

CENTURY 21 HOMESTAR POLICIES AND PROCEDURES

1. About the Company

- 1.1. The Company is licensed under the following name: Northeast Ohio Realty, LLC and is doing business as Century 21 HomeStar (the "Company").

2. Policy Manual

- 2.1. **General Purpose.** The purposes of this policy and procedure manual (the "Policy Manual") are 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.
- 2.2. **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 your termination from this Company.
- 2.3. **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 through the Company's website and all member email list. The policies online at any time represent the Company's current Policy Manual.
- 2.4. **Exclusions from the Manual.** This manual applies only to salespersons, and does not apply to Company staff employees.
- 2.5. **Conflict with Salesperson/Broker Independent Contractor Agreement.** In the event of a conflict between this policy and procedure manual and your Salesperson/Broker Independent Contractor Agreement, the terms within this Policy Manual shall prevail.

3. Independent Contractor Relationship

- 3.1. **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. You are considered to be an Independent Contractor for tax purposes and will receive a 1099 at the end of each calendar year. The Company will NOT withhold taxes or Social Security from your compensation. Payment of taxes and Social Security contributions are your responsibility. 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 Worker's Compensation insurance for Broker's own benefit.
- 3.2. **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.

4. General Office Procedures

- 4.1. **License and Requirements.** You are required to maintain a valid real estate broker or salesperson license in good standing while associated with this Company. If your license expires, you may not engage in any activities on behalf of the Company for which a real estate license is required. The Broker may designate another Company salesperson to handle your prospects, listings and transactions during any time your license lapses, and allocate such reasonable compensation to that salesperson for work performed.
- 4.2. Your Broker is charged by law to review, supervise and manage the activity of all salespersons. The Broker may rely on management and staff support to perform this function. You are expected to cooperate with Broker's assistants in the

handling of files, documents and procedures in accordance with this Policy Manual and law.

- 4.3. **Business Cards, Signs, and Stationery.** All business cards, signs, and stationery must be ordered through Century 21 HomeStar preferred vendors. To order material, and to view preferred vendors, sign in to your Century 21 HomeStar account.
- 4.4. **Branding & Marketing Guidelines.** You are responsible for adhering to all requirements and guidelines found in the document Branding & Marketing Guidelines for Century 21 HomeStar.
- 4.5. **Professional Conduct.** As a member of the National Association of REALTORS®, you are expected to be familiar and comply with the Code of Ethics.
- 4.6. **Alcohol and Drugs.** Possession, use, sale or being under the influence of alcohol or drugs on or off company premises while conducting Company business is prohibited. Use good judgment. NEVER DRINK AND DRIVE.

4.7. Professional Associations.

- 4.7.1. **Multiple Listing Service.** The Company is a member of the Multiple Listing Service (“MLS”). You are required to be a member of the MLS at all times. As an MLS member, you are required to be familiar with, and adhere to, the rules and regulations of the MLS. A copy of those rules and regulations are available through the MLS. If you fail to comply with those rules and regulations, or fail to pay your MLS bill when due, you and/or the Company may be fined, suspended or expelled, and your listings may be removed from the MLS. You will be responsible for payment of any and all fines levied against you and/or the Company resulting from your noncompliance. Furthermore, your noncompliance may result in your termination from Company.
- 4.7.2. **Local Associations of REALTORS®.** You are required to maintain a current membership in the National, and Local Associations of REALTORS® at your own expense. Membership is billed annually through your local association of REALTORS®.
- 4.8. **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 terms mentioned in your Independent Contractor Agreement.
- 4.9. **Tax Reporting.** At the end of each calendar year or as soon thereafter as possible, the Company will provide you with an Internal Revenue Service Form 1099 setting forth compensation paid to you. Your income earned and expenses incurred have significant tax consequences. You are encouraged to get competent independent tax advice and keep accurate records of earnings and expenses.
- 4.10. **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.
- 4.11. **Trust Fund Handling.** As a regular part of the real estate business, you will receive funds on behalf and for the benefit of others, i.e. “trust funds.” The most common types of funds are earnest money deposits. Improper trust fund handling may lead to civil, criminal and Real Estate Commission action against you and the Company. Remember, you are handling someone else's money.
- 4.12. You are required by Ohio statute to deposit trust fund money not later than the next day after receipt. You may not hold undeposited funds longer than this period, even if the client requests it.
- 4.13. When you are representing a buyer you must ensure that earnest money deposits are made payable directly to the escrow company and reported to

Broker. IT IS ILLEGAL TO RECEIVE FUNDS IN YOUR PERSONAL NAME OR ACCEPT CASH PAYMENTS FROM CLIENTS.

