C.A.R. Form ICA) detailing the personal assistant's relationship with the Company; and (3) submission of the personal assistant's real estate license to the Company.

Licensed personal assistants are not subject to, nor paid in accordance with, the Company's Compensation schedule. Licensed personal assistants are compensated solely through your contractual arrangement with them. The Company shall never be obligated to pay your licensed personal assistant except as may be paid to such assistant out of funds in escrow, or from escrow funds actually received by the Company, and for which you have given specific instructions to the Company to pay such assistant.

6-3 PAYMENT/TAX REPORTING

You are responsible for determining whether your relationship with the personal assistant is that of employer-employee or independent contractor, and for proper withholding and reporting of taxes. The Company strongly recommends that these matters shall be discussed with an attorney and/or accountant before any decisions are made.

6-4 SALESPERSON–PERSONAL ASSISTANT CONTRACT

You are required to have a written agreement with your personal assistant that expresses the nature of the relationship and each party's duties and responsibilities. The Company shall be given a copy of the agreement for its approval and records prior to its effective date.

6-5 SUPERVISION

You are responsible for supervising all activities of your personal assistant, whether or not such activity requires a real estate license. If requested by the Company Manager, you shall report on the performance of the personal assistant.

6-6 INDEMNITY

Except as may be covered by the Company's Errors & Omissions policy of insurance, you agree to indemnify, defend and hold the Company harmless from all claims, demands, liabilities, judgments, arbitration awards and attorney fees for which the Company is subjected to by reason of any action taken or omitted by your personal assistant.

6-7 WORKERS' COMPENSATION

No Workers' Compensation insurance is provided by the Company for unlicensed assistants hired by Associates. Associates who hire unlicensed assistants shall be responsible for providing Workers' Compensation insurance for those assistants when required. Associates should discuss this matter with a Workers' Compensation insurance representative, and/or check the State of California Division of Workers' Compensation website at: <http://www.dir.ca.gov/dwc/>.

7

ADVERTISING GUIDELINES

7-1 GENERAL

As used here, advertising includes, but is not limited to, the following:

- Prepare and take sufficient property flyers and information about you and the Company.
- All display advertising.
- All classified advertising with any publication including newspapers magazines.
- All mass mailing.
- Internet postings social media.
- Television programs or ads flyers.
- Postcards.
- All newsletters
- “For Sale” signs and riders billboards.
- Business cards.

All advertising must be approved by the Company before your placement or use.

You may only advertise property actually listed for sale or for rent by the Company. Any time you advertise property you must include the term “Broker,” “Agent,” “Licensee” or “REALTOR®.”

The NAR Code of Ethics requires that in any advertisement, the REALTOR® must disclose the name of the REALTOR®’s firm (the Company) in a reasonable and readily apparent manner. (Standard of Practice 12-5). Please also refer to the C.A.R. Legal Q & A titled “Team Names,” regarding requirements for team name advertising. <http://www.car.org/legal/Broker-practice-folder/teamnames/>.

All advertising words and content are and shall remain the property of the Company whether created by you, the Company, or both.

7-2 LEGAL AND ETHICAL CONSIDERATIONS

Advertising is one of the most important tools for success in real estate. However, it must be used carefully. As an Associate and licensee, you have both a legal and ethical obligation to be truthful when advertising properties or services.

All advertising must comply with all state and federal advertising requirements as well as the NAR Code of Ethics. Any advertisement that the Company deems to be false or misleading may immediately be withdrawn by the Company without notice to you. Legally, you may be held liable for fraud, intentional misrepresentation, or negligent misrepresentation if you make material false statements or material omissions in an advertisement. Additionally, you may face disciplinary action by the Bureau of Real Estate.

Finally, licensees who place listings in the Multiple Listing Service in expectation of compensation may be responsible for the truth of all representations in such listings, of which the licensee had knowledge, or reasonably should have had knowledge.

7-3 ADVERTISING EXPENSES

The Company will separately publish its schedule of advertising media expenses, as well as those advertising expenses that will be borne by the Company, those that will be split between the Company and you, and those that will be solely your expense. This schedule may be changed by the Company from time to time.

7-4 COMPANY NAME AND LOGOS

Your use of the Company's name and logo must conform to the Company's graphic standards regarding the style, color and uses of the name and logo. These standards are available through the Company Manager. No other uses of the Company name or logo are permitted without prior consent of the Company Manager.

