

CENTURY 21 HOMESTAR COMPANY POLICIES ON AGENCY

SECTION A: GENERAL POLICY ON AGENCY

- 1) It is the policy of Century 21 HomeStar to represent both buyers and sellers. Affiliated agents shall represent the seller when they list the property and shall act as a buyer's agent when working with a buyer.
- 2) When representing a seller, Century 21 HomeStar and its agents owe the seller the duties of loyalty, obedience, confidentiality, accounting and reasonable skill and care in performing our duties, and any other duties contained in our listing agreement. We are required to act solely on behalf of the seller's interest to seek the best price and terms for the seller. Finally, as a seller's agent, we also have a duty to disclose to the seller all material information obtained from the buyer or from any other source. 3) When representing a buyer, Century 21 HomeStar and its agents owe the buyer the duties of loyalty, obedience, confidentiality, accounting and reasonable skill and care in performing their duties and any other duties contained in an agency agreement. The agent and brokerage are required to act solely on behalf of the buyer's interests to seek the best price and terms for the buyer. Finally, a buyer's agent and brokerage also have a duty to disclose to the buyer all material information obtained from the seller or from any other source.
- 4) On in-company transactions where both buyer and seller are represented by separate, non-management-level licensees, each party will be represented by their respective agent and those agents must not share confidential information with each other. The brokerage and its management-level licensees are dual agents. In this situation, the brokerage's role is to do the following:
 - Objectively supervise the agents involved so they can fulfill their duties, as outlined above, to each of their clients.
 - Assist the parties in an unbiased manner to negotiate a contract
 - Assist the parties in an unbiased manner to fulfill the terms of any contractAs a dual agent, the brokerage cannot:
 - Advocate or negotiate on behalf of either the buyer or seller
 - Disclose confidential information to any party or any other employee or agent of the brokerage
 - Use confidential information of one party to benefit the other party to the transaction
- 5) If the management-level licensee represents a party, either buyer or seller, on an in-company transaction, that management-level licensee must act as a dual agent. The other agent in the transaction, who represents the other party, is considered to be the only agent of the party he represents. The buyer and seller will acknowledge this relationship on the Agency Disclosure Statement.
- 6) If an agent sells his own listing to a buyer client, the agent is a dual agent only if the agent has a prior relationship to the buyer and has shown them other homes before their listing. The listing agent represents the seller only if the only home shown is the agent's listing. The agent may only act as a dual agent if both buyer and seller agree. A dual agent may not disclose any confidential information that would place one party at an advantage over the other party and may not disclose any of the following information without the informed consent of the party to whom the information pertains:
 - That a buyer is willing to pay more than the price offered;
 - That a seller is willing to accept less than the asking price;
 - Motivating factors of either party for buyer or selling; or
 - That a party will agree to financing terms other than those offered.

SECTION B: PRINCIPAL BROKER AND MANAGEMENT-LEVEL POSITIONS

The following position(s) in the brokerage are considered to be management level:

- Anthony F. Geraci: Principal Broker/Owner/Manager
- Brenda Mandel: Operations Manager/Owner
- Deborah Hehr: Office Manager
- Julia Mandel: Sales Manager

SECTION C: APPOINTMENT OF LICENSEES

In the event an agent wants another agent in the brokerage to represent his client, that client must agree in writing to this agent being appointed to represent him. Such written appointments must be maintained in the brokerage file.

SECTION D: WORKING WITH RELATIVES, BUSINESS ASSOCIATES, ETC.

- 1) If a person with whom an agent has a personal, family, or business relationship wants to sell property, the agent shall act as a listing agent representing that person. If a buyer represented by the listing agent or any other agent in our brokerage wants to buy this property, dual agency occurs. The nature of this relationship with the seller must be disclosed to the buyer before the buyer consents to dual agency and the relationship must be disclosed on the Agency Disclosure Statement. If the buyer is working with an agent from another brokerage, that cooperating agent must likewise be notified of the nature of the relationship with the seller, and it must be disclosed in writing prior to entering into a purchase contract. *(Note: This is required by Article 4 of the National Association of REALTORS® Code of Ethics.)*
- 2a) If a person with whom an agent has a personal, family or business relationship wants to buy property, that agent shall represent that buyer as a buyer's agent. If that buyer purchases property listed with another firm, or a for-sale-by-owner, any

family, business or personal relationship with the buyer must be disclosed in writing prior to entering into a purchase contract. *(Note: This is required by Article 4 of the National Association of REALTORS® Code of Ethics.)*

b) If the buyer wants to purchase property listed with their agent or any other agent in the brokerage, dual agency occurs. The seller must be informed about the nature of the relationship with the buyer before the seller consents to the dual agency and this relationship must be disclosed on the Agency Disclosure Statement.