- 4.14. **Identity Theft / Confidentiality.** Identity theft is a growing concern. So, it is essential that you treat with care and confidentiality all files containing names, addresses, phone numbers, social security numbers, credit card information or any other personally identifiable information. You must assure that any files containing such information that remain in your possession be kept in a secure location and disposed of properly.
- 4.15. **Safe Driving.** You are expected to keep your automobile in a clean, properly maintained, and safe operating condition at all times. Remember: 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. The Company recommends that you use your cell phone only when your car is stopped safely on the side of the road. If you find it necessary to use the cell phone while driving, use a hands-free device.
- 4.16. **Personal Transactions.** Please contact the office for current policies
- 4.17. You must disclose in writing that you are a real estate licensee whenever you buy or sell property in which you have an ownership interest, or where you have a special relationship with a buyer, or where there is a possibility that you could acquire indirectly a financial or legal interest in the property.
- 4.18. **Vacations.** As an Independent Contractor, you are entitled to schedule vacations. However, if you have any pending transactions, please advise the Broker of your vacation schedule and how any pending business will be handled in your absence.
- 4.19. **Anti-Trust Guidelines.** Do not engage in any verbal or written conversations with agents or brokers with other companies regarding:
 - a. the setting of commissions, charges or other fees to the public;
 - b. boycotting or not doing business with a particular competitor;
 - c. the setting of rates or percentages of shared commission compensation to cooperating brokers.
- 4.20. **Transaction Coordinators.** There are no requirements to use any Transaction Coordinator. You are liable that any transaction file is completed and match all Company requirements. You are solely responsible for any and all monies owed to any Transaction Coordinator that you retain. The Broker may make a transaction coordinator available to you at an additional charge.

5. Handling Clients

- 5.1. **Proprietary Information.** Treat all client information as confidential and proprietary. You have a fiduciary duty to your clients and must never use any information learned during the course of your representation of your clients in any manner adverse to their interests.
- 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. To that end, we do not discriminate on the basis of any arbitrary classification, including, but not limited to, the following: race, color, religion, sex, handicap or disability, familial status, national origin, or sexual orientation. You must adhere to all State and Federal Fair Housing laws at all times.
- 5.3. **Taking Listings.** Law requires that a compensation agreement be in writing and signed by the party to be charged in order to be enforceable.
- 5.4. 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.
- 5.5. If the property is in escrow, make sure the listing does not expire before close of escrow. Get all modifications or extensions in writing.

- 5.6. 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.
- 5.7. **Negotiating Commissions.** The commissions pay by principal is negotiable. All commissions must be payable to the Company. The Company reserves the right to set any fees when it is necessary.
- 5.8. **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. 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.
- 5.9. **Showing Properties.** 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. 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).
- 5.10. **Customer Service Standards.** Agents are expected to be on time for appointments and to treat all customers fairly and equally. Preference will not be given to a particular customer because of price. Agents are expected to be clean, sober, and professional. Departure from these standards is cause for the termination of the Independent Contractor Agreement.
- 5.11. **Agent Automobiles and Automobile Insurance.** All agents must have a dedicated vehicle that is no more than six (6) years old. This vehicle must be in good working order. Agent is responsible for all transportation expenses including automobile insurance. The Agent will carry automobile liability insurance to cover business use of Agent's vehicle with bodily-injury coverage of at least \$250,000 per person, and \$500,000 per accident, and property-damage coverage of \$100,000, or a minimum of \$300,000 on a single-limit policy. Broker (Century 21 HomeStar) will be named as an additional insured in all policies.
- 5.12. **Drafting and Negotiating Contracts**
- 5.12.1. When preparing an offer to purchase on a purchase agreement form, or completing an addendum or counter-offer form, review any written sentences or paragraphs to see if they can be clearly understood by someone who is not familiar with the discussions you may have had with your client.
- 5.12.2. 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.
- 5.12.3. 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. Present the offer as soon as possible.
- 5.12.4. 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).