7-5 REALTOR® TRADEMARK

The use of the name REALTOR® must be used in compliance with the National Association of REALTORS® guidelines governing the use of that name and mark. Those guidelines are available online at: www.realtor.org.

7-6 TELEPHONE: DO-NOT-CALL COMPLIANCE

You are required to comply with the Do-Not-Call laws which generally prohibit “telephone solicitations” to residential and cell phone numbers registered on the National Do-Not-Call Registry. A “telephone solicitation” is defined as the initiation of any telephone call or message, unless exempt, “for the purpose of encouraging the purchase or rental of, or investment in, property, goods, or services, which is transmitted to any person.”

- A. The Company may maintain a “Do-Not-Call” list from, among other things, the federal Do-Not-Call Registry. You may not call anyone at their home or cell phone number if listed on that Registry unless an exemption applies. Exemptions include written permission, an established business relationship or a personal relationship.
1. **Written Permission** means the person being called has given prior express permission to call as evidenced by a signed, written agreement to be contacted at a specific number (e.g., C.A.R. “Consent for Communications” form).
 2. An **Established Business Relationship** means a prior or existing relationship formed by a voluntary two-way communication between a person or entity and a residential subscriber on the basis of either:
 - The consumer’s business transaction with the Company in the past 18 months; or
 - The consumer’s inquiry or application regarding the Company’s services within the past three months.
 3. A **Personal Relationship** means any family member, friend, or acquaintance of the person making the call.

In addition, you must inform the Company if you speak on the telephone with any party who expresses a desire not to be called again. The person must be placed on the Company’s own “Do-Not-Call” list. You must also refrain from soliciting anyone on the Company’s “Do-Not-Call” list, unless an exemption applies.

- B. It is your responsibility to adhere to this policy and you will be solely responsible for any violation, including any fines, penalties, damages recovered, settlements or attorney’s fees and costs.**

7-7 E-MAIL ADVERTISING

There are state and federal laws prohibiting emailing unsolicited commercial advertisements or solicitations. Exemptions include prior permission or an established business relationship. It is the Company’s policy to adhere to these legal guidelines. Contact the Company Manager if you have any questions.

It is your responsibility to adhere to this policy and you will be solely responsible for any violation, including any fines, penalties, damages recovered, settlements or attorney’s fees and costs.

7-8 WEBSITES: PRIVACY

The Company maintains a website which advertises Company listings. It is the Company's policy to respect the privacy of persons visiting our website. See the Company Website Privacy Policy statement on-line for more details.

If you maintain your own personal website, you must conform to the Privacy Policy statement on the Company website in all your interactions with visitors to your website. Your personal website must also conform to other online privacy and other laws, to this Office Policy Manual, to MLS rules and to the NAR Code of Ethics.

7-9 REGULATION Z

You are required to adhere to the requirements of federal Truth-in-Lending laws (also known as "Regulation Z") for advertising certain credit transactions or financial terms. Under Regulation Z, if an advertisement states a specific finance charge, the charge must be expressed as an annual percentage rate (APR).

If any of the following terms are used in the advertisement:

- the amount or percentage of the down payment
- the amount of any installment/payment
- the dollar amount of any finance charge
- the number of installments/payments
- the period of repayment

then the advertisement **MUST** include all of the following specific terms:

- the amount or percentage of the down payment
- the terms of repayment
- the annual percentage rate, using the term "annual percentage rate;" and
- if the annual percentage rate may be increased after the transaction is consummated, that fact also must be included.

Any advertisement of commission rates, discount points, reductions or incentives must be approved by the Broker prior to your placement or use.

7-10 FAIR HOUSING IN ADVERTISING

The Company is committed to equal opportunity and fair housing in all of its advertising.

Federal law states that a Broker may not print, publish or make any discriminatory notice, statement or advertisement which indicates a preference, limitation or discrimination in the sale or rental of a dwelling. The prohibition against discriminatory advertisements applies to all oral and written statements, including flyers, brochures, signs, banners, posters and billboards used

in the sale of a dwelling.

Be aware that the selective use of words, phrases, symbols, visual aids and media in the advertising of real estate may indicate preferences held by the advertiser and lead to allegations of discriminatory housing practices. Words in a real estate advertisement which indicate a particular race, color, sex, handicap, familial status, national origin, gender identity, gender expression, sexual orientation, marital status, ancestry, source of income or genetic information may violate the Federal Fair Housing Act and/or the California Fair Employment and Housing Act and may not be used in Company advertisements at any time.

