

Alliance Bay Realty  
Alliance Bay Funding  
Office Policy Manual

**ALLIANCE**

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**B A Y  R E A L T Y**

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# I

## ABOUT THE COMPANY

### GENERAL

The Company is licensed by the California Bureau of Real Estate under the following name: Alliance Bay Funding Inc \_\_\_\_\_ and doing business as the Alliance Bay Realty

# II

## POLICY MANUAL

### GENERAL PURPOSE

The purpose of this policy and procedure manual is to:

- ∑ Establish a uniform system of 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 an honest, professional manner in order 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.

### 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 NAR Code of Ethics and Bylaws of the Local, State and National Associations of REALTORS® and the applicable Multiple Listing Service(s) (MLSs).**

- ∑ 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 policy manual, the NAR Code of Ethics, the local Board/Association Bylaws, and the Rules and Regulations of the Multiple Listing Service.

## **ASSOCIATE LICENSING, LEGAL AND AFFILIATION REQUIREMENTS**

The following provisions will be complied with at your sole expense:

### **Real Estate License, Mandatory Continuing Education, Mandatory Errors & Omissions Insurance Coverage, 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 shall maintain the minimum or better mandatory Errors and Omissions Insurance coverage with the insurer designated by the Company. At its sole discretion, the Company may maintain additional coverage that “kicks in” after your coverage is exhausted. If such a policy is purchased, Company may charge a (annual/per-transaction) fee of up to \$XXX to you for this extra coverage.
- ∑ You are responsible for all CE, licensing and license renewal fees, mandatory errors and omission premiums, 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®, and National Association of REALTORS® 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®, (C.A.R.), the National Association of REALTORS® (NAR) 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.

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 your termination from this Company.

## **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.

## **CHANGES IN MANUAL**

This 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 on-line at any time represent the Company's current 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 your Manager.

## **EXCLUSIONS FROM THE MANUAL**

This Manual applies only to salespersons, and does not apply to Company staff employees.

## **CONFLICT WITH SALESPERSON/BROKER INDEPENDENT CONTRACTOR AGREEMENT**

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



# III

## INDEPENDENT CONTRACTOR RELATIONSHIP

### 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 salespersons operating under the Company license. You are considered to be an Independent Contractor for tax purposes. You are also considered an independent contractor for purposes of Unemployment Insurance. You are not subject to the minimum wage laws. 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. This agreement includes the following:

- ∑ The terms of compensation for work performed during the time of affiliation with the Company or for work in progress but not completed prior to termination of affiliation with the Company.
- ∑ After termination of your association with the Company, the disposition of all active listings, pending sales and buyer agency agreements, the Associate obtained during affiliation with the Company.
- ∑ Delivery by the Associate of all files and documents pertaining to listings, leads and transactions to the Company upon request or termination of the Independent Contractor Agreement.

### 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.

### BROKER-ASSOCIATES

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 your 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.

### **AT-WILL STATUS**

You are associated with the Company for an unspecified term on an at-will basis. Except where it is otherwise expressly agreed in writing with the Company, either party may terminate your association at any time with or without cause or reason.

# IV

## GENERAL OFFICE PROCEDURES

### REAL ESTATE OFFICE BUSINESS HOURS

Business hours are:

Mondays–Fridays: [8:00 AM to 5:30] PM

Saturdays: [Closed] PM

Sundays: [Closed] PM

### OBSERVED HOLIDAYS

The following holidays will be observed, and the office will be closed:

*New Year's Day*

*Martin Luther King Jr. Day*

*Memorial Day*

*4th of July*

*Labor Day*

*Veterans Day*

*Thanksgiving Day*

*Christmas Day*

While the office may be closed, Associates provided with office keys may use the office at their own discretion.

### CONTACTING THE COMPANY

#### Emergency Contacts

If you are involved in an incident resulting in serious injury to people or property, immediately dial 911.

### **Non-emergency Contacts**

A representative of the Company will generally be available during work hours to discuss real estate matters. In a business emergency, the representative may be contacted at his or her home after business hours.

If the representative cannot be reached, you should not act until he or she is able to contact the Company; however, if the emergency pertains to the wording of a sales agreement, a protective clause to the effect that “this agreement subject to the review and approval of (client’s) legal counsel within (a time frame) after acceptance of this offer” should be inserted in the contract.