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.

- 5.13. Referral Fees.** The Real Estate Settlement Procedures Act (RESPA) prohibits the payment of cash or anything of value from one settlement provider to another settlement provider (real estate agent, lender, title company, etc.). One exception is between real estate brokers for the referral of clients, in which case referral fees may be paid or received.

6. Maintaining Files

- 6.1. 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 in accordance with real estate law after which time they may be destroyed in accordance with the Company's document policy.
- 6.2. Company Review.** You must submit all signed documents to the Company in 48 hours after receipt by you. The Company will review the document for completeness and accuracy. Remember, your file must be full and complete to receive compensation.
- 6.3. File Requirements.** Your file must include all required documents as identified in the transaction management platform.
- 6.4. 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.
- 6.5. Do Not Use Outdated Forms.** Always use current forms. Keep your online forms up to date with the most current forms.

7. Personal Assistants

- 7.1. General.** Generally, as your business increases, you may find hiring a personal assistant to be helpful. 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. Any compensation due the assistant shall be arranged between you and your assistant, and will be your responsibility.
- 7.2. Licensed Assistant.** If the personal assistant has a real estate salesperson license, that license can be given to the Company. The personal assistant may not engage in any activity which requires a real estate license without: (1) the prior written consent of the Company, and (2) entering into a written Independent Contractor agreement detailing the personal assistant's relationship with the Company.

- 7.3. Licensed personal assistants are compensated solely through your contractual arrangement with them when operating in their personal assistant capacity. 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.
- 7.4. Licensed personal assistants may be authorized by the Broker to conduct real estate transactions. If this is the case the assistant will be compensated through the Broker in accordance with his/her Independent Contractor agreement.
- 7.5. **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 prior to its effective date.
- 7.6. **Workers Compensation.** No Workers Compensation insurance is provided by the Company for assistants hired by agents. Agents who hire 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.

8. Advertising Guidelines

- 8.1. **General.** All advertising must be approved by the Company before your placement or use. You are responsible for adhering to all requirements and guidelines found in the Branding & Marketing Guidelines for Century 21 HomeStar.
- 8.2. You may only advertise property actually listed for sale by the Company. Anytime you advertise property you must include the term "Broker," "agent," "licensee" or "REALTOR®." All advertising words, photos, and content are and shall remain the property of the Company whether created by you, a third party, and/or the Company.
- 8.3. **Legal and Ethical Considerations.** As an associate and licensee, you have both a legal and ethical obligation to be truthful when advertising property or services. All advertising must comply with all state and federal advertising requirements as well as the NAR Code of Ethics. Any false or misleading advertisement will immediately be withdrawn by the Company. 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 from the Ohio Division of Real Estate.
- 8.4. **Company Name and Logos.** The Company's name and/or logo must be included in all advertisements and conform to the Company's Branding & Marketing Guidelines.
- 8.5. **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 on-line at: www.realtor.org.
- 8.6. **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.
 - 8.6.1. 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 or an established business relationship in the past 18 months.
 - 8.6.2. It is your responsibility to adhere to this policy and will be solely responsible for any violation, including any fines, penalties, damages recovered, settlements or attorney's fees and costs.

- 8.7. Fax Advertising.** There are state and federal laws prohibiting faxing to recipients with unsolicited commercial advertisements or solicitations. Exemptions include prior permission or an established business relationship.
- 8.8. Fair Housing.** The Company is committed to equal opportunity and fair housing in all of its advertising.
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 or national origin are considered likely violations of the Federal Fair Housing Act and may not be used in Company advertisements.