8

INFORMATION SYSTEMS POLICY

8-1 COMPANY COMPUTERS

The Company provides a limited number of computers for use by Associates and others. The following rules apply:

- Computers are for Associates or employee use only.
- First come, first served.
- Do not store personal files or information on these computers – security of your personal information is not guaranteed.
- For real estate related business use only. Please don't waste materials, or waste time on the computers to the detriment of others.
- Don't send unsolicited junk or nuisance mail.
- Files and emails may be read by persons for whom they were not intended.
- Your use must be lawful, honest and decent, and must have regard for, and respect the rights and sensitivities of other people.
- Log off any online services when finished.
- All outside source software, disks, or data input sources must be checked for viruses and pre-approved by the Company before downloading, loading, or importation.
- Don't delete, disable or tamper with any software provided by the Company.
- Don't tamper with the hardware or any network or power connections.
- Don't connect your own equipment to the network except in approved locations provided for that purpose.
- It's your responsibility to keep your passwords and usernames secure; never allow anyone else access to them.
- Never use anyone else's account, with or without their permission.

- Make sure you log out when you finish using the computer.
- Transmission or importing of any material or data in violation of any federal or state law or regulation is prohibited, including, but not limited to, copyrighted material, threatening, pornographic, or obscene material, or information constituting trade secrets.
- Any duplication of copyrighted software, except for backup purposes, is a violation of the Federal Copyright Law. Associates who are aware of any misuse of software

8-2 PERSONAL COMPUTERS

Associates may bring personal computers and software to the office as appropriate to conduct your business. The Company will provide wired and secure wireless internet access at the office. The Company is not responsible for any damage or loss of your personal computer or data on your personal computer.

8-3 WEBSITES

Associates are encouraged to have their own personal website if desired. All regulations of the BRE should be followed as to content and identification of the Company. A Company website utilizing the IDX system will be maintained in order to display the Company's listings and participating Brokers' listings to the public and to attract leads and new customers.

8-4 EMAIL

An email address will be assigned to you immediately upon your association with the Company. Any Associate who receives threatening, harassing or improper communications shall immediately report the situation to the Company. All emails involving real estate transactions should be treated carefully and, when appropriate, encrypted to prevent fraud.

8-5 THE WORLD WIDE WEB

Internet communications may not be secure. The Internet should not be used for communications that require confidentiality or involve financial transactions without both ensuring the security of the communication via an accepted mechanism and procedures (e.g., encryption) and receiving written approval from the Company Manager for such communications.

9

DISCRIMINATION POLICY

9-1 FAIR HOUSING LAWS

The major federal fair housing law is the Fair Housing Act. Title VIII of the Civil Rights Act of 1968, as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), or disability (including persons with AIDS).

It is illegal to discriminate against any person because of age, race, creed, color, religion, sex, disability, familial status or national origin:

- In the sale or rental of housing or residential lots
- In advertising the sale or rental of housing
- In the financing of housing
- In the provision of real estate Company services
- In the appraisal of housing
- Blockbusting or inducing or attempting to induce for profit a person to sell or rent a dwelling by representations regarding the entry into the neighborhood of a person or persons belonging to one of the protected classes, is also illegal

In addition to the protected classes described above, the California Fair Employment and Housing Act and other state laws also prohibit discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on other grounds. Therefore, based upon the federal and state laws when considered together, discrimination is prohibited based upon: race; color; national origin or ancestry; religion; sex; familial status (including children under the age of 18 living with parents or legal custodians, pregnant women and people securing custody of children under the age of 18); disability; sexual orientation; gender identity and gender expression (a person's gender-related appearance and behavior whether or not stereotypically associated with the person's assigned sex at birth); marital status; ancestry; breastfeeding and any medical conditions connected to breastfeeding; age; medical condition (including HIV status); victim of domestic violence; source of income; religious grooming or clothing practices; genetic information; immigration status or the absence of immigration or citizenship documentation; citizenship; primary language; or any arbitrary classification.