## **SUBSTANCE USE**

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 suspension or termination.

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.

## **SMOKING**

Smoking is not permitted on the Company premises, except in specifically designated areas if any.

## **OFFICE SECURITY**

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.

## **OFFICE APPEARANCE**

The Company employs a cleaning service to do general interior cleaning of the offices on a regular basis. However, 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.

## **DRESS CODE**

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

## **EATING IN THE WORK AREA**

All food and meals should be eaten only in the designated area.

## **PARKING**

The closest parking spaces to the office are reserved for customers or clients. Please park in any other available spaces.

## **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 will pay for any costs of printing new materials to reflect these changes.

## **COMPANY-SUPPLIED ITEMS**

The Company will separately publish lists of items supplied at no cost to you, and items provided at a cost to you. This list and the costs may be modified from time to time. Any other supplies not so identified are to be provided by you at your own expense. Your Manager will establish a procedure for the handling of your expenses with the Company. You are expected to comply with this procedure for the billing and collection of expenses incurred by you. 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.

## **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.

## **SIGN POLICY**

We provide A-Frames and yard signs with company logo or you can make your own.

Each Associate is responsible for the purchase of their A-frames, yard signs, riders, and other on site marketing items. Signage must be purchased from a vendor approved by the Company. It is your responsibility to assure that the signs meet our format requirements.

Associates must acquire signage consistent with the Company's Sign Formats/Design. Company uses yard signs of 18" x 24" that hang from a wooden arm. Riders may be attached above and below.

All signage must comply with advertising laws and the regulations in effect in each particular community. Regulations may be obtained from the Company. Any fines incurred due to their improper use will be paid by you.

“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 sign should not be left on the property. Such signs must be removed within two days after expiration or cancellation.

(OPTIONAL LANGUAGE: You are encouraged to obtain a supply of “sign riders” with your name and/or contact number to place on a sign. Sign riders must be purchased through a vendor selected by the Company to maintain graphic consistency and must conform to any size rules as noted above.)

## **CONFERENCE ROOMS**

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

## **TELEPHONE POLICY**

### **General**

Telephones are necessary in the day-to-day operations as a real estate agent. Lines must be kept open at all times for the convenience of customers and clients. Please use your cell phone for personal calls.

### **Long Distance Calls**

The phone system has been set up such that each Associate has a phone line and number assigned to them for their primary use. You can advertise that number and place it on your business cards and other advertising materials. Associate should use the assigned line for all long distance calls so that the appropriate charges can easily be determined from telecom billing for charge-back to you if that is part of the Independent Contractor Agreement.

### **Messages for Other Associates**

There may be times when you will answer the main Company incoming line. Please transfer calls for other agents to their extensions. Should taking a message be required, accuracy and detail of message taking is important and essential to the business at hand. When taking a message for other Associates, employees, or staff, please include the following:

- ∑ The date and time of the call
- ∑ The name of the caller
- ∑ His/her best phone number
- ∑ Any message
- ∑ Your name or initials

## **OFFICE EQUIPMENT**

There are copiers, fax machines, and other necessary office equipment for your use. Company computers in the office are 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 personal use.

## **KEYS AND ACCESS CARDS**

You will receive a door key and/or access card, if necessary. Do not allow anyone else to use these items absent your Manager's prior written consent. All of these items must be surrendered immediately upon your termination.

## **PROFESSIONAL CONDUCT**

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

We place a high value on cooperation in the Company between our salespersons, 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 between salespersons fosters a congenial work place, ultimately benefits everyone, and fosters a high level of service to our clients.

## **WORKING AT HOME**

It is permissible for you to work from your home, but not to conduct personal consultations with clients at home. Remember that the Broker is required to supervise your activity as a salesperson. Be sure that all listings, transactions, files and documents that you work on in your home are promptly brought into the office for review by your Manager in the same manner as if you were working from the office.

## **CARAVANS**

Immediately following the office meeting, or as otherwise designated by your Manager, the office will caravan selected listed properties. You are encouraged to participate in these caravans to familiarize yourself with Company listings. The procedure for including your property on that week's caravan list will be set by your Manager.

## **FEES AND COMMISSIONS**

All fees and commissions must be made payable to the Company. You will be paid out of the fees and commissions earned by you, and for which you are the procuring cause, 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. Payment is further conditioned upon review of your file by your Manager and the file being deemed by him/her to be complete.