9. Policy Against Harassment

- 9.1. Company Policy.** It is the policy of the Company that its employees, associates and visitors be free of harassment. Harassment is damaging to morale, serves no legitimate business purpose, is unlawful, and exposes the Company and the individuals involved to significant legal liability.
- 9.2. Enforcement.** If you believe that you have been harassed, please bring the problem to the attention of the Broker. You do not have to put your complaint in writing, but it is helpful to provide details about dates, times, places, and witnesses to the harassment. All complaints will be investigated promptly by designated Company management. If your complaint of harassment is found to be totally and completely without basis, appropriate measures may be taken against you.

10. Litigation and Claims Handling

- 10.1. General.** You are required to:
- 10.1.1. Promptly notify your Broker of any claim or potential claim made against you and/or the Company, including any demand received by you for money or services alleging a negligent act or omission; any notification of the commencement of a lawsuit, arbitration or mediation process; or any written or verbal notice or threat that anyone intends to hold you and/or the Company responsible for any alleged wrongdoing.
 - 10.1.2. Cooperate with the Company in the defense of a claim.
 - 10.1.3. Promptly pay to the Company any amounts due hereunder upon notice to you from the Company.
- 10.2. Legal Defense**
- 10.2.1. 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 for activities covered by the Insurance Policy, then the Company shall defend the claim, and the cost of such defense shall be allocated as set forth herein.
 - 10.2.2. 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.
- 10.3. Allocation of Costs of Defense**
- 10.3.1. Except as provided below, the cost of defense of the claim, or to defend or protect against any potential or possible Claim where the Company or you are not 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 your Independent Contractor Agreement or prospective transaction that led to the Claim, whether or not the transaction actually closed.

10.3.2. You shall be responsible for all Costs of a claim if you fail to follow any law, regulation or Company policy as set forth in this Policy Manual, and that failure results in a judgment or other final adjudication based on that failure.

10.3.3. 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:

- (a) establishes that dishonest, fraudulent, criminal, or malicious acts, errors or omissions were committed; or,
- (b) 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,
- (c) 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; or,
- (d) results in a finding of pollution or any wrongful act in connection with any such pollution, including the discharge release or escape of any hazardous materials as defined in the Insurance Policy; or,
- (e) results in a finding of any liability for claims for damage to property or death or injury to persons arising out use, removal or exposure to goods or products, in any form, composed in whole or in part of lead, asbestos or asbestos related materials.

10.4. Disputes During Escrow. If a dispute arises during an escrow between seller, buyer, the cooperating broker 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; then Broker has the right to negotiate a resolution of the dispute which may involve a reduction in the commission to be received, 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 agent(s) and the Company will participate in the commission reduction or credit pro rata.

10.5. Agent-Owned Property. Any property in which you have, or will acquire, an ownership, financial or other legal or other interest, is "Agent-Owned Property." The Company's E&O Insurance Policy governs coverage of the sale or purchase of any Agent-Owned Property. In any sale or purchase 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.

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

- (a) Notify the Broker in advance;
- (b) Obtain, in advance, your Broker 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;
- (c) Not represent buyers or prospective buyers in the sale of Agent's Property;
- (d) Notify the Broker immediately in the event that any of the Company's agents writes an offer on your property.

11. Dispute Resolution

11.1. Intra-Office Dispute Resolution. All disputes involving you and another associate of the Company will be promptly reported to the Broker. The Broker, or designated members of the management team, will attempt to resolve the

dispute through informal mediation in which all affected salespersons are expected to participate.

- 11.2. You agree that all disputes involving another associate which cannot be resolved by the Company, and disputes involving the Company, will be resolved by binding arbitration with the local Association of REALTORS® in accordance with the bylaws and rules the in effect.
- 11.3. **Third Party Disputes.** You are required to immediately notify your Broker of any dispute or claim involving you, another associate of this office, the office itself, the Company, and a third party, including brokers and associates of other brokerages. The Company will make all reasonable efforts to resolve the dispute informally. Any such resolution will be binding on the agents involved in the dispute or claim.

12. Termination

- 12.1. **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.
- 12.2. **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, the Broker 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.
- 12.3. **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.