3) If an agent has a personal, family or business relationship with another agent involved in a transaction, that fact must be disclosed to the parties. This disclosure must be made prior to a contract being entered into. Agents are required to notify the manager when this situation exists. There may be a policy change if necessary.

SECTION E: AGENTS BUYING OR SELLING THEIR OWN PROPERTY

1) Agents selling their own property must list it with Century 21 HomeStar and act as their own listing agent.

a) If the agent's property is shown to a buyer working with another brokerage, or another agent in Century 21 HomeStar, that cooperating agent shall be notified of the fact that the listing agent is also the seller and this must be noted on any subsequent contract that is entered into.

b) If a buyer contacts the listing agent/seller directly about his property, the buyer shall be notified that the listing agent is also the seller at first contact and that buyer shall be treated as a customer. In any subsequent purchase contract, the fact that the seller is also the listing agent licensed with Century 21 HomeStar, shall be disclosed. The Agency Disclosure Statement shall reflect that the listing agent represents himself as the seller and that the buyer represents himself. If the buyer wants representation, he will be referred to another agent in the brokerage who can represent him.

c) If the seller/listing agent already has an agency relationship with a buyer interested in purchasing his property, he must disclose that he is the owner immediately. If the buyer decides to make an offer, the agent must allow the buyer to find another agent to represent them. Under Ohio law, the agent/seller cannot act as a dual agent and therefore must terminate his representation of the buyer. If the buyer decides to enter into a contract without another agent, the buyer must be presented with the Agency Disclosure Statement prior to signing any offer. The buyer shall be treated as a customer and the Agency Disclosure Statement shall be completed to reflect that the listing agent represents himself as the seller and the buyer is representing himself. The fact that the seller is a licensed agent with Century 21 HomeStar shall also be disclosed on the purchase contract. The fact that the agent is the seller must be disclosed on the Agency Disclosure Statement as a "material relationship." d) If in the situations described in paragraphs (a) and (b) above, the buyer wants representation, another agent licensed with Century 21 HomeStar shall, with the buyer's consent, be appointed to represent the buyer. In this limited situation, the appointed agent shall represent the buyer only and the listing agent shall represent himself as the seller. The Agency Disclosure Statement shall be completed to reflect this and the fact that the seller is a licensed agent with Century 21 HomeStar shall be disclosed on the purchase contract as well. If the buyer does not want to be represented by an agent licensed with Century 21 HomeStar, they shall be referred to another brokerage.

2) Agents buying property for themselves must also handle these transactions through the brokerage and act as a buyer's agent.

a) If the property the agent wishes to see is listed with another brokerage, the listing brokerage must be notified at first contact of the fact the agent is acting for himself. On any offer the agent makes, it must indicate that he is a licensed agent with Century 21 HomeStar and submit an Agency Disclosure Statement indicating that he is a buyer's agent.

b) If the property the agent is interested in purchasing is listed with him, this intent must be disclosed to the seller immediately. Under Ohio law, the agent cannot act as a dual agent and therefore must terminate his representation of the seller. The fact that the buyer is a licensed agent with Century 21 HomeStar must be disclosed on the Agency Disclosure as a "material relationship," as well as on the offer to purchase. Another agent licensed with Century 21 HomeStar will be appointed to represent the seller. That appointed agent shall represent the seller only and the buyer/agent shall represent only himself.

c) If the property an agent is interested in purchasing is listed with another agent with Century 21 HomeStar, the agent must immediately inform the listing agent that he is interested in buying the property for himself. The listing agent shall not share any confidential information with the buyer/agent unless expressly authorized by the seller. Because under Ohio law, the agent cannot act as a dual agent in the transaction, in this situation only, the buyer/agent shall act as a buyer's agent representing himself only and the listing agent shall represent only the seller. The Agency Disclosure Statement shall be completed to reflect this and the fact that the buyer is a licensed agent with Century 21 HomeStar shall also be disclosed on the purchase contract.

d) If the property an agent is interested in purchasing is not listed (a FSBO), then the agent shall notify the seller at first contact that he is a buyer's agent representing himself. The agent shall also disclose his intent, if any, to seek compensation from the seller. The agent shall not have the seller sign a listing agreement. In the event the agent wishes to purchase the property, the fact that the buyer is a licensed agent with Century 21 HomeStar shall be noted on the offer and an Agency Disclosure Statement indicating the agent is acting as a buyer's agent representing himself shall be delivered with the offer.