## MONTHLY ADVANCES/DRAWS

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

## 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.

## 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 Department 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
- ∑ option payments
- ∑ rental security deposits
- ∑ rental income owed to a property owner.

Improper trust fund handling may lead to civil, criminal and Bureau of Real Estate action against you and the Company. Remember, you are handling someone else's money.

The Broker may be deemed to have received trust funds when you receive them. A Broker is generally required to deposit trust fund money not later than the third business day after receipt, unless specifically authorized to hold a check received from an offeror uncashed in the manner specified by law. A salesperson who accepts trust funds must immediately deliver the funds to the Broker, unless otherwise directed by the Broker to deliver the funds into the custody of the Broker's principal, neutral escrow, or Broker's trust fund account.

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 as required above.

(OPTIONAL LANGUAGE: If the funds are to be held uncashed, such as the initial deposit on a purchase agreement, you must fill out a trust fund log (C.A.R. standard form Trust Funds Received and Release (Not Placed in Trust Bank Account) (TF)) when you receive a check, and when you release the check, such as to an escrow company.)

If you do not have written permission to hold a trust fund check uncashed, the Company will promptly deliver it to the Broker's principal, neutral escrow, or Broker's trust account.

Trust funds are generally paid using money instruments, such as cash, personal check, cashier's check, or money order. You must obtain your Manager's pre-approval before taking possession of any non-monetary trust items, such as jewelry or notes. If you receive cash, always verify the amount you are receiving. Count it in the presence of the party and always give the person paying a receipt immediately upon receiving cash.

No funds will be disbursed from the Broker's trust account until the funds have cleared the appropriate financial institution and the Company has written authorization of the principal and prior approval of the Broker, or by legal process.

## **SAFE WORK ENVIRONMENT**

The Company is committed to providing a safe work environment for its staff and salespersons. If you observe any situation or condition which could pose a health or safety risk to employees, agents, clients or the public on any of the Company's premises, promptly notify your Manager.

The Company has implemented an Injury and Illness Prevention Program in compliance with Labor Code §§ 6401.7, et seq. A copy of the Injury and Illness Prevention Program is on file with the Company and may be reviewed upon request.

## **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.

## PERSONAL TRANSACTIONS

You may buy or sell real property for your personal use subject to the following guidelines.

### A. Listings

See Agent-Owned Property for information regarding the handling of listings of property in which you have an ownership interest.

### B. 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.

Upon the lease of real property in California in which you have, or will have, an ownership or possessory interest, you agree to pay to the Company a commission based on \_\_\_% of the annual rental payments in the amount that the Company would have received, net of any commission paid to you based on your commission split for that transaction.

### C. Indemnity

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.

### D. Disclose Interest in Property

In selling property you own or in which you have an interest, you must disclose your ownership or interest in writing to the buyer or buyer's representative. If you act as the buyer's agent, you must also disclose the nature and extent of your direct or indirect ownership interest in the property by a person related to you by blood or marriage, by an entity in which you have any ownership interest, or by any other person with whom you have a special relationship.

You must disclose to the owner or owner's agent in writing that you are a real estate licensee whenever you acquire an interest in or buy or present offers for

yourself, any member of your immediate family, your firm, any member of your firm, or any entity in which you have an ownership interest.

## **LEAVES OF ABSENCE**

The Company will grant leaves of absence for only extenuating personal reasons. Discuss any request for a leave of absence with your Manager, how any pending business will be handled, and how your compensation may be affected.

## **JURY DUTY**

Jury service is a civic duty. If you are called to serve on a jury, advise your Manager and arrange with your Manager to have a fellow salesperson handle your business while on jury duty.

## **INJURY AT WORK**

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

## **ANTI-TRUST GUIDELINES**

Do not engage in any verbal or written conversations with agents or brokers with other companies that could be construed as an antitrust violation, including, but not limited to, the following:

- ∑ the setting of commissions, charges or other fees to the public;
- ∑ boycotting or not doing business with a particular person or entity;
- ∑ the setting of rates or percentages of compensation to be paid to cooperating brokers;
- ∑ refraining from conducting business in specified territories, refraining from providing certain services, or refraining from servicing certain customers.

## **TRANSACTION COORDINATORS (OPTIONAL)**

This office employs one or more transaction coordinators (T.C.). A transaction coordinator can assume many roles. In this office, the T.C.:

- ∑ 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 licensee and Broker.