NAR and the U.S. Department of Housing and Urban Development ("HUD") developed a REALTOR® Fair Housing Declaration, a guideline of general fair housing principles, to which the Company firmly subscribes. Under the fair housing principles, you agree as follows:

- Provide equal professional service without regard to the race, color, religion, sex, handicap, familial status or national origin of any prospective Client, customer, or of the residents of any community.
- Keep informed about fair housing law and practices, improving your Clients' and customers' opportunities and your business.
- Develop advertising that indicates that everyone is welcome and no one is excluded, expanding your Clients' and customers' opportunities to see, buy or lease property.
- Inform your Clients and customers about their rights and responsibilities under the fair housing laws by providing brochures and other information.
- Document your efforts to provide professional service, which will assist you in becoming a more responsive and successful REALTOR®.
- Refuse to tolerate non-compliance.
- Learn about those who are different from you, and celebrate those differences.
- Take a positive approach to fair housing practices and aspire to follow the spirit as well as the letter of the law.
- Develop and implement fair housing practices for your firm to carry out the spirit of this declaration.

Source: National Association of REALTORS® at <http://www.realtor.org/programs/fair-housing-program/fair-housing-declaration>.

All Associates of the Company will adhere to the process as outlined in the National Association of REALTORS® Fair Housing Handbook, which is attached to and made a part of this Office Policy Manual.

9-2 DISCRIMINATION CHARGES

The Company will investigate any accusation of discrimination. If the investigation confirms a possible violation of discrimination laws, your actions may be reported to the BRE or other governmental agencies for further investigation and disciplinary action. Your independent contractor agreement with the Company may also be terminated.

Professional behavior is a requirement around your fellow Associates, Managers, Company employees, staff and customers. Harassment is strictly prohibited in this Company. Some examples of harassment include, but are not limited to, the following:

- Sex-related harassment:
Displaying power over a man or a woman because of gender through disparaging gender-related remarks and threatening behavior. Unnecessary touching, unwelcomed jokes of a sexual nature, inappropriate gestures or use of suggestive materials, intimidating or otherwise inappropriate behavior, such as asking for, or offering, sexual favors, homophobic remarks, threats to disclose sexuality, and intimate questions about sexual activity.
- Racial harassment.
- Inappropriate comments, questions, and/or jokes about racial or ethnic origin, offensive graffiti and intimidating behavior, including threatening gestures.
- Personal harassment:
Making fun of personal circumstances or appearance.
- Bullying:
This can be physical or psychological. Examples of psychological bullying include unmerited criticism, isolation, shunning, gossip, essential information withheld, or behavior that is intimidating or demeaning.
- Harassment of disabled people:
Discussion of the effects of a disability on an individual's personal life, uninvited touching or staring, and inappropriate comments or questioning about the impact of someone's disability.
- Age harassment:
Derogatory age-related remarks and unjustifiable dismissal of suggestions on the grounds of the age of the person.
- Stalking:
This can be physical or psychological. Examples include leaving repeated or alarming messages on voicemail or email, following people home, or approaching others to ask for personal information.

In the event an Associate feels that he or she has been harassed, the Associate must immediately report the incident to the Company. The Manager shall take reasonable precautions to keep confidential the identity of the accuser, as well as the accused. The Company will commence an investigation and prepare a written report. Under certain circumstances, such as if the accused is the Manager, an outside investigator may be retained. Retaliation against complainants is strictly prohibited. Any employee, Associate or staff found guilty of engaging in harassment may be subject to disciplinary action up to and including reprimand, counseling, suspension, and termination.

10

LITIGATION AND CLAIMS HANDLING

10-1 GENERAL

A. You are required to immediately report problems to the Company that pertain to:

- Any party having questions or complaints, whether written or verbal, involving any listing agreement or other real estate transaction.
- Automobile accidents involving property damage or personal injury to you or others occurring while an Associate is engaging in Company business.
- Physical injuries within the office or while participating in duties on behalf of the Company.
- Criminal charges against you with the exception of minor traffic offenses.
- Civil lawsuits or administrative actions involving Company business.
- Anytime you are contacted by the BRE, the local, California or National Association of REALTORS®, or the MLS for any matter that may pertain to an infraction, dispute or disciplinary action.
- Threatened legal or administrative actions involving a real estate transaction.
- Any party who defaults under an accepted contract.
- Acts of discrimination or harassment committed by Associates or parties to transactions.
- Unresolved disputes between Associates, within or outside the office