SECTION F: CONFIDENTIAL INFORMATION

Since agents within Century 21 HomeStar act as buyer's and seller's agents, it is possible that one agent could potentially be representing a buyer who is buying property listed with a different agent in our brokerage. In this instance, each agent has

separate duties to his respective client. Therefore, it is necessary for the following steps to be followed to protect the confidential information of the buyer from being disclosed to another agent in our brokerage who could be representing the seller, and vice versa. For this reason, it is necessary to establish procedures to protect confidential information within the office. On cooperative transactions with other brokerages, agents, of course, must recognize their obligation not to disclose such information to licensees affiliated with other brokerages or their clients.

1. Office Files. Each agent shall maintain all documents relating to a client he represents. Correspondence, offers, addendums, inspection reports and the like shall not be kept on desks or left out where they could be viewed by other agents. The office will keep all files electronically and password protected.
2. Computerized records and messages. All computer documents maintained by agents shall be password protected so that other agents in the brokerage cannot retrieve or view this information. Agents shall not share their passwords with one another for any reason. All e-mails and texts should be kept for the files until the appropriate amount of time has passed for requiring these items.
3. Office meetings and discussions. Agents shall not share confidential information regarding their clients at office meetings or discuss such information with others in the office unless the client specifically permits such disclosure. If the client so authorizes, this authorization should be noted by the agent in his file. Confidential information includes, but is not limited to, a client's motivation to purchase or sell, a client's financial information, the amount of any offer or counter-offer that a client has made or is considering making, or the amount of any pending contract. Office meetings involving such confidential information shall take place in private, so as not to be overheard by others.
4. Facsimile transmissions. All fax messages sent to the office come electronically and go directly to an email that only the office can access, which is password protected.
5. Telephone and Inter-office messages and conversations. Telephone and inter-office messages that contain confidential information shall be e-mailed to the appropriate agent or placed in an envelope and left at the front desk. Conversations between agents, with management-level licensees or other staff concerning clients shall be held in private if the conversation involves confidential information.
6. Meetings and conversations with clients. All meetings with clients shall take place where there can be privacy. Telephone conversations with clients that involve confidential information shall take place only in the private agent's office, or somewhere else private. Agents shall not utilize the speaker phone when having conversations of a confidential nature, unless the conversations take place where there is an expectation of privacy.
7. Internet websites including social networking sites and blogs. Agents shall not share confidential information regarding their clients on any internet websites including social networking sites and blogs unless the client specifically permits such disclosure.

SECTION G: DUAL AGENCY

- 1) Agents acting as a dual agent shall disclose to the parties all relevant information necessary for them to make an informed decision about whether to consent to the dual agency. This would include, but not be limited to, the nature of the relationship an agent may have with a party to the transaction. This must be done on the Agency Disclosure Statement. If this information later changes, this change must be provided in writing to the parties as soon as possible and they must be given an opportunity to revoke their consent to the dual agency.
- 2) In the event a party refuses to consent to the dual agency, or seeks to terminate any agency relationship as a result of the proposed dual agency, the office will be notified immediately. If the client's consent cannot be obtained, Century 21 HomeStar and its agents cannot act as dual agents. One of the managers shall attempt to obtain the objecting party's consent to another agent with Century 21 HomeStar appointed to represent him. If this cannot be agreed upon, the managers shall, depending on the circumstances and wishes of the parties, determine which relationship shall be terminated.

SECTION H: CHANGING AGENCY RELATIONSHIPS

Agents shall not change agency relationships once they have been established, unless approved by managers - Anthony F. Geraci or Brenda Mandel. If such a change is approved, the client whose agency relationship is being terminated must consent in writing and any persons who know of the previous relationship must be notified in writing as well.