## **VACATION/LEAVE TIME FOR ASSOCIATES**

The Company does not control Associate's time off except as noted herein. If an Associate plans to be absent from the company for any significant period of time, he or she must inform the Company in writing. A substitute agent approved by the Manager or Broker must be assigned to cover for you during any absence. Failure to do this will require the Company to make necessary assignments and determine the appropriate compensation, if any.

## **ASSOCIATE BUSINESS EXPENSES**

You are prohibited from obligating the Company to pay for any expenses absent the prior written consent of your Manager or Broker.

- ∑ Any expenses relating to customer/clients, transactions, entertainment or Associate's personal promotion will be paid for by you, not the Company, unless otherwise agreed in writing by your Manager or Broker.
- ∑ All other advertising, promotional and office expenses will be paid for as negotiated and stipulated in the Independent Contractor Agreement between you and the Company.

## **ASSOCIATE VEHICLE**

- Σ Transportation will not be provided by the Company. In the course of real estate transactions, you must use your personal vehicle. All operating, maintenance, repair and other related expenses will be paid for solely by you.
- Σ The automobile will be clean and have a professional appearance in order to reflect well on you and the Company. It will be maintained in a safe operating condition at all times. You shall at all times carry liability insurance on the automobile with coverage for personal injury and property damage. [ Consult carefully with your insurance agent. You must have the Company named as an additional insured in your insurance policy and pay the cost of that additional coverage. Changes in coverage will not become effective against the Company until fifteen (15) days after the Company has received and approved the coverage changes. At the signing of this agreement and at the time of each policy renewal or change of carrier, you shall provide evidence of insurance to the Company. Business liability coverage shall also be maintained, possibly as part of Associate's personal liability or homeowner's coverage. .
- Σ In accordance with California law, you must require that all passengers wear a seat belt and any child younger than eight years old, or under four feet and nine inches in height, to be secured in a car seat or booster. In addition, all children younger than eight must be secured in the back seat. For more information, see <http://www.dmv.org/ca-california/safety-laws.php>.

# V

## OBSERVANCE OF PERSONAL SAFETY PRACTICES

### CLIENT APPOINTMENTS

- ∑ Ask buyers to meet you at the office for appointments, not at the property.
- ∑ Get to know customers before being alone with them.
- ∑ When buyers arrive at the office, introduce them to others there, so if necessary, colleagues can tell the broker, the police, or others what the people look like.
- ∑ At the office, verify buyers' identity—name, phone number, and car license plate number—when the buyers come in for the first time. Make a photocopy of the buyers' driver's license and ensure buyers see the copy handed to another person in the office rather than just placed in a folder. If buyers refuse to identify themselves, Associates are to explain that their office policy requires it. If the refusal persists, Associates must not work with them.
- ∑ Always carry your cell phone with you and make sure it is fully charged and has reception. Program 911 into speed dial and don't hesitate to call for help.
- ∑ Enter your itinerary into a log: where you're going, with whom you're going, the times of your showings, and when you're expected back. Don't carry a lot of cash or wear expensive watches or jewelry when showing property.
- ∑ Exceptional situations. In some cases it's not practical for buyers to meet first at the office. If buyers call and say they're at the property and want you to meet them, have a buddy go along with you.

### ASSOCIATE ID FORM

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

# VI

## MAINTAINING FILES

### GENERAL

Your files are a record of every event relative to your dealings with your client on a listing or sale transaction. 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. 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 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.

In addition, you are responsible for alerting the Company of any mortgage loan disclosure statement in your files; all such statements will be held in storage a minimum of four (4) 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.

### BROKER REVIEW

You must promptly submit all signed documents to your Manager or his/her designee after receipt by you. Your Manager will review the document for completeness and accuracy. Any incomplete or incorrect items or documents must be promptly corrected and returned to your 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.

### FILE REQUIREMENTS

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



B. Always write down the following:

- ∑ 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. Your 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 your Manager.

## 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.

## 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 sign, 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.

Unless approved in advance by your 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.