B. You are also required to cooperate with the Company in the defense of a claim.

C. You must promptly pay to the Company any amounts due hereunder upon notice to you from the Company.

10-2 LEGAL DEFENSE

- A. When a claim or demand is made, or a lawsuit or other action is filed, against either you or the Company by a third party which alleges any breach of any duty, error or omission, or negligence in the performance of “Professional Services,” as that term is defined in the Company’s Errors & Omissions Policy of Insurance, for activities covered by the Insurance Policy, the Company shall defend the claim, and the cost of such defense shall be allocated as set forth herein.
- B. The Company has the right to make all decisions concerning the defense of the claim, including choice of counsel. In the event you object to any decision made by the Company, you may obtain your own attorney at your own expense; however, you shall not be relieved from the obligation to pay your portion of the cost of the claim as set forth herein.
- C. If a question arises in which you feel that legal advice must be obtained, you will inform the Company, at which time the Company shall make the decision as to whether legal consultation is necessary. If legal consultation is required, the Company will consult with the attorney. Failure to follow these procedures will exempt the Company from responsibility of any legal expenses incurred.

10-3 ALLOCATION OF COSTS OF DEFENSE

- A. Except as provided below, the first \$5,000 of cost of defense of the Claim, or to defend or protect against any potential or possible Claim where the Company or you are involved as a party, including attorney’s fees, and the cost of any settlement or a judgment (collectively the “Costs of Defense”), shall be allocated between the Company and you in the same percentages as per the Compensation Schedule applicable for the transaction or prospective transaction that led to the Claim, whether or not the transaction actually closed. The Costs of Defense in excess of the amount due from you shall be paid by the Company. This amount is due regardless of whether there is a finding of liability on the part of you or the Company.
- B. You shall be responsible for the first \$5,000 of Costs of a claim if you fail to follow any law, regulation or Company policy as set forth in this Office Policy Manual, and that failure results in a judgment or other final adjudication based on that failure.
- C. You shall be solely responsible, and shall reimburse the Company, for all of the Company’s Costs of Defense if a judgment or other final adjudication on any Claim adverse to the Company and/or you:
 - 1. establishes that dishonest, fraudulent, criminal, or malicious acts, errors or omissions were committed;

2. results in a finding of intentional tort, slander, defamation or any conduct which leads to the imposition of punitive, exemplary or multiple damages, or fines or penalties; or
3. establishes discrimination on the basis of race, creed, religion, ethnic background, national origin, age, sex, handicap, familial status, physical disability, sexual preference, or any other unlawful classification.

Notwithstanding the foregoing, the Company will not pay the attorney fees nor the cost of defending, nor will it pay the cost of settlement or judgment, involving any claim:

1. that does not involve the business operations of the Company;
 2. that seeks redress for actions outside the scope of your Independent Contractor Agreement;
 3. that is based on or arising out of the formulation, promotion, syndication, or operation or administration of any limited or general partnership, property syndication, real estate investment trust, joint venture or corporation, or any interest therein;
 4. that is based on or arising out of bodily injury or property damage;
- or
5. that is excluded from the Errors & Omissions Insurance Policy.

You agree to promptly accept a tender of defense on any such claims and pay the entire Costs of Defense incurred, including any Company attorney's fees.

- E. The Company shall have no obligation to bring a legal action, mediation, or arbitration on your behalf to recover a disputed commission or other allegation. The Company shall participate in the costs and fees of prosecuting such a claim only if the Company agrees to do so; and the costs shall be allocated between you and the Company in the same percentage as provided for in the Compensation Schedule for the contested transaction.

10-4 DISPUTES DURING ESCROW

If a dispute arises during an escrow between the Seller, Buyer, the listing or cooperating Broker, or third-party vendors, servicers, or other entities, and/or the Company:

- A. Which cannot be resolved by negotiations between the parties and the real estate licensees involved; and
- B. The Company determines that it is in the best interest of the Company to resolve the matter during escrow rather than risk a potential claim or litigation after close of escrow or for another reason;

In the above circumstance, the Company has the right to negotiate a resolution of the dispute on its own behalf, and on the behalf of the Associate, which may involve a reduction in the commission to be received, and/or a credit given to one of the parties. In that event, and regardless of actual Company or real estate licensee liability or responsibility in the dispute, the Associate and the Company will participate in the commission reduction or credit pro rata in the same proportion as the commission split(s) of the real estate licensees involved for that transaction.

11 | RESOLUTION OF DISPUTES

11-1 GENERAL

In order to reach a fair resolution, disagreements between Associates or other personnel within the Company regarding leads or sales are to be handled through the following processes. Such disputes may involve, among other things:

- The equitable right to work with a certain prospect
- The right to a share of the commission when more than one Associate knowingly or unknowingly works with the same customer/Client
- The percentage split of commission or fee earned when two Associates have worked with the same customer/Client

11-2 INTRA-OFFICE DISPUTES BETWEEN ASSOCIATES

First, never tell or involve the Client/customer in any dispute between Associates. Second, the Associates must try to come to an acceptable resolution themselves.