SECTION I: POLICY ON COOPERATION AND COMPENSATION

- 1) It is the policy of Century 21 HomeStar to cooperate with all other brokerages on an equal and consistent basis. This means Century 21 HomeStar and its agents will make its listings available to other brokerages to show, provide information that is not confidential, and present all offers written by other brokerages in a timely and objective manner.
- 2) Unless the seller does not authorize it, Century 21 HomeStar will offer compensation to the following other brokerages:
 - Buyer's Agents
 - A minimum of 2% must be offered to all buyer's agents
 - Agents may offer more as a bonus to the selling agent with Seller's authorization.
- 3) Century 21 HomeStar does reserve the right, in some instances, to vary the compensation it offers to other brokerages, whether as subagency or buyer agency compensation. Therefore it may not offer compensation on an equal and consistent basis to all brokerages.
- 4) When acting as a buyer's agent on properties listed with another brokerage, Century 21 HomeStar does accept the buyer

agency compensation offered by the listing brokerage in the multiple listing service. Century 21 HomeStar also accepts compensation from FSBOs that are not in the MLS.

SECTION J: GENERAL LISTING PROCEDURES

- 1) When securing a listing, explain to the seller that you, the brokerage, and management-level licensees will represent him. 2) Explain to the seller our brokerage policy of also representing buyers. Disclose the fact that you have buyers that you represent and that other agents in the firm represent buyers also. Use the "Consumer Guide to Agency Relationships" to help explain your role as a dual agent if one of your buyer/clients purchases your seller's listing. Explain how the transaction will be handled if the buyer is represented by another agent in our brokerage.
- 3) Have the seller sign and date acknowledging receipt of the "Consumer Guide to Agency Relationships." 4) Have the seller check on the listing agreement whether he authorizes Century 21 HomeStar to offer compensation to buyer brokerages. Have the seller sign and date the listing agreement.
- 5) Unless exempt, on property built before 1978, have the seller complete the lead-based paint disclosure and acknowledgement form, sign and date it.
- 6) Unless exempt, on residential property, have the seller complete the residential property disclosure form, sign and date it. If exempt, get an exemption form signed so all parties are aware of the exemption.

SECTION K: GENERAL PROCEDURES WHEN REPRESENTING BUYERS

- 1) When establishing an agency relationship with a buyer, explain that you, the brokerage and management-level licensees will represent him.
- 2) Explain to the buyer that you also take listings, as do other agents with our brokerage, and therefore represent those sellers. Use the "Consumer Guide to Agency Relationships" to help explain your role as a dual agent if he buys your listing, and how it will work if he buyer property listed with a different agent in our brokerage.
- 3) The buyer must be provided with the "Consumer Guide to Agency Relationships" before the earliest of the following events:
 - Showing the buyer property;
 - Pre-qualifying the buyer;
 - Asking the buyer for specific information about his financial ability to purchase property;
 - Discussing an offer; or
 - Submitting an offer.
- 4) Have the buyer sign and date acknowledging receipt of the "Consumer Guide to Agency Relationships." Email as well.
- 5) Have the buyer sign our buyer agency agreement.
- 6) When you contact other brokerages about their listings, immediately disclose the fact that you are a buyer's agent. Do the same on FSBO's and disclose any intent to seek compensation from the seller.
- 7) On residential properties, give the buyer the residential property disclosure form, the lead-based paint disclosure and acknowledgement form, and the EPA lead paint pamphlet, if required. Have the buyer sign these forms before signing the offer. EPA pamphlet can also be emailed to them.
- 8) When you write an offer on property listed with another brokerage, have the buyer sign the Agency Disclosure Statement prior to signing the offer and deliver this form along with the offer.
- 9) If the buyer is making an offer on property you have listed, tell this to the buyer and disclose to both buyer and seller any material facts about your representation of these two clients- for example, if you have a personal, family, or business relationship with one of the parties. If such a relationship exists, indicate it on the Agency Disclosure Statement. Have the buyer sign the Agency Disclosure Statement before the buyer signs the offer. The seller must sign the Agency Disclosure Statement before the offer is presented to him.

SECTION L: ACKNOWLEDGEMENT OF RECEIPT

Every employee, independent contractor, and affiliated licensee of Century 21 HomeStar must be provided and document receipt of Century 21 HomeStar's company policy. By signing below, you acknowledge receipt of Century 21 HomeStar's company policy and agree to adhere to these policies.

Agent / Licensee Date