## **DO NOT USE OUTDATED FORMS**

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

# VII

# HANDLING CLIENTS

## 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.

## 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. See Section 11, Discrimination Policy.

## AGENCY RELATIONSHIPS AND DUTIES

### A. Recognized Forms of Agency

The Company generally recognizes two forms of agency:

- ∑ Single Agency (Seller's Agent exclusively or Buyer's Agent exclusively)
- ∑ Dual Agency

If the Company has the listing, we represent the seller only, unless you or another licensee working for the Company also brings in the buyer, in which case the office represents both the buyer and the seller and is a dual agent.

If the Company is working with the buyer and does not have a listing agreement with the seller, we represent the buyer exclusively.

Remember, the agency relationship is created through the Broker. If you have listed the property and another salesperson from this Company brings an offer from a buyer, a dual agency will be created.

### B. Duties and Standards of Conduct

When you represent a principal in a transaction you have a fiduciary 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, it is particularly important for each agent to realize that she/he must hold confidential the information of both buyer and seller, regardless of which party the particular agent is working with, in accordance with the agency agreements, the BRE regulations, and the NAR Code of Ethics.

### **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. 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 this office is not the listing agent, 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.

## **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.

## FARMING

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

## 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. Your 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 use
- ∑ Always leave a copy of any signed contract with the seller
- ∑ Be confident, positive and truthful. Don't exaggerate or mislead.

## 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 your 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. It is this Company's policy to not take a

new listing until the existing listing has expired. NOTE: With the approval of your 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 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 your 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.

## **NEGOTIATING COMMISSIONS**

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

## **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 your Manager and the prior written approval of the Advance Fee arrangement and materials by the California Bureau of Real Estate.

## **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.

## 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.
- ∑ 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.
- ∑ If the seller is home, explain the situation and ask for access. Remember, be respectful.
- ∑ When using a lockbox, always ring the doorbell and/or knock loudly several times and allow time to respond.
- ∑ Enter the property first and verify no one is there.
- ∑ Open curtains and turn on lights as necessary.
- ∑ Allow sufficient time for your clients to view each room and the property. Be mindful to look for any potential "red flags" about the property. (Disclosure)
- ∑ Do not leave your clients unattended in or on the property. You don't want to be blamed if any items are missing from the property later.
- ∑ When you are finished, leave your card inside the property in a conspicuous place, and return the property to its original state (turn off appropriate lights, reset any alarms and lock the doors).
- ∑ If for some reason you don't show the property, call the listing agent as soon as possible to cancel.

## 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 that the:
- ∑ 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 this 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 sign.
- 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. You may never represent two or more competing buyers offering to purchase the same property at the same time absent your 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 absent your Manager's prior written consent. You must choose to represent only the seller or the buyer during the pre-contract negotiations, and a 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.



## 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.

(OPTIONAL LANGUAGE: The Company provides property management services through the Company's property management division. We will provide property management services to our clients on a case-by-case basis. The fee for such services is set out in the Company's Property Management Fee Schedule. All arrangements to manage a client's property must be pre-approved by the Company.)

## 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 between real estate brokers (but not mortgage brokers) for the referral of clients, in which case referral fees may be paid or received. 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 to accept from, a non-real estate broker or agent a fee or thing of value for the referral of a client to you pursuant to a pre-existing agreement to do so. If you have any questions as to whether to accept such a fee or anything of value, contact your Manager.

## **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.

# VIII

## PERSONAL ASSISTANTS

### GENERAL

You may find hiring a personal assistant to be helpful to your business. In hiring a personal assistant, you become an employer and have employer responsibility in that relationship. 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 Policy Manual. If your assistant engages in any conduct that would violate this 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.

### UNLICENCED AND LICENSED ASSISTANT

The 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.

## **PAYMENT/TAX REPORTING**

You are responsible for determining whether your relationship with the personal assistant is that of employee/employer 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.

## **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.

## **SUPERVISION**

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

## **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.

## **WORKERS' COMPENSATION**

No Workers' Compensation insurance is provided by the Company for unlicensed assistants hired by agents. Agents who hire unlicensed assistants shall be responsible for providing Workers Compensation insurance for those assistants where required. Agents should discuss this situation 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/>.

# IX

# ADVERTISING GUIDELINES

## GENERAL

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

- Σ all display advertising
- Σ all classified advertising with any publication including newspapers and magazines
- Σ all mass mailing and faxes
- Σ emails
- Σ Internet postings
- Σ television programs or ads
- Σ flyers
- Σ postcards
- Σ all newsletters
- Σ “for sale” signs and riders
- Σ billboards
- Σ 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. Anytime you advertise property you must include the term “Broker,” “agent,” “licensee” or “REALTOR®.”