All intra-office disputes must be reported promptly to the Company. In the event Associates cannot meet a satisfactory agreement among themselves, the Company shall hear both sides of the argument in a meeting with the involved parties. If, in the sole judgment of the Company, a legitimate dispute exists, the Company will make a determination of action to follow. In the event the Company's action is not satisfactory to any party, the complaint may be taken to the local Association of REALTORS® for disposition through its dispute resolution procedure.

11-3 DISAGREEMENT BETWEEN COMPANY AND ASSOCIATE

Disagreements or disputes between Associate and the Company pertain to:

- A conflict arising out of, or in connection with, their business relationship and dealings
- The Company policy
- Transactions or real state laws
- The Associate and the Company agree to mediate all disputes and claims between them arising from or connected in any way with their business relationship before resorting to court action. If any dispute or claim is not resolved through mediation or otherwise, Associate and the Company may mutually agree to submit the dispute to arbitration at, and according to the rules and bylaws of, the local Association of REALTORS® to which both parties belong.

11-4 ARBITRATION

In matters of arbitration, dispute resolution services of the local Association of REALTORS® or an attorney may be employed, at the discretion of the Company. The responsibility as to payment of arbitration or attorney fees will be determined on a case-by-case basis by the Company.

11-5 CODE OF ETHICS & LICENSE LAW VIOLATIONS

In matters of alleged violation of the NAR Code of Ethics, MLS rules, and/or real estate law, an attorney may be employed at the discretion of the Company. The responsibility for payment of such attorney fees will be determined on a case-by-case basis by the Company.

12

CONFIDENTIALITY

12-1 CONFIDENTIALITY OF INFORMATION

All records of this office, as well as conversations between the Associates, the Company and the Associates, and the Associates and Clients, are considered confidential information. No files shall be removed from this office without the permission of the Company and no other information obtained while working for this Company shall be used to the detriment of the Company, its Associates and employees, and its Clients and customers.

You must safeguard the privacy and personal information of the Company's customers in compliance with federal and state laws. The Company has developed a written Information Security Plan, attached hereto, which Associate agrees to abide by.

You must be sensitive to confidential information within the office and among the Associates of the Company. The following procedures and policies are intended to protect the confidentiality of the Company's Clients.

Associates should refrain from discussing confidential information of the Client with anyone (including another Associate) absent the Client's consent.

Comments at sales meeting should not reveal confidential information of the Client without the Client's permission.

Office files of listings and pending sales should be kept confidential and may not be accessed except by authorized staff and the particular Associate involved in the listing or transaction. Fax transmissions should be kept confidential.

Contracts, offers, counteroffers or other transactional documents will be delivered to the person addressed in envelopes. Persons other than the addressee are not authorized to open any such envelope.

13 | DISASSOCIATION

Disassociation for cause could result from any violation of Company policies, the MLS rules, the NAR Code of Ethics, any conviction of any illegal act or any violation of the Real Estate License Law or any dishonest or unethical act.

13-1 ASSOCIATE'S COMPENSATION UPON DISASSOCIATION

If the independent contractor agreement is terminated while you have any listings or pending transactions that require further work normally rendered by you, the Company Manager will make arrangements with another Associate or Associates in the Company to perform the required work. The Associate(s) performing the work shall be reasonably compensated for completing work on those listings or transactions, and such reasonable compensation shall be deducted from your share of the compensation. Except for such offset and other expenses, you shall receive the compensation due as specified above.

(ALTERNATIVE LANGUAGE: Regardless of any language in your Independent Contractor Agreement to the contrary, you will not be compensated for any transaction which is completed after disassociation with the Company unless you have made a prior arrangement with the Company Manager, and then only in proportion to the actual work performed by you on the transaction.)

13-2 LISTINGS

Listings are the property of the Company, even upon disassociation. Within 24 hours after notice of termination of the independent contractor agreement by either party, you must provide the Company Manager with a list of all active listings taken by you, and all pending transactions in which, if completed, you will be entitled to compensation from the Company in accordance with the terms of your Independent Contractor Agreement, or other written agreement. You specifically agree that you may not contact the Sellers of properties where listings were taken by you for the purpose of directly or indirectly soliciting or inducing the Client to terminate their listing with the Company.