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

## 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 are responsible for the truth of all representations in such listings, of which the licensee had knowledge, or reasonably should have had knowledge.

## **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.

## **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 your Manager. No other uses of the Company name or logo are permitted without prior consent of your Manager.

## **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 on-line at: [www.realtor.org](http://www.realtor.org).

## **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.**

## **FAX AND E-MAIL ADVERTISING**

There are state and federal laws prohibiting faxing or e-mailing 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 your 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.

## **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 Policy Manual, to MLS rules and to the NAR Code of Ethics.

## **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
- ∑ the period of repayment

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

- ∑ down payment
- ∑ terms of repayment
- ∑ rate of finance charge expressed as an annual percentage rate
- ∑ if the annual percentage rate may be increased after the transaction is consummated, that fact.

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

## **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.



# X

# INFORMATION SYSTEMS POLICY

## COMPANY COMPUTERS

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

- ∑ For Associates or employee use only
- ∑ First come, first served
- ∑ Do not leave personal files or information on these computers – they are not secure
- ∑ 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 email may be read by persons for whom they were not intended
- ∑ Your use must be lawful, honest and decent, and must have regard to 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 store any personal information in electronic form about yourself or other people on these computers
- ∑ 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 on the information systems or in related documentation shall immediately notify the network administrator.

## **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.

## **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.

## **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.

## **TECH EQUIPMENT INSURANCE**

Though insurance for the office and its contents is maintained by the Company, each Associate should purchase coverage on their personal computer, printer and other equipment and gadgets as deemed appropriate. Check with your insurance agent for more information.

Each Associate is responsible for acquiring and maintaining all software and hardware needed to provide professional real estate services, to include but not limited to, a computer, printer, computer faxing software, and C.A.R. forms software.

## **THE WORLD WIDE WEB**

Our 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 receiving written approval from your Manager for such communications.

# XI

# DISCRIMINATION POLICY

## 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 handicap (disability, including persons with AIDS).

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

- Σ In the sale or rental of housing or residential lots
- Σ In advertising the sale or rental of housing
- Σ In the financing of housing
- Σ In the provision of real estate company services
- Σ In the appraisal of housing
- Σ 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 gender identity, gender expression (a person's gender-related appearance and behavior whether or not stereotypically associated with the person's assigned sex at birth), sexual orientation, marital status, ancestry, source of income, genetic information, religious grooming, breastfeeding, or any arbitrary classification.

NAR and 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:

- Σ 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.

- Σ Keep informed about fair housing law and practices, improving your clients' and customers' opportunities and your business.
- Σ 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.
- Σ Inform your clients and customers about their rights and responsibilities under the fair housing laws by providing brochures and other information.
- Σ Document your efforts to provide professional service, which will assist you in becoming a more responsive and successful REALTOR®.
- Σ Refuse to tolerate non-compliance.
- Σ Learn about those who are different from you, and celebrate those differences.
- Σ Take a positive approach to fair housing practices and aspire to follow the spirit as well as the letter of the law.
- Σ 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.

## **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 for further investigation and disciplinary action. Your affiliation with the Company may also be terminated.**HARASSMENT**

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:

### **Σ 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.

### **Σ Racial harassment**

Inappropriate comments, questions, and/or jokes about racial or ethnic origin, offensive graffiti and intimidating behavior, including threatening gestures.

Σ **Personal harassment**

Making fun of personal circumstances or appearance.

Σ **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.

Σ **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.

Σ **Age harassment**

Derogatory age-related remarks and unjustifiable dismissal of suggestions on the grounds of the age of the person.

Σ **Stalking**

This can be physical or psychological. Examples include leaving repeated or alarming messages on voice mail 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.

# XII

## LITIGATION AND CLAIMS HANDLING

### 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 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.

### 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.

## **ALLOCATION OF COSTS OF DEFENSE**

- A. Except as provided below, the first \$5000 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.

## **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 agent(s) 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; 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 agent 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 agent(s) involved for that transaction.

## **AGENT-OWNED PROPERTY**

Any property in which you have, or will acquire, an ownership, financial or other legal or other interest, either wholly or partially, is "Agent-Owned Property." The purchase, sale, or lease of Agent-Owned Property is business belonging to the Broker, unless otherwise agreed in writing. You must generally comply with the same contract, disclosure, and other requirements for Agent-Owned Property as with other transactions.



The Company's E&O Insurance Policy governs insurance coverage of the sale or purchase of any Agent-Owned Property. In any sale, purchase, or lease of Agent-Owned Property not covered by the E&O Insurance Policy, you shall be solely responsible for costs of defense, settlement or judgment on any claim, suit or action of any nature arising therefrom, regardless of whether you handle the matter as Company business or as your own personal transaction.

In the event you are selling or purchasing Agent-Owned Property, you must:

- A. Notify your Manager in advance;
- B. Obtain, in advance, your Manager's approval of all marketing material and disclosure documents; any purchase contract provisions prior to their execution; and any correspondence or other writings that pertain to the purchase or sale;

(OPTIONAL ADDITIONAL LANGUAGE: REVIEW YOUR E&O INSURANCE POLICY EXCLUSIONS RELATED TO THE SALE OF AGENT-OWNED PROPERTY. ADD SUCH ADDITIONAL LANGUAGE TO MAKE THIS PORTION OF THE POLICY MANUAL CONFORM TO THE EXCLUSIONS CONTAINED IN THE E&O POLICY OF INSURANCE. EXAMPLES INCLUDE:

- C. Not act as the listing agent on the sale. You must list any Agent-Owned Property with another salesperson in the office.
- D. Not represent buyers or prospective buyers in the sale of Agent's Property; and
- E. Notify your Manager immediately in the event that any of the Company's agents writes an offer on your Agent-Owned Property.)

# XIII

## RESOLUTION OF DISPUTES

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

### **INTRA-OFFICE DISPUTES BETWEEN ASSOCIATES**

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

All intra-office disputes must be reported promptly to the Company. In the event employees 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.

### **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 estate 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.

## **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.

## **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.

# XIV

## 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. Information security is fundamentally a management issue, not a technology issue. 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.

1. Associates should refrain from discussing confidential information of the client with anyone (including another Associate) absent the client's consent.
2. Comments at sales meeting should not reveal confidential information of the client without the client's permission.
3. Office files of listings and pending sales should be kept confidential and may not be accessed except by authorized staff and the particular agent involved in the listing or transaction.
4. Fax transmissions should be kept confidential.
5. 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.

# XV

# TERMINATION

## GROUNDS FOR TERMINATION

Your association with the Company can be terminated by either party, with or without cause, at any time upon written notice given to the other party.

Termination 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.

## ASSOCIATE'S COMPENSATION ON TERMINATION

If this Agreement is terminated while you have any listings or pending transactions that require further work normally rendered by you, your Manager will make arrangements with another salesperson or salespersons in the Company to perform the required work. The licensee 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 your termination unless you have made a prior arrangement with your Manager, and then only in proportion to the actual work performed by you on the transaction.)

## LISTINGS

Listings are the property of the Company, even upon your termination. Within 24 hours after notice of termination by either party, you must provide your 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, 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.

## **Acknowledgment of Receipt of Office Policy Manual** **(For Associate to sign and return)**

This is to acknowledge that I have received a copy of the Office Policy Manual dated \_\_\_\_\_20\_\_\_\_. I understand that the Office Policy Manual contains important information about the Company's general office policies. I know I am expected to read, understand, and adhere to the Company policies. I understand that, from time to time, the Company may, in its sole and absolute discretion, change any policies, benefits, or practices in the Manual, with or without prior notice.

Initial

Furthermore, I understand that I am an Independent Contractor and that my association with the Company is not for a specified term. I understand that the Office Policy Manual is not an express or implied contract of employment. Accordingly, either I or the Company can terminate our association at will, with or without cause, at any time.

Initial

Furthermore, I acknowledge that the Office Policy Manual contains this Company's Policy Against Harassment. I agree to comply with all aspects of the policy against sexual harassment and other forms of harassment. I understand that if I violate any aspect of the Company's Policy Against Harassment, I may be subject to disciplinary action, including termination.

Initial

My signature below certifies that I have received the Office Policy Manual, the Information Security Plan, and the NAR Fair Housing Handbook, and agree to abide by their provisions during my association with the Company. By signing below, I further certify that the Office Policy Manual supersedes all prior agreements, understandings, and representations concerning my association with the Company.

Associate's Signature: \_\_\_\_\_ Date:

Print Name: