

757 REALTY LLC

COMPANY POLICY MANUAL



Corporate Office
757 REALTY LLC
t/a 757 Realty & 804 Homes
512 S. Lynnhaven Road Suite 102
Virginia Beach VA 23452
Phone: (757) 557-0030 * Fax: (757) 557-0030
Website: www.757realtor.com
Email: rrcbroker@hrcoxmail.com



Table of Contents

Chapter One - Affiliation Broker and Associate

1. Broker and bracket together Mutual Benefit
2. Adhere to Code of Ethics and Bylaws of Local Board and MLS
3. Associate Affiliation Requirements
 - a. Real Estate License
 - b. Mandatory Errors and Omissions Insurance Coverage
 - c. Membership of Board of Realtors
 - d. Miscellaneous Associates Expense
 - e. Automobile
4. Professional I Business Expenses*
 - a. Office Telephone and Desk Space
 - b. Office Supply and Equipment
 - c. Secretarial and Clerical assistance for Associates
 - d. Membership in Multiple Listing System
5. Resolutions of Disputes
 - a. What constitutes a dispute?
 - b. Intra-Office disputes between associates
6. Independent Contractor
 - a. Definition
 - b. Independent Contractor Agreement
 - c. Tax Filing Requirements
 - d. Workers Compensation Requirements
 - e. Broker Authorization to Contact

Chapter Two Office Policies

1. Discrimination Issue
 - a. Fair Housing Laws
 - b. Discrimination Accusations
 - c. Fair Employment Accusations
2. Harassment
3. Office Security
4. Office Appearance
5. Dress Code
6. Eating in the work area
7. Changes in Name, Address and Telephone number
8. Telephone Use
 - a. General
 - b. Long Distance Calls
 - c. Messages from other associates

9. Computer
 - a. Use information systems policy
 - b. Proprietary Equipment and Information
 - c. Information Systems Usage
 - d. Information Systems Conduct
 - e. Viruses
 - f. Copy right infringement
 - g. The World Wide Web
 - h. Summary
10. Maintaining contact with the office
11. Drug and Alcohol Use
 - a. Client or Customer Substance use
 - b. Smoking
12. Legal and Tax advice Prohibited
 - a. Legal Advice
 - b. Tax Advice
13. Problem reporting procedures
14. Contacting the Broker
 - a. Emergency Contacts
 - b. Branch Offices
15. Confidentiality
16. Office Meetings
17. Observance of Safety Practices
18. Vacation I Leave Time or Associates
19. Sign Policy
 - a. Sign Riders
 - b. Directional Signs
 - c. Sold and Offer Pending Sign
 - d. Expired Listings
20. Employee Office Hours
21. Legal Assistance for Associates
 - a. Legal Counsel Involvement
 - b. V AR Legal & Ethics Hot Line
 - c. Lawsuits and Threats of Action
 - d. Arbitration
 - e. Code of Ethics & License Law Violations
22. Inspection Services, Survey Etc
23. Document Control
 - a. Document File
24. Personal Assistants
 - a. Unlicensed Assistants
 - b. Licensed Assistants
 - c. Agency

Chapter Three Advertising

1. Advertising Media
2. Open House Ads
3. Allocation and Costs of Advertising
4. Equal Opportunity Slogans and Logos
5. Prohibited Advertising Language
6. Sign Panel/Rider Ordering

Chapter Four Compensation

1. Commission and Fee Rates
2. Associate Commission and Fee Compensation
 - a. Definition
 - b. Schedule of Compensation
3. Partial Receipt of Commissions
4. Reduction of Commissions and Fees
5. Referrals and Bonuses
6. Commission Agreements and Disputes
 - a. Entitlement to Commission
 - b. Inter-Office Disputes and Compensation
7. Volume Calculation shall be calculated as follows

Chapter Five RESPA Policy

1. Prohibition against kick backs and Unearned Fees
2. What is permitted
3. Key Referral Fee Reminders

Chapter Six Listing Policy

1. Disclosure of Adverse Facts
2. Listing Documentation
3. New Listing Tours
4. Security of Listed Property
5. Cancellation of Listing Contract
6. Listing Protection
7. Cooperating Compensation

Chapter Seven Buyer Brokerage

Associates Capacity's Buyer Agent

1. Buyers Representation Agreement
2. Agency Disclosure
3. Negotiations
4. Compensation

5. Cooperation as Listing Agents with Buyers Brokers
6. Dual Agency

Chapter Eight Selling Policies and Procedures

1. Information Provisions
2. Referrals/Lead Generation
3. Agency Disclosures
4. Servicing the Prospects
5. Drafting Orders
6. Confidentiality of Offers
 - a. Intra Office - Avoid Problems
 - b. To Cooperating Brokers
 - c. Timeliness in Offers
 - d. Delivery of Accepted Offers
 - e. Referral Fees

Chapter Nine Closing Procedures

1. Listing Associate Responsibility
2. Settlement Service Provider
3. Deposits and Earnest Money
 - a. Handling
 - b. Disbursement

Chapter Ten Antitrust

1. Summary of Principal Federal Antitrust Laws
2. THE SHERMAN ACT
3. THE CLAYTON ACT
4. THE ROBINSON PATMAN ACT
5. THE FEDERAL TRADE COMMISSION ACT
6. Antitrust Compliance
 - a. Do not discuss your business with competitors
 - b. Written communication must be clear and explicit
 - c. Do not talk unless you know who you're talking to and what you are talking about
 - d. Do not deceive yourself
 - e. Do not use terms as please destroy when read
 - f. Do not at any time use any words or phrases which NAR program for compliances designate as "Dangerous"
 - g. If in doubt, consult
 - h. Without clearance - Don't do it

Chapter Eleven Termination of Affiliation

Appendix

- A-1 HUD Bidding
- A-2 **REMOVED 1/27/2009**
- A-3 **REMOVED 3/17/2011**
- A-4 Lead Referrals (also see A-19)
- A-5 Agent Power of Attorney Policy
- A-6 Policy regarding Cash Purchasers
- A-7 **REPLACED/MODIFIED BY A-20**
- A-8 Listing Input Requirements
- A-9 **REMOVED 03/17/2011**
- A-10 Lead Transfers
- A-11 Confidentiality
- A-12 A/R Payments (MODIFIED BY A-29)
- A-13 Escrow Deposit Policy
- A-14 Website Fees
- A-15 Commission Advance Request Policy
- A-16 **REPLACED/MODIFIED**
- A-17 **REPLACED/MODIFIED**
- A-18 Richmond Contract to Close Procedures
- A-19 Company Policy regarding Referrals from Company Leads (Clarification of A-4)
- A-20 **REPLACED BY A-43**
- A-21 Commission Disbursement Policy
- A-22 Buyer Broker Policy
- A-23 Disassociation Policy (Less than 180 Days)
- A-24 Principal Broker Approval Requirements
- A-25 **COMPLIANCE REVIEW PROCEDURE CHANGE**
- A-26 **MONTHLY A/R BILLING**
- A-27 **LATE FEE BILLINGS (MODIFIED BY A-30)**
- A-28 **DISCLAIMER FOR ALL EMAILS CONTENT**
- A-29 **NEW PAYPAL EMAIL**
- A-30 **LATE FEE SCHEDULE/CHANGES (MODIFIES A-27)**
- A-31 Maintenance Call Procedures requiring upfront payment
- A-33 A/R TRANSACTION FEE
- A-32 YTD (YEAR TO DATE) Audited Income Verification Requests
- A-33 A/R TRANSACTION FEE
- A-34 **COMMISSION BONUS**
- A-35 Rules governing Agent requests to Reduce Commissions charged by the Firm
- A-36 Principal Broker Periodic Update to Commission Schedule paragraph 3) of Independent Contractor Agreement
- A-37 TCHAMBERS Direct Referral Source
- A-38 Fine for Failure to update BT Platform Status to Closed
- A-39 **HUD REFERRALS, COMMISSION MODIFICATION**
- A-40 HUD Agent Reporting Procedures
- A-41 Commission Disbursements
- A-42 **POLICY REGARDING RECORDING CONVERSATIONS**

- A-43 New Recruiting Policy
- A-44 Advertising Affiliations
- A-45 Agency Disclosure Policy
- A-46 Payment method change to staff (W2) employees
- A-47 Interdepartmental Referral Fee
- A-48 P/P New Corporate Location
- A-49 Required Text Regarding Down Payment Amounts Of Purchase Contracts
- A50 FIRM POLICY REGARDING SELF-MANAGED PROPERTY
- A 51 ADVERTISING FEE INCREASE
- A-52 COMMISSION LOSSES
- A-53 POLICY DEVIATION/ACCOMMODATION REQUESTS
- A-54 REFERRAL AMENDMENT
- A-55 Heroes Home Advantage Policy
- A-56 LEGAL LAWSUITS
- A-57 TESTIMONIALS
- A-58 RELEASE AGREEMENT
- A-59 NEGATIVE REVIEW POLICY
- A-60 MANDATORY ACPM LISTING/PURCHASE CLAUSE
- A-61 Requests for Firm Approval of Agent requests for Commission Advances from 3rd party vendors
- A-62 BUSINESS REVENUE TAX COMMISSION DEDUCTION
- A-63
- A-64

Introduction

The Office policies and procedures are provided in this manual for the standard operating procedures of this firm. The Office Policy Manual is to be used as a guide in your day to day operations as a member of this firm. It will help promote cooperation among Associates and between Associates and Management. The manual provides clear understanding of standard practices and procedures to help avoid disputes and also to help settle disputes. And lastly, the manual will help you by guiding you in your activities and hopefully enhance your productivity. The right to amend and change content of the Office Policy Manual is reserved for the Broker on an as needed basis. The amendments and changes shall be reviewed during meetings directly following any change to the policy. It is the responsibility of each associate to keep abreast of all policy changes and to understand the policy set forth. Absence from any meeting discussing changes to policy does not provide an exemption to any Associate from these responsibilities.

MISSION STATEMENT

757 REALTY LLC is a leading Real Estate firm designed for the new Millennium and beyond, Located at 512 S. Lynnhaven Road Suite 102 in VA Beach, VA 23452. Our market penetration includes the areas serviced by the Central Virginia Regional MLS and the Real Estate Information Network (essentially all serviced Cities and Counties from Richmond Virginia to the Atlantic Oceanfront of VA Beach, and all points between).

757 REALTY LLC is a full service real estate agency which specializes in all phases of residential and commercial real estate sales and management. We offer services in residential and commercial sales, investment property, as well as year round and seasonal property management.

Our full time sales team is committed to professionalism, excellence and is all members of either the Richmond Association of Realtors or the Hampton Roads Realtor Association. Our dedicated Associates and the Administrative staff are committed to integrity, follow through, communication and continuing education.

The goal of 757 Realty LLC is to increase its market share and to value its reputation for quality service and customer satisfaction in the marketplace by applying a belief that every person is important and by using a strong work ethic. We strive to be successful and profitable in the Real Estate business. 757 Realty LLC also conducts business under the following registered trade/fictitious names: 757 Realty, and 804 Realty Municipal, State, and Virginia Real Estate Board Registration/licensure).

COMPANY PHILOSOPHY

INTEGRITY. No other single attribute of a person or of a business can have such an impact on success or failure. We believe that every action must be taken with truth and honesty, and if we must ask ourselves if it is all right to do something, it probably is not. Honesty in every action, and truth in every word. We expect honesty with our sales associates and management. We will work with integrity with other agents and within the industry. We use the REALTORS® Golden Rule: Do unto others as you would have them do unto you.

SERVICE. Our clients and customers have a right to expect outstanding service. We are paid not for our time, but for our service. If we expect to be well paid, we must provide the highest level of service possible. We expect our sales associates to pride themselves in providing the best and continuing our well earned reputation.

WORK ETHIC. No organization can grow and prosper unless each member of the team puts forth the maximum effort. Often we feel a tendency to “let down” and to do less than our best. This does not support our clients and customers as well as our fellow agents. We expect consistent work ethic from our sales associates.

PROFESSIONAL COMPETENCE. We should never undertake an assignment for a client and customer unless we have the training and experience to do the job. We believe in continuing education, for only by increased knowledge and application, can we achieve excellence. This includes keeping abreast of the marketplace through Multiple Listing Service tours. We expect our sales staff to continue learning, to attend programs offered by the HAMPTON ROADS REALTOR ASSOCIATION, RICHMOND ASSOCIATION OF REALTORS, NATIONAL ASSOCIATION OF REALTORS, THE VIRGINIA REAL ESTATE BOARD, and other regional and national organizations for mandatory and elective credits.

COOPERATION. An organization can be great when all members are working together for a common purpose. It can be only mediocre when some are rowing in a different direction. Once the firm sets its goals, all members of the firm should work together to achieve those goals. Helping one another when possible, going out of our way to cooperate with each other and the real estate community at large, will bring real “team” mentality and financial success. We expect cooperation from our sales associates at all times.

ACCOUNTABILITY. Sometimes even the most competent professionals make mistakes. We understand this fact. Our clients and customers must be satisfied with any transaction, or we will not obtain the constant flow of referrals that we receive. If we make a mistake, we must be willing to stand accountable and to make it right with the customer. We expect our sales associates to be accountable for mistakes.

PROFESSIONAL ETHICS. The Code of Ethics of the National Association of REALTORS® is a guide for our daily business operations. The law of the Commonwealth of Virginia clearly states our obligations to our clients and customers. Our sales staff must observe the law and abide by the Code of Ethics.

Chapter One

Affiliation: Broker and Associate

Mutual Benefit

For the working relationship of the Broker and Associate, the following policies will be used to establish mutual benefit to both parties:

1. Broker and Associate Agreement of Mutual Benefit

- a. The Associate and Broker each agree to engage in business that promotes the utmost manner of professionalism by promoting positive relations, enhancing the business' reputation and its profits, and increasing community goodwill.
- b. The Associate agrees to put forth the best effort in selling, exchanging, and leasing all real estate and business opportunities listed with the Broker and to include the solicitation of new clients and customers for future business. Furthermore, the Associate agrees to act in lawful and ethical manners promoting the professionalism of himself as well as the firm to the greatest mutual benefit of both parties
- c. The Associate, as agent for the Broker, agrees to act on the behalf of the Broker. If a conflict of interest occurs, the Associate will promptly notify the Broker in writing so that the Broker can take appropriate steps in rectifying the conflict for the mutual protection of both parties involved in the transaction.

2. Adhere to the Code of Ethics and Bylaws of Local Board and MLS

- a. The parties agree to conform to and abide by all laws, rules and regulations, and codes of ethics that are binding on or applicable to, Virginia Real Estate brokers and affiliate brokers.
- b. Strict adherence to the governing rules and regulations of the Virginia Real Estate Commission, the Real Estate Broker License Act, The Code of Ethics of the National Association of Realtors®, Local Board/Association governing documents (Bylaws, MLS Rules and Regulations, etc.) will be followed by the Broker and Sales Associates.
- c. Each party acknowledges receipt of a copy of the Code of Ethics.

3. Associate Affiliation Requirements*

The following provisions will be complied with all Associates personal cost:

- a. Rea! Estate License and Mandatory Continuing Education
 - i. The Associate shall maintain his or her own current real estate license;
 - ii. The Associate shall meet all Continuing Education (CE) requirements as established by the Virginia Real Estate Board (VREB).
 - iii. Proof of CE compliance and license renewal shall be provided to Broker no later than fifteen (15) days prior to the applicable renewal date.

iv. The Associate shall maintain the mandatory coverage of errors and omissions insurance set forth by the Virginia Real Estate Board. The insurance amounts and Carrier providing the coverage will be determined by 757 REALTY LLC and costs shared/prorated per agent.

v. The Associate is responsible for all CE, licensing and license renewal fees, mandatory errors and omission premiums, or fees relating to name changes.

b. Mandatory Errors and Omissions Insurance Coverage

c. Automobile Insurance Coverage: The Associate shall at all times carry liability insurance on their automobile\with coverage for personal injury and coverage for property damage as required by the Virginia Department of Motor Vehicles. The Associate may be required to provide evidence to the Broker through the certificate of insurance policy of the carrier.

d. Membership of Board of Realtors

i. The Associate agrees to become a member of the local Board/Association, Virginia Association of REALTORS®, and National Association of REALTORS® and to be responsible for all applicable dues and fees.

ii. The Associate expressly understands that they may choose to join any Board/Association in which the Broker holds membership. The associate can also join other Boards/Associations as a secondary membership if the broker holds no membership in the particular Board/Association.

iii. The Associate also understands the Broker is a member of the Virginia Association of REALTORS®, the National Association of REALTORS® and may belong to any of the Institutes and Societies of the National Association of REALTORS®.

iv. The Associate agrees to abide by the rules and regulations of these organizations to which Broker must adhere as a member thereof.

e. Miscellaneous Associates Expenses

i. Any expenses relating to customer/client entertainment and agent's personal promotion will be paid for by the associate. The Associate shall order business cards through the office. Each business card will display the name and logo of the Broker.

ii. All education required maintaining licensing and improving brokerage skills, Realtor® designation courses, unless otherwise approved in writing in advance by the Broker.

iii. Personal files supplies.

f. Automobile

i. In the course of real estate transactions, the associate must use his personal automobile. All operating, maintenance, repair and other related automobile expenses will be paid for by the associate.

ii. The automobile will be in such condition as to promote the professionalism of the agent as well as the firm. It will be maintained in good operating condition and in a cleanly manner.

iii. Transportation will not be provided by the Broker.

4. Professional and Business Expenses*

a. The Broker shall determine which expenses shall be paid by the firm and which expenses shall be paid by the Associate. The following are examples of business expenses that should be covered in a written agreement between the Broker and Associate:

i. Office, Office Telephone and Desk Space

1. Copy machine - the copy machine is to be used for business document duplication only. Personal use of the copy machine requires permission.

2. Facsimile machine - the facsimile machine is to be used for business related Transmittal and receipt of real estate documentation.

3. Computers/word processors.

The following office equipment and supplies are for business use only:

b. Office Supply and Equipment:

i. Writing Utensils

ii. Paper

iii. Firm Stationery

iv. Business Mail, Shipping, Handling and Postage v. Brochures, Farming materials Etc

vi. Newsletters

**Divisions of expenses vary, from firm to firm. HRRA is not suggesting any predetermined arrangement and those listed above are not necessarily a representation of the norm.*

c. Secretarial and Clerical assistance for Associates

i. Word processing needs through forms and contracts

ii. Processing earnest money

iii. File maintenance

iv. The remainder of the secretary's time is devoted to company business.

d. Membership in the Multiple Listing System. All associates shall be members of the local Multiple Listing System and maintain fees and dues as required.

All machinery and office lights should be turned off at the close of business. Each Associate is responsible for their workspace areas including powering off of unused machinery and the cleanliness of the area.

5. Resolution of Disputes

Misunderstandings about brokerage prospects or sales are to be handled through the following processes to negotiate in an equitable manner these types of situations that may arise.

a. What constitutes a Dispute?

i. The equitable right to work with a certain prospect

ii. The right to a split of commission or fee when more than one Associate knowingly or unknowingly works with the same customer/client.

iii. The percentage split of commission or fee earned when two associates have worked with the same customer/client

b. Intra Office disputes between associates

i. First and foremost, the Associates in conflict must try to come to an agreeable mutual settlement.

ii. In the event the Associates cannot meet a satisfactory agreement, the Broker shall hear both sides of the argument in a meeting with the involved parties. If a legitimate dispute exists, the Broker will make a determination of action to follow. Personal disagreements not involving business related matters are not the responsibility of the Broker. However, in an effort to promote goodwill, the Broker can counsel the aggrieved parties.

6. Independent Contractor

a. Definition

i. The relationship of the Associate to the Broker is that of an Independent Contractor. This relationship affords the Associate maximum freedom and flexibility. It is established and described in a contract and includes how listings and compensation will be handled in the event that the Associate leaves the company. It must be signed by the Associate and is included upon affiliation with the Broker.

ii. To meet state and federal requirements, an Associate is an Independent Contractor if

1. The Associate holds a valid real estate license.

2. Substantially all of the sales associate's income performed as a real estate agent (90% or more) must be directly related to sales or other output rather than to the number of hours worked.

3. A written agreement which specifically states that the Associate will not be treated as an employee for federal and state tax purposes with respect to services performed as a real estate agent.

b. Independent Contractor's Agreement: Upon affiliation with this Broker, the Associate shall enter into a written Independent Contractor's agreement with the Broker setting forth the duties and responsibilities of both parties. This agreement shall include, but shall not be limited to, the following:

i. The terms of compensation for work performed during the time of affiliation with the Broker.

ii. The terms of compensation for work in progress but not completed prior to termination of affiliation with the Broker.

iii. The disposition after termination of affiliation of all active listings, buyer agency contracts, and pending sales the Associate obtained during affiliation with the Broker.

iv. A written accounting to the Broker, at the time of termination of affiliation, of the names of all prospective purchasers, sellers, lessees and lessors which the Associate encountered during affiliation with the Broker.

v. A provision for the return to the Broker, at the time of termination of affiliation, all property of the Broker in Associate possession or control, including but not limited to: all

property files, computerized files, keys, for sale signs, notebooks, lock boxes and records of any kind used in connection with the listing and sale or leasing of property.

c. Tax Filing Requirements

i. Each Associate is responsible for maintaining the necessary personal financial records for purposes of reporting income for state and federal tax requirements. The Broker has no obligation and is not liable for deduction of Social Security, or income or unemployment taxes for any production based income.

d. Workers' Compensation Requirement

i. The Broker is not responsible for paying Workers' Compensation Insurance for associates having a valid independent contractor agreement. The Broker/employer must maintain workers' compensation insurance for all workers/staff classified as employees under worker's compensation program guidelines.

e. Broker Authorization to Contract

i. The obligation, commitment, or binding of a promise or representation by the Broker is not valid unless the Associate receives authorization from the Broker in writing and provided the Associate is authorized to execute listing contracts, buyer/seller agency contracts, and other approved forms in behalf of the Broker and that the commission involved in the transaction is not less than that specified by the Broker. Authority to terminate a listing contract, buyer/seller agency contract, or other agency agreement, or make amendments to the contract that alter the term and/or change the amount of compensation established in the contract is prohibited unless such request is first presented to the Broker or manager of the company who is authorized to execute such terminations and amendments and grants authorization in writing.

Chapter Two Office Policies

1. Discrimination Issues

- a. Federal Fair housing laws
 - i. It is illegal to discriminate against any person because of age, race, creed, color, religion, sex, handicap, familial status or national origin:
 - 1. In the sale or rental of housing or residential lots
 - 2. In advertising the sale or rental of housing
 - 3. In the financing of housing
 - 4. In the provision of real estate brokerage services
 - 5. In the appraisal of housing
 - 6. Blockbusting is also illegal
 - ii. This office subscribes to the Virginia Association of REALTORS® Code of Equal Housing Opportunity in which equal opportunity in the acquisition of housing can best be accomplished through leadership, example, education, and the mutual cooperation of the real estate industry and the public. In the spirit of this endeavor, this firm proclaims the following provisions of its Code of Equal Opportunity to which each member is obligated to adhere:
 - iii. In the sale, purchase, exchange, rental or lease of real property, REAL TORS® and/or REAL TOR-Associate's have the responsibility to offer equal service to all clients and prospects without regard to race, color, religion, sex, handicap, familial status or national origin. This encompasses:
 - 1. Standing ready to enter broker-client relationships or to show property equally to members of all racial, religious, or ethnic groups.
 - 2. Receiving all formal written offers and communicating them to the owner.
 - 3. Exerting their best efforts to conclude all transactions.
 - 4. Maintaining equal opportunity employment practices.
 - iv. Members, individually and collectively, in performing their agency functions have no right or responsibility to volunteer information regarding the racial, religious, or ethnic composition of any neighborhood or any part thereof.
 - v. Members shall not engage in any activity which has the purpose of inducing panic selling.
 - vi. Members shall not print, display or circulate any statement or advertisement with respect to the sale or rental of a dwelling that indicates any preference, limitations, or discrimination based on race, color, religion, sex, handicap, familial status, or national origin.

b. Discrimination Accusations

An investigation by the Broker will follow for any accusation of discrimination. If the investigation confirms a violation of discrimination, the Associate's actions will be reported to the V AR for further investigation and necessary disciplinary action. Affiliation with the Broker will be terminated.

c. Fair Employment Practice

It is the Brokers policy that no person shall be discriminated against in either hiring or firing of personnel. We shall not:

- i. Fail or refuse to hire or discharge any person or otherwise to discriminate against an individual with respect to compensation, terms, conditions or privileges of employment because of such individual's race, creed, color, religion, sex, age or national origin; or
- ii. Limit, segregate or classify an employee or applicants for employment in any way which would deprive or tend to deprive an individual of employment opportunities or otherwise adversely affect the status of an employee because of race, creed, color, religion, sex, handicap, familial status, age or national origin.

The Broker shall provide reasonable accommodations to qualified individuals with disabilities, unless such accommodation would impose an undue hardship on business operations. Qualified individuals with disabilities are those who, with or without reasonable accommodation, can perform the essential functions of the job.

2. Harassment

- a. Professional behavior is a requirement around your fellow associates, brokers, managers, company employees, staff and customers. Harassment, including verbal, physical, visual, religious, and sexual strictly prohibited in this office. A list of things that can be considered harassment:
 - i. Any racial, ethnic, sexual, religious, jokes / slurs / or insults
 - ii. Any physical contact such as unwelcome touching, groping, grabbing, or pinching
 - iii. Any visual renderings of sexually suggestive materials or materials negatively reflecting an individual's ethnicity, race, ancestry, or sexual preference
 - iv. Any unwelcome sexual advances, physically, verbally, and visually of a sexual nature that has a purpose or effect of work performance interference, intimidation, or hostile/offensive working atmosphere
- b. In the event an employee, Associate, or any other staff person feels that he or she has been harassed, the incident must be reported immediately to the office manager or Broker. The anonymity of the accuser, as well as the accused, shall be held in confidentiality by the manager and/or Broker. An investigation will commence and a written report will be filed.
- c. If the allegation involves the manager or Broker as the accused of such action, 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.

3. Office Security

- a. Anyone issued an office key is responsible for the safeguarding of this office. In the event that an office key is lost or stolen, you must immediately inform the Broker. There will be a charge for replacement of lost or stolen keys. The Broker 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 2.nd appliances are turned off, with the exception of lights in the reception area.

4. Office Appearance

a. A cleaning service is contracted to do general cleaning of the building on daily basis. However, it is your responsibility to keep your work area in a clean, tidy, professional manner. Your office appearance is a reflection on yourself as well as the firm when clients and customers are visiting. Any conference or meeting areas used must be reorganized and cleaned after usage including turning off lights and appliances.

5. Dress Code

a. Professional manner of dress is a requirement when serving the public in real estate transactions and when representing the Broker.

6. Eating in the Work Area

a. Food and meals should be eaten in the designated area. Eating in your office in plain view of the customer or client is considered unprofessional.

7. Changes in Name, Address and Telephone Number

a. All changes in name, address, and telephone numbers of any Associate must be reported immediately by the Associate to the Broker, Office Manager or secretary who will make a record of the changes and report these changes to the VAR and the local Board/Association of REALTORS®. The Associate is responsible for any fees associated with name, address and telephone number changes from VAR or the Board/Association of REALTORS®.

8. Telephone Use

a. General

i. 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. Personal use of the phone is limited and shall be held to a minimum.

b. Long Distance Calls

i. Long distance service is available for business purposes only and if it is imperative to call with no other means to satisfy communication. If you must call, call after 5:00 PM or before 8:00 AM if practicable.

c. Messages for Other Associates

i. 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:

1. The date and time of the call
2. The name of the caller
3. The telephone number where the caller can be reached
4. The message left by the caller
5. The name or initials of the person taking the message

6. Computer

a. Use Information Systems Policy

i. The Information Systems which includes all hardware, software, e-mail, voice mail, Internet access and data entered, transmitted, downloaded, uploaded, imported, exported and used in the daily operations of business are proprietary to the Broker. This includes but not limited to the following:

1. All business, products and services of Broker
2. All market data, financial data, personnel data and computer programs
3. All client, customer, account and supplier lists, files and data

4. All files, letters, memoranda, reports, records, data and other written materials. that you prepared as an Associate for the Broker or those others prepared in the employment of the Broker.

ii. With respect to the Information Systems, these items shall not be removed, destroyed or modified except within the scope of business. Any associate, employee, or staff using any form of the Information Systems is responsible for adhering to the Information Systems policy. Violations of this policy may warrant termination of certain information systems access, disciplinary action, up to and including discharge from employment and possible civil liability.

b. Proprietary Equipment and Information

i. All data, programs and work product related to these activities are the property of the Broker and shall not be stored in the Associate's home without written authorization. '.

ii. Any portable computer equipment authorized for use by Broker places full responsibility for security and adherence to the information Systems Policy when in possession of the employee, Associate, or any other staff personnel.

iii. Upon termination of employment, or demand from Broker, the Associate, employee, or staff shall immediately surrender and return all information Systems related material in there possession or control.

iv. Routine maintenance and routine operations of information systems regarding security, legal or business requirements through authorized contractors, employees, staff and Associates will occur, with this in mind, employees, staff and Associates are given fair warning that the Information Systems are subject to inspection. Therefore, it would be prudent that the information Systems are to be used for business purposes only, as is noted below.

c. Information Systems Usage

i. The Information Systems are business assets and are to be used only for business purposes.

ii. Personal use of the Information Systems are strictly prohibited if unauthorized.

iii. Personal use of the Information Systems requires written permission from the manager or Broker and each request shall be considered on a case by case basis for limited personal use.

d. Information Systems Conduct

i. Use of the information systems requires certain conduct be maintained to enhance professionalism among your working peers, customers, and clients. The following are strictly prohibited:

1. Forwarding of messages or information that will disparage individuals or groups based on their gender, race, national origin or other protected characteristics
2. Forwarding of messages which might disrupt the work place or damage morale
3. Offensive comments, jokes, riddles, cartoons, pornography, profanity and offensive messages or information in any form
 - a. Threatening messages or forms of other threatening communications
 - b. Forgery or attempted forgery of e-mail or voice mail
 - c. Accessing, deleting, copying or modifying of e-mail and/or voice mail. This includes the attempt to do so.

Any Associate who receives threatening, harassing or improper communications shall immediately report the situation to their immediate supervisor, consistent with our prohibition of harassment.

- e. Viruses
 - i. Computer viruses are programs intentionally designed to crash, destroy, delete or make inoperable system programs, applications, or data. Copying or importing of unauthorized nonproprietary software can expose the Broker to copyright infringement, computer viruses and system overloads and is strictly prohibited. The effect of such hazards can expose the Broker to costly remedies. The introduction of a computer virus can be obtained by means of and not limited to:
 1. Importation through the Internet
 2. Copying software which contains a computer virus or any sort, including software licensed by an individual, shareware or freeware
 3. Unauthorized loading of non-proprietary software
 4. Unauthorized downloading of an attached program through e-mail or FTP (file transfer protocol).
 - a. All outside source software, disks, or data input sources must be checked for viruses and pre-approved for downloading, loading, and importation.

- f. Copy-right Infringement
 - i. Broker licenses the use of computer software from a variety of outside sources. Broker does not own this software or its related documentation, and unless authorized by the software developer, does not have the right to reproduce it. Associates shall use the software only in accordance with the relevant license agreement.
 - ii. Any duplication of copyrighted software, except for backup purposes, is a violation of the Federal Copyright Law. All software installed in the information systems must be preapproved by the network administrator and be non-proprietary or properly licensed. Broker will not tolerate any Associate making or importing unauthorized copies of software or data. Likewise, Broker will not tolerate any Associate conveying software or data to an outside third party, including clients, members, customers, or associates in other companies, without proper written authorization.
 - iii. According to the United States copyright law, illegal reproduction of software can be subject to civil damages of as much as \$100,000 per copyright violated and criminal penalties, including fines and imprisonment. Associates learning of any misuse of software on the information systems or in related documentation shall immediately notify the Broker.

g. The World Wide Web

i. The World Wide Web or Internet can be a very powerful and beneficial tool for our Associates, clients and customers. In addition to MLS-like marketing opportunities, the Internet provides an unlimited resource tool for access to and delivery of information and interpersonal contacts. When properly utilized, it can increase our capabilities and efficiency. However, access to the Internet also carries with it significant risks and potential problems including non-secure transfer of data and non-reliability and accuracy of information found on the Internet. Associates have approval from their immediate supervisor to access the Internet via brokerage facilities. All of the previous provisions of this policy apply to access to and use of the Internet.

ii. Most Internet communications are not 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 the associate's or employees immediate supervisor for such communications.

iii. Use of the Internet also requires conformance to certain etiquette as recognized by other users of the Internet. When using the Internet, Associates are to conduct themselves as "ambassadors" of the Broker and must show consideration and respect to others. Do not swear, use vulgarities or any other inappropriate language in your messages. 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. It is the responsibility of each Associate to ensure that use of the Internet is done responsibly and economically, and that access to the Internet services does not adversely affect his/her productivity.

h. Summary

1. The information systems provided to you as Associates of Broker are powerful business tools, intended to enhance and not detract from your productivity, and to be used solely for business purposes. We live in the "Age of Technology" in which the dynamics of Information Systems will change drastically and quickly. The Information Systems policy is an attempt to identify some major issues that we see today. However, the evolution of this policy will be constant due to technology changes that occur every day. Any suggestions for the enhancement of the information system are gladly received.

10. Maintaining Contact with the Office

a. In the course of business, it is necessary for Associates to be away from the office. However, the Associate must provide a means of communication for the receptionist to contact the Associate. When Associates are absent from the office, they should:

i. Contact the Office Receptionist or leave a message with their personal assistant with a contact number if different from their normal contact cell phone.

11. Drug and Alcohol Use

a. Substance Use

i. Drug and alcohol use are strictly prohibited while engaged in real estate brokerage transactions and shall not be present or used during work hours unless medically prescribed and under the supervision of the Associate's health care provider. Any situations in which duties

cannot be properly performed without the assistance of prescribed medication must be reported to the Broker. Drug and alcohol use in the workplace may be grounds for termination.

ii. All associates and hourly employees shall be required to sign a company Drug Testing Policy upon associating with 757 Realty LLC and may be subject to drug and alcohol testing. The testing program is limited to testing for blood alcohol, Narcotics, Marijuana, Cocaine, Heroin, and any other illegal substance as so defined by the laws of the Commonwealth of Virginia, the Cities of Hampton Roads and/or the U.S. Federal government.

1. The employee/associate shall be notified in writing prior to being asked to submit to a drug and/or alcohol test. Results of the tests shall be provided to the employee/associate within 24 hours to 1 week after 757 Realty receives the results from the laboratory.

2. Testing required or requested by 757 Realty will be conducted by a laboratory licensed by the state and paid for by the firm.

iii. Client or Customer Substance Use

1. An Associate should also discourage the use of drugs or alcohol by any party during a transaction. Upon discovering that a party is under the influence of either drugs or alcohol, the Associate should take appropriate action to terminate that day's activity and suggest that they discuss or complete the transaction another time.

b. Smoking

i. Designated smoking areas are to be used for smoking. All other areas are considered nonsmoking areas.

12. Legal and Tax Advice Prohibited

a. Legal Advice

i. No Associate shall give legal advice to a party, offer opinion, or give advice regarding legal rights or obligations of a party. Parties may be referred to the Default section in the Offer to Purchase form and advised to consult with their own attorneys. The Associate also may explain the preprinted provisions of the standard listing and offer to purchase and any other approved forms the parties may be asked to complete and/or sign.

b. Tax Advice

i. No associate shall give tax advice to a party, including advice pertaining to deductions, exemptions, and/or tax liabilities resulting from the purchase or sale of Real Estate. If a tax question, beyond the scope of real estate practice, and an explanation is asked for, the Associate should suggest that the party consult an attorney, tax accountant or other appropriate expert having expertise in the area addressed by client's or customer's question.

13. Problem Reporting Procedures

a. Immediately report problems to the Broker that pertain to:

i. A party having complaints involving real estate transactions

ii. Automobile accidents occurring while the Associate is participating in real estate brokerage transactions

iii. Criminal charges against the Associate, with the exception of traffic offenses

iv. Civil law suits or administrative actions involving real estate brokerage transactions

- v. V AR contacts concerning disciplinary actions or other purposes
- vi. Party default under an accepted contract
- vii. Threatened legal or administrative actions involving the parties and/or a real estate transaction
- viii. Acts of discrimination committed by Associates or parties to transactions
- ix. Unresolved disputes between Associates, within or outside the office
- x. Physical injuries within the office or while in performance of services or duties in the name of the Broker.
- xi. Local Board/Association contacts concerning disciplinary action or other purposes.

14. Contacting the Broker

a. Emergency Contacts

i. The Broker generally will be available during work hours to discuss real estate matters. In the case of an emergency, the Broker may be contacted at his home after business hours.

ii. If the Broker cannot be reached, the Associate should not act until he or she is able to contact the Broker; however, if the emergency pertains to the wording of a contract, a protective clause to the effect that "this contract is subject to the review and approval of legal counsel within (an agreed upon time frame) acceptance of this offer" should be inserted in the contract.

b. Branch Offices - None active at this time.

15. Confidentiality

a. All records of this office, as well as conversations between Associates, Broker and Associates, and Associates and parties to the transaction, are considered confidential. No files shall be removed from this office without the permission of the Broker and no other information obtained while working for this company shall be used to the detriment of the Broker.

b. All Associates shall also be obligated to honor the confidential information of any client or non-client party to any transaction, as designated in writing on an Agency Disclosure form or other document. All documents stating a party's confidential information shall be kept by the Office Manager in a special locked file to guard against any unauthorized sharing of this information. Access to this information shall be limited to the Associate working with the party.

c. All Associates engaged in Property Management shall be obligated to not reveal confidential information of Clients, Tenants or others except as required in the course of performing his or her duties or as otherwise required by law. The Property Manager shall take all reasonable precautions to protect confidential information.

16. Office Meetings

a. Purpose

i. Office meetings are conducted Weekly. Any company policy, company happenings, changes in the market, new financing procedures, law changes, etc. will be discussed during these meetings. The purpose of the Office meetings is to keep the Associates abreast of all facets

of real estate happenings. They are training periods, round table for discussion periods, Q&A sessions concerning policies, new listings and requirements for property made by prospective purchaser requests.

b. Attendance Requirements

i. Sales meeting attendance is expected of all Associates. Mandatory attendance of Office meetings covering real estate law and license law matters is required unless excused by the Broker. These meetings will be announced in advance to permit Associates to make necessary adjustments in their appointment scheduling. Office meetings will be held each (Tuesday) at (9:30) a.m. in the (conference) room, with the exception of the 2nd Tuesday of each month which will be held at the IHOP on General Booth Blvd or as identified by the broker.

18. Observance of Safety Practices

a. All associates are encouraged to be aware of unsafe situations and prepare themselves to avoid unsafe practices. Some suggestions are:

i. Get a prospect's full name, address and telephone number at the first meeting. Ask to see their driver's license and jot down the driver's license number and date of birth.

ii. If you are meeting for the first time or are otherwise concerned about a buyer or-seller, ask the Broker, another Associate or a personal assistant to accompany you.

iii. Always have your buyers and sellers meet you at the real estate office, never a vacant property, and use your car or take separate cars.

iv. Always make sure that someone (your spouse, another associate, etc) knows your schedule or plans, especially when meeting a new client.

v. While showing a property, unlock the door and allow the prospects to enter first and keep them in front of you at all times.

vi. Don't carry a lot of cash or wear expensive jewelry during showings or open houses

vi. When leaving the office, always let someone know where you will be and how you can be reached.

vii. Use caution and judgment. DO NOT put yourself in an unsafe or compromising position.

*Different practices vary from firm to firm. 757 is not suggesting a standard operating procedure and what is listed above is not necessarily the norm.

19. Vacation / Leave Time for Associates

a. The Broker does not control Associate's time off except that Associates must make themselves available for mandatory meetings, tours, etc., discussed in previous policy statements. However, if an Associate plans to be absent from the office (i.e., out of town) for any period of time, he or she must inform the Broker. Additionally, another Associate must be scheduled to cover for the Associate during this absence. Failure to arrange coverage by another Associate will require Broker to make necessary assignments and determine the appropriate commission split, if applicable.

20. Sign Policy

a. Sign Riders

- i. The broker must approve all name signs/riders.
- ii. These signs may be ordered by the associate at their expense or through our sign placement company.
- iii. Sign riders will be stored (by associate or the sign company). Sign riders will be placed on the (top) portion of the yard sign.

b. Direction Signs

- i. Directional signs will be purchased by the Broker and will be used to direct prospective buyers to the property. Directional signs will be stored (Brokers' Office) and may be checked out through the receptionist and may be charged back to the Associate if not returned. Associates may purchase the directional signs for their own use through the Broker.

c. Sold and Offer Pending Signs

- i. Only after all contingencies of the offer have been waived or satisfied and after obtaining the permission of the seller, "Sold" signs shall be posted. "Offer pending" or similar signs may be posted, with the seller's permission, after acceptance of an offer but prior to waiver or satisfaction of contingencies.

d. Expired Listings

- i. Without a current listing contract, signs are not to be left on the property. Signs from expired listings must be removed within two days after expiration or closing. Sold signs may remain on a property for up to (7) seven days after closings provided that the consent of the new owner (buyer) has been obtained.

21. Employee Office Hours

a. Office hours are: (as directed by Broker)

Mondays-Fridays: (8:30 - 4:00)

Saturdays: (TBD)

Observed Holidays

New Years Eve	December 31 st	½ Day-close at 1:00 if falls on a weekday.
New Years Day	January 1 st	Staff is off: Observed on Monday if falls on Sun.
Memorial Day	Last Monday of May	Staff Off
Independence Day	July 4 th	Staff Off, observed on Monday if falls on Sunday
Labor Day	1st Monday Sept.	Staff Off
Thanksgiving	Last Thursday Nov.	Staff off
Christmas Eve	December 24 th	½ day close at 1:00
Christmas Day	December 25 th	Staff off

22. Legal Assistance for Associates

a. Legal Counsel Involvement

i. If a question arises in which the Associate feels that legal advice must be obtained, the Associate will inform the Broker at which time the Broker shall make the decision as to whether legal consultation is necessary. If legal consultation is required, the Broker will consult with the attorney. Failure to follow these procedures, will exempt the Broker from responsibility of any legal expenses incurred.

b. VAR Legal & Ethics Hot Line

i. The Virginia Association of Realtors® provides a Legal & Ethics Hot Line to field questions. If you have a legal question, inform your Broker of the question. If he cannot answer the question, he may use the Legal & Ethics Hot Line provided free by VAR. Realtor® members can access the Legal & Ethics Hot Line through Designated Brokers only. The Legal & Ethics Hot Line can be reached toll free by dialing 1-800-948-5033

c. Lawsuits and Threats of Action

i. If the Associate is sued or threatened with a lawsuit or administrative action in conjunction with a real estate transaction, immediate attention of the Broker is required. The Broker will then report the suit to the Errors and Omissions insurance carrier. The responsibility as to payment of legal fees will be determined on a case-by-case basis between the Broker and Associate.

d. Arbitration

i. In matters of arbitration, an attorney may be employed at the discretion of the Broker. The responsibility as to payment of fees for said attorney will be determined on a case-by-case basis between Broker and Associate. ~

e. Code of Ethics & License Law Violations

i. In matters of alleged violation of the Code of Ethics and/or License Law, an attorney may be employed at the discretion of the Broker. The responsibility for payment of such attorney fees will be determined on a case-by-case basis between the Broker and Associate.

23. Inspection Services, Surveys, Etc.

a. Broker shall not be liable to the Associate for any expense incurred by the Associate unless approved in writing in advance. All inspections and related services, such as well and septic inspections, surveys, etc., are to be ordered in the name of, billed to, and paid by the seller or buyer, billings shall never be made to Broker.

24. Document Control

a. Document File

i. The following documents must be placed and maintained in the Broker's file:

1. Listing contract or Purchase contract to include all pages and Addendums
2. Buyer Brokerage Agreement (as applicable)
3. Copy of Earnest Money Check
4. Loan company Information: Purchase copy of qualification letter and contact numbers, Seller's Loan information obtained from any Lender currently holding a loan on the property.

5. Copy of MLS listing
6. All REIN required Disclosures
7. Lead Base Paint Disclosure as required
8. Selling Firm Brokerage Fee Agreement
9. Closing Attorney/Settlement Company Information
10. Closing statement HUD - 1
11. Any other documents, including correspondence, that pertain to the transaction

ii. The Associate is responsible for placing documents in the Broker's file until the file is closed due to a closing, the expiration of the listing, or the expiration of the agency contract. Closed and expired files are maintained by the office secretary for at a minimum of three years according to VREB regulations.

iii. For the protection of all parties, all agreements shall be in writing and shall be in clear and understandable language expressing the specific terms, conditions, obligations, and commitments of the parties. A copy of each agreement MUST be furnished to each party upon their signing or initialing.

25. Personal Assistants

- a. All personal assistants, whether licensed or unlicensed, shall be employed and supervised according to the terms and conditions set forth in the agreement between the Broker and the personal assistant.
 - i. Unlicensed Assistants
 1. Employment of a personal assistant who will be providing services which do not require a license (unlicensed assistant) is at the Broker's discretion.
 - a. Unlicensed assistants MAY:
 - i. Answer the phone, forward calls and give information contained only on a listing agreement as limited by the Broker.
 - ii. Fill out and submit listings and changes to any multiple listing services.
 - iii. Following up on loan commitments after a contract has been negotiated and generally secure status reports on the loan progress
 - iv. Assemble documents for closing
 - v. Secure public information from courthouses, utility districts, etc.
 - vi. Have keys made for company listings
 - vii. Write ads for approval of licensee and Broker, and place classified advertising
 - viii. Receive, Record and deposit earnest money, security deposits and advance rents under the direct supervision of Broker
 - ix. Type contract forms for approval by licensee and Broker
 - x. Monitor licenses and personnel files
 - xi. Place signs on property
 - xiii. Order repairs as directed by the licensee
 - xiv. Prepare flyers and promotional information for approval by licensee and Broker
 - xv. Deliver documents and pick-up keys
 - xvi. Place routine telephone calls on late rent payments
 - xvii. Schedule appointments for licensee to show listed property xviii. Gather information for a comparative market analysis (CMA)

- xix. Hand out objective, written information on a listing or rental
- xx. Give a key to a prospect, or unlock property
- xxi. Disclose the current sales status of a listed property
- b. Unlicensed assistants MAY NOT:
 - i. Make cold calls by telephone or in person to potential listers or purchasers
 - ii. Show properties for sale and/or lease to prospective purchasers
 - iii. Host public open houses, host licensee open houses, home show booths or fairs
 - iv. Answer any questions concerning properties listed with the firm except for that information contained on the Listing agreement as limited by the Broker.
 - v. Prepare promotional material or advertising or properties for sale or lease without the approval of the Broker
 - vi. Discuss or explain listings, offers, contracts, or other similar matters with persons outside of the firm
 - vii. Be paid on the basis of real estate activity; such as a percentage of commission, or any amount based on listings, sales etc.
 - viii. Act as a "go-between" with a seller and buyer such as when an offer is being negotiated
 - ix. Negotiate or agree to any commission split or referral fee on behalf of a licensee

b. Licensed Assistants

- i. The Virginia Real Estate Board does not formerly recognize licensed assistants. VREB specifically holds any licensed agent to the rules and regulations that govern an Affiliate Broker regardless of the specific duties placed upon the licensed assistant by the Managing Broker. Licensed assistants shall join the Hampton Roads Realtor Association, Virginia Association of REALTORS and the National Association of REALTORS. Membership dues shall be the responsibility of the licensed assistant.

c. Agency

- i. Unless disclosure has been previously made by a licensee, a licensee shall disclose to an actual or prospective buyer or seller who is not represented by another licensee and with whom the licensee has substantive discussions about a specific property or properties, the person whom the licensee represents in a brokerage relationship, as that term is defined in 54.1-2130 of the Code of Virginia.

- ii. Agency is the relationship formed when a real estate licensee acts for or represents a person by express authority in a real estate transaction, unless a different relationship is intended. People whom licensees represent are called Clients. People who receive services from licensees without being represented by licensees are called Customers. A licensee does not necessarily represent the person who pays the licensee. As a result, a licensee may represent the buyer, but be paid by the seller. Although agency relationships may be formed without a written agreement, all agents will at first opportunity but in no event later than the time specific real estate assistance is provided have the (REIN) Real Estate Information Network, Inc. Brokerage Relationship and Information form signed by parties involved. Buyers who wish to be represented by our agents as clients will agree to the provisions and sign a Buyer Brokerage Agreement with 757.

iii. Dual Agency or Dual Representation occurs when 757 Realty LLC represents both the buyer and the seller. This arises when the buyer under client status becomes interested in property which is listed with the broker. In most cases 757 Realty prefers the representation to be performed using Designated Representation. All Agents must inform the Managing Broker of a dual agency situation. The (REIN) Real Estate Information Network Disclosure of Dual Representation/Disclosure of Designated Representatives Form must be utilized and signed by all Parties involved in the transaction.

iv. PERSONAL INTEREST PROVISIONS

1. If a Sales Associate with this Company is representing himself/herself a family Member or relative, his firm or any member of his firm or any entity in which an ownership interest exists, is acquiring or attempting to acquire real property through purchase or lease in a transaction., the Associate must disclose that information in writing in the offer to purchase or lease.

2. A licensee selling or leasing property in which he has any ownership interest must disclose that he/she is a real estate licensee and he has an interest in the property to any purchaser or lessee in the written offer to purchase, the application, the offer to lease or the lease whichever occurs first.

Chapter Three **Advertising - Real Estate Advertising**

1. Advertising Media

- a. The Broker regularly advertises in the following media:
 - i. Real Estate Magazines: (Real Estate Digest)
 - ii. Other (TheRealEstateSuperStore.com.): (Web Site)
 - iii. Radio (BOB FM, WNIS)
- b. While an associate is encouraged to advertise to build their business, no Associate is permitted to enter any advertising arena, including print, mail or web based, unless the Broker has reviewed all content and approved the same.
- c. The Broker will routinely monitor the internet to ensure compliance with VREB rules and regulations pertaining to advertising

2. Open House Ads

- a. Open Houses shall be advertised through REIN MLS online. The deadline for submitting open house ads is (3pm) on (Wednesday) for inclusion in Saturday and Sundays edition of the Virginia Pilot. Associates shall be responsible for placing Open House Ads in local publications and be responsible for bearing the cost of said advertisement.
- b. All Open House advertisement must conform to VREB rules and regulations for advertising by licensees.

3. Allocation and Costs of Advertising

- a. Allocation of advertising to listings will be the sole responsibility of the Broker.
- *b. 18 VAC 135-20-190. Advertising by licensees.
 - c. All agents will conform to the following as taken from the above VREB Regulation:
 - i. Advertising means all forms of representation, promotion, and solicitation, disseminated in any manner and by any means of communication to consumers for any purpose related to licensed real estate activity.
 - ii. All advertising must be under the direct supervision of the principal broker or supervising broker and in the name of the firm. The firms licensed name must be clearly and legibly displayed on all advertising.
 - d. Fair Housing Advertising must appear on all advertising.

4. Equal Opportunity Slogans and Logos

- a. Associates shall use the Equal Opportunity slogan or logo in all advertising. Associates shall use publications which reach large audiences and does not limit to a small select audience.

5. Prohibited Advertising Language

a. Advertising copy used by Associates must describe the property, NOT THE DESIRED BUYER OR TENANT. Examples of prohibited advertising language are:

- i. Race, color, national origin: Real estate advertisements may not state a discriminatory
- ii. Preference or limitation on account of race, color, national origin or any other protected class, and shall not describe the housing, the current or potential residents, or the neighbors or neighborhood in racial or ethnic terms. However, Associates may use phrases such as "master bedroom", "rare find" or "desirable neighborhood."
- iii. Religion: Associates shall not use advertisements which contain an explicit preference, limitation or discrimination on account of religion. Advertisements which use the legal name of an entity which contains a religious reference (i.e. Sisters of God Catholic Home) or a religious symbol (such as a cross) must contain an appropriate disclaimer against any religious preference or limitation. Associates may use descriptions of the property (apartment complex with chapel) or the services (kosher meals available), and terms (Merry Christmas or Happy Easter) or symbols (Santa Claus or Easter Bunny) relating to certain religious holidays.
- iv. Sex: Associates shall not advertise single family dwellings or separate dwelling units in multifamily housing in a manner which explicitly indicates a preference, limitation or discrimination on the basis of sex. Associates may, however, use terms such as "master bedroom," "mother-in-law suite" and "bachelor apartment" which describe a property type.
- v. Handicap: Associates' real estate advertisements shall not contain exclusions, limitations or other indications of discrimination based on handicap. Associates may describe the property (great view, fourth floor walk-up, walk-in closets), the services or facilities (Jogging trails), the neighborhood (walk to the bus stop), the conduct required of residents (nonsmoking), and accessibility features, such as a wheelchair ramp.
- vi. Familial Status: Associates shall not place advertisements which contain limitations on the number or ages of children or state a preference for adults (unless the property meets the housing for older person's exemption), couples or singles. Associates may use descriptions of the property (two bedroom, cozy, family room), services and facilities (no bicycles allowed) or neighborhoods (quiet streets).

6. Sign orders

a. All sign panel orders must go through CARVA Signs. To order sign panels or riders, contact Wayne Phone: 252-221-8172 or email: embarkcarva@embark.mail .

Chapter Four Compensation

1. Commission and Fee Rates

- a. Rates of commission have been established by the Broker in the commission schedule attached to the Independent Contractor Agreement. The schedule sets forth the Broker's commission policies for buyer agency and for the following property types:
 - i. Residential single family
 - ii. Residential income
 - iii. Vacant land
 - iv. Business/Commercial/Industrial v. New construction
 - vi. Buyer brokerage
 - vii. Referral fees
 - viii. Bonuses
 - ix. The schedule also details the Broker's policies for allocating compensation between the Broker and the Associate.
- b. Minimum transactional commission rates shall be 3% (three) for buyers or sellers unless lower rates are approved by the Broker.
 - i. Exceptions to this will be for special programs established and approved by the Broker.
 - ii. Broker may discontinue these programs at anytime unless agreement has already been entered into by client.

2. Associate Commission and Fee Compensation

- a. Definition
 - i. Compensation shall be defined to include commissions, buyer agency fees, referral fees, fees for negotiating construction contracts or referring customers to builders, appraisal fees, incentives received when buying property for personal use are not considered compensation and are paid directly to the Associate.
- b. Schedule of Compensation
 - i. Associate compensation checks are issued by the Broker within two (2) business days following the closing or the Broker's receipt of payment, whichever is later. Special situations or special requirements for the compensation checks will be handled through the Broker on a case-by-case basis.

3. Partial Receipt of Commissions

- a. If a commission is paid by a party to the Broker partially in cash, and a promissory note or other arrangement is given for the remainder, then the cash portion will be split proportionately between the Broker and the Associate, and the remainder, including interest, if any, will be split proportionately as it is received. Associates must obtain the advance written consent of the Broker before acceptance of a promissory note in lieu of a cash commission, or any other agreement to defer receipt of commission.

4. Reduction of Commissions and Fees

a. Associates shall not have the authority to reduce the commission to be paid by the seller pursuant to a listing contract, the fee to be paid by a buyer pursuant to a buyer agency agreement, nor any other fee payable to the Broker without the written consent of the Broker or the Associate's manager. Any unauthorized reduction of commissions or fees by an Associate, either directly or indirectly, through negotiations or the assumption of various charges, expenses, fees or otherwise, shall be reimbursed to the Broker by the Associate.

5. Referrals and Bonuses

a. When a referral is sent to an Associate by a cooperating Broker, the Associate must immediately clarify the referral agreement in writing and be approved by the Broker. All payments for referrals and/or bonuses shall be made payable to the Broker and the Associate shall be compensated by the broker.

6. Commission Agreements and Disputes

a. Entitlement to Commission

i. Entitlement to compensation shall be documented in writing in all transactions where anything other than the compensation offered through the MLS will be paid. Associates shall obtain a written compensation agreement specifying the commission or fee to be paid to Broker for all non-MLS transactions before beginning any cooperative efforts, and absolutely before the submission of any offer to purchase.

ii. Compensation agreements shall identify the property, name the parties and the brokers, state the amount of the commission or fee (or the way the same shall be calculated, e.g., 3% of purchase price), when the commission or fee shall be paid, and what must be done to earn it (e.g., write offer that closes, procure the buyer, upon settlement etc.).

iii.

b. Inter-Office Disputes of Compensation

i. Any Associate becoming aware of any commission dispute with another company shall promptly inform the Broker or office manager. Management shall make all decisions regarding negotiation of settlements, retaining legal counsel and filing arbitration.

ii. In the event that the Broker finds it necessary to sue for a commission or fee, all expenses, including court costs and attorney's fees, must be subtracted from the commission before the split between the Broker and the Associate. The decision to initiate legal action will rest solely with the Broker.

iii. Associates are expected to work out their own agreement on how the commission is to be split when a prospect is shared or turned over from one Associate to another. It is highly encouraged to put all agreements in writing to avoid confusion. In the event of any controversy between Associates concerning a commission, the dispute shall be resolved as stated in this Policy Manual.

iv. Departing agents who have open-ended business will have the opportunity to complete the necessary work and be compensated. If there are unusual circumstances, the broker will

decide on how the transaction will be completed and the compensation will follow the work flow.

v. The percentage (%) split on commission is for example only and does not reflect a HRRA suggested entitled percentage compensation whatsoever, as this may vary from firm to firm.

7. Volume Calculation shall be calculated as follows:

a. **In house listing, cobroke sale:** 757 volume is $\frac{1}{2}$ of closed sales price, cobroke Company volume is $\frac{1}{2}$ of sales price. The 757 associate volume is then the calculation of the Agent's commission rate times the company volume. (If sold by another 757 Agent, this would be calculated just like a cobroke sale where 757 is the cobroke company on the selling side as well.)

b. **757 Sale, Cobroke Listing:** The same method on the selling side would take place. The 757 Agent would derive their volume according to their commission rate times the company volume on the selling side commission.

c. **757 Referred Transactions:** The 757 Volume would be $\frac{1}{2}$ of closed sales price (either on listing side for seller or selling side for buyer). The 757 Agent volume is then the calculation of their referral rate with the company times the dollar amount of the 757 Company volume.

d. In the event that the associate is the agent on both the listing and selling side as a dual representative, then volume will be calculated accordingly, as above.

e. In the event an associate pays a referral percentage to another 757 Associate on a transaction, then the associate receiving the referral percentage will get that percentage of the calculated base volume earned by the referring associate.

f. Volume will be tracked in the system transactionally. (Listing Side and Buying Side)

Chapter Five RESPA Policy

Associates are required to comply with RESPA law requirements at all times. The area of referral fees is specifically addressed in this policy manual in order to explain the sometimes-confusing requirements of the federal law and to emphasize the importance of compliance. Additional information on RESPA law can be obtained from VAR's Legal Hot Line.

1. Prohibition against Kickbacks and Unearned Fees

a. Regulation X details the elements of a RESPA Section 8 violation:

i. Pursuant to Section 8, paying receiving a fee or a "thing of value" for the referral of business related to a mortgage loan settlement without rendering a service is illegal under RESPA.

1. Reg X also prohibits the splitting of any settlement charge except for paying for actual services rendered. If no or nominal services are preformed or if duplicative fees are charged, an unearned fee exists and payment of this fee violates Section 8.

2. Reg X makes clear that any agreement or understanding that a thing of value will be given in exchange for a settlement service referral need not be written or even verbalized. This agreement can be established by a practice, pattern or course of conduct.

3. Reg X gives a list of the real-estate related services which are defined to be settlement services

4. These "settlement services" include, without limitation, any services related to:

- a. The origination, processing or funding of a federally-related mortgage loan
- b. Mortgage Broker Services such as counseling, taking applications, obtaining verifications, and appraisals, lender-borrower communications etc.
- c. Title company services
- d. An attorney's legal services
- e. Closing document preparation
- f. Credit reports and appraisals
- g. Property inspections
- h. Conducting the settlement
- i. Mortgage insurance
- j. Hazard, flood or casualty insurance and home owner warranties
- k. Mortgage life, disability or similar insurance
- l. Real property taxes and assessments
- m. Real estate brokers and agents

2. What is Permitted

a. Regulation X specifically does permit:

i. Payments for services actually rendered by attorneys, title companies, lenders, and real estate brokers and also for real estate agents "pursuant to cooperative brokerage and referral arrangements and agreements".

3. Key Referral Fee Reminders

- a. Don't pay referral fees to providers of settlement services other than pursuant to a referral agreement with another real estate broker. RESPA generally forbids paying someone for the mere referral of business.
- b. No "gifts" or fees may be given to individuals who refer business to settlement service providers.
- c. When someone performs a service, that party should be paid a fee that is reasonably related to the benefit received.
- d. When someone performs a service, that party should be paid a fee that is reasonably related to the benefit received. He or she should not be given an excessive payment that blatantly announces itself as reward for steering business in the direction of a certain company.
- e. Don't ask for or receive fees for referring business. This is a statutory exemption for broker-to-broker referrals and agreements between broker and agents. Therefore a real estate licensee should never ask to receive or accept fees for referring business unless he or she has an established written broker-to-broker or broker-to-sales agent fee agreement.

Chapter Six **Listing Policy**

757 Realty LLC agents will only represent sellers under an Exclusive Right to sell brokerage agreement unless prior authorization is received from the managing broker. The following forms will be included with all listings:

1. Real Estate Information Network INC. (REIN) Standard Listing Agreement pages 1 - 5.
2. Real Estate Information Network INC (REIN) Standard Agent Exclusive Right to Sell Brokerage Agreement pages 1 – 2.
3. Real Estate Information Network INC. (REIN) Residential Property (PT1/DE or PT2/AT)- Data input form.
3. Real Estate Information Network INC (REIN) Standard Agent/Limited Representation/Independent Contractor Exclusive Right to Sell Brokerage Agreement to Standard Listing Agreement (only if approved by Managing Broker)
4. The Residential property Disclosure Statement DPOR
5. Real Estate Information Network INC. (REIN) Disclosure of Information on Lead- Based Paint and/or Lead Based Paint Hazards. Required for all properties built prior to 1978
6. Real Estate Information Network INC. (REIN) Consumer Disclosure Information Form pages 1 - 4
7. Real Estate Transfer Disclosure for Properties Located in a Locality in which a Military Air Installation is Located. VREB AICUZ
8. Sellers Mortgage Payoff Letter if available
9. Print out of Agent Listing

1. Disclosure of Adverse Facts

- a. An "adverse fact" means a condition or occurrence that is generally recognized by a competent licensee as:
 - i. Significantly and adversely affecting the value of the property
 - ii. Significantly reducing the structural integrity of improvements to real estate
 - iii. Presenting a significant health risk to occupants of the property
 - iv. "Material" means any statement, representation or fact relative to a transaction that would affect a reasonable person's decision to enter into an agreement and which has been identified by such person as being of significance to a particular party. Written disclosures must be given as soon as is reasonably possible and always before the writing of any offers to purchase.

2. Listing Documentation

- a. Listing contracts and the appropriate supporting forms shall be turned in no later than (2) working days after execution to the office manager/person in charge of processing listing information for dissemination unless agent is expecting the office to input listing, then it must be turned in within (1) day after execution.

3. New Listing Tours

- a. Following the sales meetings, a tour of new listings may be made by the Associates solely at the discretion of the Broker. The purpose of this tour is to familiarize the Associates with the new listings and to assist them in describing these listings to prospective purchasers. It is equally important for all Associates to show a genuine interest and enthusiasm to the owner of the listed property.
- b. Routing of the tour is accomplished by the Broker or his or her designated representative. The tour is published the day before it takes place to permit notification to the homeowner and review by Associates for any errors of address, price, or location. All Associates, except those who have previously cleared it with the Broker, are expected to participate in the weekly tour of homes. Drivers for the tour of homes are scheduled through the use of a roster to assure equity.
- c. Associates shall not smoke in the homes being toured. Any comments made by Associates while in the home should be of a complimentary nature only.

4. Security of Listed Property

- a. It is the Associate's responsibility to exert as much effort and influence to assure that listed properties are secure.

5. Cancellation of Listing Contract

- a. Associates shall not have the authority to cancel a listing contract nor amend the listing contract to provide for an early termination without the written consent of the Broker or the Associate's manager. In the event a seller desires to cancel a listing contract, the Associate must notify the Broker. This shall apply regardless of whether the seller's request is verbal or in writing or whether the seller uses the words "cancel," "terminate," "revoke," etc. If the seller's intent is evident, the Associate shall report the request to the Broker.
- b. If the Broker determines that a seller's demand of release from the listing contract is a result of substandard performance on the part of the Associate, the Broker reserves the right to reassign the listing to another Associate.
- c. If the early termination is for other reasons, the Broker shall make the determination of whether any expense reimbursements or other damages shall be requested from the seller.
 - i. Should the Broker approve the early termination, the following verbiage shall be added to the withdrawal agreement: "IN THE EVENT SELLER SELLS THE PROPERTY WITHIN 12 MONTHS OF LISTING WITHDRAWAL, SELLER AGREES TO RELIST WITH 757 REALTY LLC FOR A MINIMUM 90 DAYS EXCLUSIVE RIGHT TO SELL PERIOD OR SELLER TO PAY 6% COMMISSION BASED UPON CLOSED SALES PRICE SHOULD SELLER FAIL TO RELIST THE PROPERTY WITH 757 REALTY LLC."

6. Listing Protection

- a. Whenever a listing contract expires per its terms, or is terminated early by the seller, the listing Associate shall prepare and deliver to the seller a list of buyers who have attended individual showings or who have seriously discussed purchase terms with the Associate or some other licensee involved with a prospective buyer. This list must be personally delivered or mailed to the seller no later than three days after the expiration date or date of early termination. If the Associate later becomes aware that the property is listed with another broker, the Associate shall deliver to the other broker a complete list of names of all buyers who attended individual showings, seriously discussed purchase terms with licensees or the seller, or who submitted offers during the term of Associate's listing.

7. Cooperating Compensation

- a. It is the policy of the Broker to offer maximum exposure to its selling clients. Therefore all listed properties shall be offered to all other selling and buyer's brokers on a cooperative basis, unless otherwise specifically directed by the owner. The Broker shall establish compensation fees that are appropriate to the marketplace and will lead to a good working relationship with other brokers.

Chapter Seven
Buyer Brokerage
Associate's Capacity as Buyer's Agent

1. Buyer Representation Agreement

a. An Associate may, at the request of a buyer, act as a buyer's agent. If the Associate is so employed, a "Buyer Representation Agreement" shall be completed. The provisions of the Buyer Representation Agreement, including the terms of the contract and the Broker's compensation, shall be clearly established. The amount and manner of compensation shall be as outlined in the Broker's policy concerning commissions and fees.

2. Agency Disclosure

a. Prior to the buyer's signing of the buyer agency agreement, the Associate shall discuss the different types of agency relationships with the buyer, explaining the responsibilities of seller's agents, buyer's agents, and dual agency. If a Buyer Representation Agreement has been entered into, the Associate must comply with the following when showing property or requesting information from listing agents:

- i. Notify the listing agent upon first contact that the Associate is a buyer's agent.
- ii. The Offer to Purchase must indicate that the Associate represents the buyer as the buyer's agent.

3. Negotiations

a. The Associate, when acting as the buyer's agent, can expect that the listing agent may often be present on showings of listed properties. All information and negotiations concerning the transaction must be communicated to seller through the listing agent.

4. Compensation

a. Associates working as buyer's agents shall be expected to pursue the compensation offered to buyer's agents through the MLS, any applicable office policy letter agreements or any specific compensation agreement. An Associate may consider having the buyer write the offer conditioned upon the seller paying the buyer's broker's fee at closing on behalf of the buyer. The Associate must also pursue this option if there is no compensation agreement in place, unless the buyer is willing to directly pay the buyer's broker's fee in addition to the purchase price.

5. Cooperation as Listing Agents with Buyer's Brokers

a. As listing agent, the Associate will cooperate with and compensate buyer's brokers who procure a buyer or a contract of sale acceptable to the seller, in accordance with the Broker's commission policy. The Associate shall advise seller that certain agents may elect to reject the Broker's offer of subagency and represent a buyer. The Associate shall explain the Broker's policy of sharing the commission with buyer's brokers in exchange for procuring a buyer and producing an offer to purchase acceptable to seller.

- b. If the Associate, as listing agent, is advised that a cooperating Broker, employed under a Buyer Agency Agreement, requests to show the listed property, the Associate must advise the seller of the cooperating Broker's representation.

6. Dual Agency

- a. In the event a buyer/client of the Broker wishes to purchase property listed by the Broker, the Broker may act as a disclosed dual agent with one of the Broker's Associates as a designated agent representing the buyer as a client and one of Broker's Associates as designated agent representing the seller as a client. Such a multiple representation (dual agency) requires the informed consent of each party. The Associates working with these parties must explain the limitations of a multiple representation to the parties.
- b. Associates shall stress to the parties the importance of committing to writing any information they wish to be held as confidential. All listings of confidential information from the parties in a multiple representation situation shall be held by the designated associate. Every effort shall be made to keep confidential information about the seller away from the buyer's agent and to keep confidential information about the buyer away from the listing agent.

Chapter Eight **Selling Policies and Procedures**

1. Information Provisions

a. Secretaries, receptionists and other unlicensed employees may be permitted to provide factual information on listings which is normally found in newspaper ads and property data sheets. These staff members shall indicate that they are not licensed agents, can give out only limited factual data and that further requests for information must be relayed to an Associate.

2. Referrals/Lead Generation

a. Associates shall screen the prospect on the first call if possible. The prospect's name shall be obtained, and the Associate shall try to determine their motive, needs, desires and ability to buy, as well as their down payment capability, and record this information on a Buyer Worksheet. As the Associate continues to work with the prospect, the prospect cards shall be used to log information on properties shown, the dates and their comments.

b. A prospect that calls in because of a personal reference, or through work an Associate has previously done, will be the Associate's prospect if the prospect asks for the Associate in the call. Accordingly, Associates may wish to impress upon their prospects the importance of asking for the associate by name. Prospective buyers are not aware of company rules and ethics and are usually concerned only with seeing the property in which they have an interest. It is up to the Associate to establish and maintain a strong prospect/Associate relationship with them.

c. In the event you are referred a lead from any one of the company's advertised resources, that client becomes a company lead, regardless of any previous intermittent contact by any agent of the firm, unless a Buyer Broker Agreement has been initiated prior to the referral.

d. Company referrals shall accrue three deep (including coworkers, family, friends, etc.). After the 3rd referral following the original client, the client then becomes personally generated business and paid accordingly. This three deep referral process following the original client shall also apply to sign calls and any other source tied in any way to the original referral.

e. All commission revenue on sales consummated from company generated advertising referrals will be disbursed net of a \$300.00 Advertising Charge (Transactionally). This policy will only be implemented on referral sales from the Firm.

3. Servicing the Prospects

a. When Associates have inspected a listed property, they shall review their prospect sheets and call any prospects that may have ANY interest. In this manner, Associates can keep in contact with their prospects and provide them with more incentive to work with the Associate. There is a psychological advantage when an Associate calls a prospective buyer and says, "We just listed a beautiful property that I think will meet your needs and requirements. Would you be interested in seeing this property?"

4. Agency Disclosure

a. When initial contacts are by telephone, the best time to give the disclosure form may be hard to pinpoint. Where the telephone conversations are preliminary and only lead to a mailing on different properties, the agency disclosure form may be useful, but it is not necessarily required. Once a particular property becomes the subject of further conversations, the Associate shall verbally discuss agency relationships and mail the Agency Confirmation Status form to the buyer, with a return envelope, if no face-to-face meetings are planned within the next few days. One copy of the form, acknowledged by the buyers, shall be given to the buyer, and one copy retained for the Broker's file.

i. In addition, a copy of the form shall be submitted to the listing agent along with the offer to Purchase.

5. Drafting Offers

a. All offers, counter offers and any other forms used shall be completed and handled as per this manual, using standard forms obtained from the Real Estate Information Network INC (REIN). The Associate shall familiarize himself/herself with the standard forms as well as the rules of VREB for the use of approved forms. Only Broker approved forms may be used in any transaction. All offers, counter offers and any other forms shall utilize office-approved provisions for contingencies, inspections, warranties, representations, disclosures, etc.

b. There is no designated amount of earnest money that is required with an offer. It is desirable, however, to obtain a minimum of approximately \$500.00 - \$1000.00.

i. This is good faith money; consequently, deposits should be larger on loan assumptions, owner financing and all cash offers.

ii. Additionally, **ALL** earnest money deposits exceeding \$1000.00 (One thousand) shall be by certified funds.

iii. **All** cash purchase transaction offers shall require the buyer to provide a letter signed by the an official of their financial institution, on the institution's letterhead, a statement verifying available funds sufficient to close on the purchase transaction. Statement shall include the buyer's name and account number to insure validity. **This policy shall all apply to all purchase transactions whether the Firm represents either the buyer or the seller.**

6. Confidentiality of Offers

a. Intra-office

i. **AVOID PROBLEMS:**

1. Do not discuss the possibility of getting an offer with any Associate prior to obtaining a signed Offer to Purchase

2. Do not discuss the details of an offer you have drafted or presented with anyone other than the listing agent or the Broker.

3. Do not ask any Associate about his or her offer unless you are the listing agent

b. To Cooperating Brokers

i. Each Associate who is a listing agent may decide whether he or she shall disclose to cooperating agents whether other offers have been submitted, and whether accepted offers have contingencies and bump clauses. Associates shall disclose the existence of accepted offers to cooperating brokers upon first contact, unless the seller has given the Associate written direction to keep the existence of any accepted offers confidential.

c. Timeliness in Offers

i. All offers and counter offers must be presented in a timely manner. Although an offer may allow 2, 3, or 4 days for acceptance, the Associate must make every effort to present the offer or counter offer as soon as possible. If timing, distances or other circumstances make personal presentation impractical, presentation by fax, express mail, e-mail or verbal presentation over the telephone may need to be done. Any verbal presentation should be followed as soon as possible with a hard copy forwarded by fax, express mail or whatever means of communication is most expedient in the circumstances.

ii. The time and date of presentation shall be noted on each offer or counter-offer, and the receiving party shall, as soon as possible, sign and date the form to indicate an acceptance, or initial and date the form to indicate a rejection or counter-offer. A copy of these notations on the offer or counter-offer shall be furnished to the cooperating broker.

iii. Assure that the Buyer or Seller is aware that a counter offer is, in effect, a rejection of the previous offer or counter-offer, and the presentation of a new offer back to the other party. With the counter-offer, only the terms which vary from the original offer are written out and all terms remaining the same from the original offer are incorporated by reference. Any terms from previous counter-offers which are intended to be carried forward must also be written out.

d. Delivery of Accepted Offers

i. When a party has accepted an offer or a counter-offer, the Associate shall discuss with that party the different methods of delivery available for returning the offer to the other party, and thus creating a binding contract. Associates shall explain that delivery by mail is considered delivered upon deposit in the mail. Whenever an offer is being handled by an Associate for the purpose of personally delivering it back to the cooperating office or to the other party, a copy of that accepted offer shall also be mailed as soon as possible following the Associate's receipt of the same.

ii. An accepted method of delivery as an alternative to mail, would be to scan and email the accepted offer to the other party. Associates should maintain a copy of the email for their records.

e. Referral Fees

i. The Associate will have many opportunities to send and receive prospective buyers and sellers via the referral process. All referrals must go through the Broker. If a referral company requests that an Associate pay or accept an amount other than the amount set forth in the Broker's commission and compensation schedules, the Associate must first consult the Broker or office manager. Associates shall always confirm a referral fee agreement in writing prior to sending or accepting a referral. When dealing with brokers from other states, Associates shall request written evidence that the broker is licensed (copy of current license) and that the broker is actively practicing real estate in his or her state, before agreeing to pay that broker a fee.

Chapter Nine Closing Procedures

1. Listing Associate Responsibilities

- a. At the consummation of every real estate transaction, a HUD-1 closing statement by an attorney or title company will be reviewed and signed by all Parties. The associate will ensure the office receives a copy for office records and also retain a copy for their individual file.

2. Settlement Service Provider

- a. Without language in the purchase agreement to the contrary, the selection of a settlement agent, whether an attorney or title /escrow company is at the buyers' discretion. Only settlement agents licensed with the Virginia State Bar as attorneys can provide legal advice to the parties involved in the transaction.

- b. Power of Attorney, if needed and no family member available shall be given to the Settlement agent and never to the Associate.

3. Deposits and Earnest Money

a. Handling

- i. Unless otherwise agreed to in the contract by the buyer and seller, all checks received by the Associate shall be turned over to the office secretary as soon after receipt and offer acceptance as practicable. Checks received after office hours or on weekends will be the agents' responsibility until the next workday.

b. Disbursement

- i. Disbursement of earnest money is the responsibility of the Broker who will make a determination as to the recipients in accordance with provisions of the license law and any earnest money disbursement agreement signed by both parties. In this regard, the Associate should not commit the Broker to any decision as to the disposition of the earnest money being held except that it will be applied to the amount owed by the purchaser when the sale closes. A copy of all papers relative to disbursement shall be placed in the canceled file and make a notation on the canceled contract as to how disbursement was made. If there is a dispute in disbursements of such funds, the Broker will be responsible to assess what further action is necessary.

Chapter Ten

Antitrust

1. Summary of Principal Federal Antitrust Laws

a. The basic statutes making up the body of law known as the antitrust laws are the Sherman Act, the Clayton Act, the Robinson-Patman Act, and the Federal Trade Commission Act.

2. THE SHERMAN ACT - This statute enacted in 1890 was the first modern United States antitrust law and remains the cornerstone of all the federal antitrust statutes. It establishes two broadly stated principles of antitrust policy:

a. Section 1 of the Sherman Act prohibits agreements, combinations or conspiracies between two or more persons, firms, corporations, or associations which unreasonably restrain trade.

b. Section 2 of the Act prohibits the monopolization of any attempted monopolization of any market for a particular product or service.

c. These very general precepts of the Sherman Act have achieved specific meaning through a process of court interpretation, which has continued for more than 90 years. The selected cases most applicable to real estate brokers and the real estate industry have been compiled by the National Association of Realtors® as Volume 2 of its publication, Antitrust and Real Estate.

d. It is not necessary to show a written contract to prove a violation of the Act. "Understandings," formal or informal, written or oral, express or implied, are enough for a court or jury to infer that an agreement has been reached. As the Supreme Court said in a leading antitrust case, "A wink of the eye or a shrug of the shoulder is often more important than a formal handshake."

3. THE CLAYTON ACT - The Clayton Act was enacted by Congress in 1914, and was the next major antitrust statute. Its approach differs from the Sherman Act in two basic ways:

a. While the Sherman Act applies to restraints of trade which have a present anti-competitive effect, the Clayton Act represents an effort to stop anti-competitive practices in the beginning by outlawing future conduct resulting in an unreasonable restraint of trade.

b. While the Sherman Act deals in broad principles, the Clayton Act is concerned with the limited number of specific subjects such as exclusive bidding arrangements (Section 3); acquisitions or mergers (Section 7); interlocking boards of directors (Section 8).

4. THE ROBINSON-PATMAN ACT - The Robinson-Patman Act enacted in 1936, amended the Clayton Act and deals with discrimination in prices charged various customers. The basic purpose of the Robinson-Patman Act was to protect small businessmen by putting constraints on the ability of a large company to command price discounts by use of greater purchasing power. The Federal Trade Commission is the enforcing agency for this law.

5. THE FEDERAL TRADE COMMISSION ACT - The Federal Trade Commission Act authorizes the FTC to enforce these federal laws. Such authority is shared with the Department of Justice. The FTC also enforces Section 5 of the Federal Trade Commission Act, which prohibits "unfair methods of competition" and "deceptive practices." Under this general provision, the FTC has enjoined potentially anti-competitive conduct before it could ripen into a violation of any of the antitrust laws.

a. In addition to having the authority to seek injunctions, the FTC is authorized to sue in federal court to recover refunds for consumers who have been injured by violation of an FTC rule or cease and desist order.

6. ANTITRUST COMPLIANCE

a. In antitrust cases, whether criminal prosecutions or civil treble damage suits, proof against the defendant is most likely to come from the defendant's own files and records or from statements made by the defendant or his associates. Thus, an antitrust compliance program must not only avoid actual violations of antitrust laws, but must also avoid creating or permitting the creation of files, records, documents, statements or conversations which might create an appearance of violation.

b. It is impossible, of course, to formulate a set of guidelines to cover all situations at all times, but insofar as the principles of antitrust compliance can be stated in specific rules, it would be well advised to remember the following:

i. **DO NOT DISCUSS** your business with competitors - At any time, in any place, or under any circumstances or have any personal or telephone conversations with competitors concerning commissions, fees, charges or any other business practices of your real estate business or those of the firm with which you are associated. This applies at social gathering, on the golf course, while hunting, in the bar, cocktail parties, board functions and at all times and at all places. At Association or Board meetings, confine discussions to topics of Association or Board business directly involved in the purpose of the organization and the meeting.

ii. **Written Communications Must be Clear and Explicit** - when you discuss a real estate transaction or the superiority of your business practices over your business competitors, talk to your broker or Associates in the firm with which you are associated. Regardless of how careful you may phrase your letter or memorandum things look much different in writing than they would sound when spoken between knowledgeable people. Of course, financial and economic data sometimes must be written but in many instances, any information relevant to business or legal relations can be communicated by talking, and talking only to those who have legitimate justification for receiving the information you are transmitting. More than one antitrust defendant has had this letter, correspondence, memoranda and written notes admitted in evidence against him for purposes for which the writer never intended. It is amazing how differently what you wrote sounds when it is read back to you in the grand jury room or during trial. All correspondence and memoranda must be clear and specific.

c. DO NOT Talk Unless You Know Who You're Talking to and What You're Talking About

i. In any business, complete candor among trust business associates is necessary. It is not necessary, however, to tell everyone your business. Inform only those who need to know such matters as how and in what manner commission or fee contracts are negotiated, how much business you're doing, what prospects are, how many and which properties you have sold, and anything else which might be of interest to someone investigating your business for a reason you know nothing about. If you receive a telephone call from anyone who refuses to identify him or who begins what amounts to probing cross examination about your business practice terminate the conversation as quickly and courteously as possible.

ii. In this day of ever-improved recording devices for both telephonic use and miniature recording devices easily concealed in a room or on the person of an investigator, it is well to make it a rule in discussing business matters, to speak as if 'you were being recorded. The chances are better than you think they are!

4. DO NOT Deceive Yourself Or Let Anyone Else Deceive You Into Believing That Any Transgression Of The Antitrust Laws Has Little Risk Of Discovery

a. The federal government possesses extensive investigatory powers, such as grand juries and civil investigative demands, as well as ingenious and dedicated investigators. Also, in private litigation, parties have litigation discovery tools to examine corporate or firm records and documents and to compel testimony. Even though an antitrust violator may not keep records, its competitors or the injured parties may. In this age of photo copying, it is difficult to restrict distribution. Unexpected records such as telephone bills, expense accounts, a secretary's notes, engagement calendars or a forgotten written report may be uncovered. In a prosecution or suit for antitrust Violations, a party may be faced with surprise witnesses such as former associates and employees and plea bargainers. Also, an alleged co-conspirator may take advantage of the antitrust division's leniency program and confess, thus perhaps avoiding indictment, a jail sentence and fines and keeping the tax-deductibility of civil damage payments.

5. DO NOT Use Such Terms As "Please Destroy When Read", "For Your Eyes Only", "No Copies", Or Similar Terms and Phrases

a. Experience has demonstrated that even if no copies are made, the original of such documents eventually end up in somebody's file. Even when marked "personal and confidential," the document is usually retained by the recipient and eventually filed. When an antitrust investigation is underway or documents are produced on a civil investigative demand or in private antitrust litigation, such terms and phrases are red flags for the investigator or opposing counsel. All written documents must comply with the antitrust laws whether inspected or discovered and should not indicate or infer an attempt to conceal any document.

6. DO NOT-At Any Time-Use Any Of The Words And Phrases Which NAR's Program For Compliance Designated As "Dangerous"

a. Since such statements are so improper, incorrect and dangerous, they need to be emphasized here along with some other words and phrases.

- i. "We would like to charge a lower commission, but the board has a rule ... "
- ii. "This is the rate that all Realtors® charge."
- iii. "The MLS will not accept less than a 120 day listing."
- iv. "Before you list with XYZ Realty, you should know that nobody is going to work on their listing."
- v. "If John Doe is really professional (or ethical) he would have joined the Board."
- vi. "The Board requires that all Realtors® force their sales people to join."
- vii. "The best way to deal with John Doe is to boycott him or "we don't worry about John Doe; we just don't show his listing."
- viii. "If you valued your services as a professional, you wouldn't cut your commission."
- ix. "No board member will accept a listing for less than 90 days."
- x. "Let him stay in his own part of town, this is our territory."
- xi. "If he was really a professional, he wouldn't use part timers."
- xii. "X is the going rate in this area."
- xiii. "We have to charge that commission since our rates are set by the Tennessee Real Estate Commission."
- xiv. "The standard commission in this area is X."
- xv. "When I see that guy's signs, I just drive the prospect down another street."
- xvi. "We've all agreed that any commission below X is unfair."
- xvii. "Something's got to be done about that company; nobody can charge such a low commission and make a living."
- xviii. "That price-cutter has no business being a member of the board."
- xix. "You will not get a lower commission from a Realtor®."

7. If in Doubt, Consult

- a. No compliance program or manual can spell out all the answers to questions which may arise. Situations are bound to arise which create doubt. If you do not have doubts about the legality of any business practice, procedure or activity, consult your board executive officer, the broker under whose license you work or legal counsel knowledgeable about antitrust matters.

8. Without Clearance: Don't Do It

- a. If neither the board executive officer, an executive officer of your firm nor legal counsel will give clearance to a proposed business deal or activity with antitrust implications - don't do it!

Chapter Eleven **Termination of Affiliation**

1. Termination of Affiliation

- a. Should the Broker and the Associate terminate this relationship, the Associate will immediately turn in all company property including all transactional files pertaining to listings, offers, or other contracts, any other office files, office policy books, office keys, and lock boxes, company signs, books, and supplies. The Associate will contact the Broker for final out-processing. The Broker's supervisory responsibility shall terminate upon his signing of the release form.
- b. Within ten (10) days after the date of release, the broker will return the associates' license to the Virginia Real Estate Board by certified mail.
- c. Note: The licensee shall not engage in any real estate transactions nor shall he act under contract with another firm until completion and transmittal to the Commission of the change of affiliation form and fee is remitted.
- d. Listing contracts and all buyer clients and customers are the intellectual property of the Broker. The Broker reserves the right to reassign any listing or other contract upon termination by or of an Associate. Compensation for offers to purchase obtained by the Associate prior to termination of this relationship shall be payable on the basis of the commission schedule shown in the Independent Contractor Agreement.
- e. In all transactions, the Broker reserves the right to make decisions about commissions and work assignments. The agent is to be treated with respect and fairness, but the Broker will keep the clients or customers best interest in mind as they over see the activities of the transactions.
- f. Each agents independent contractor agreement and all incorporated terms shall be a part of this Company Policy Manual.

APPENDIX A

Ongoing Memo Additions to Policy Changes

A-1. HUD Bidding

(RRC11001)

(MODIFIED 03/17/2011)

Agents shall input bids to the U.S. Dept. of HUD for their buyers but only the Principal or Supervising broker are authorized to sign, unless previously authorized by Principal Broker. No bids will be submitted without the agent first completes: the completed contract and addenda for the property, along with the signed 757 Realty LLC Disclosure Agreement and either the Firm's Buyer Broker Agreement, Dual Agency Disclosure by Designated Representatives Disclosure, or Unrepresented Party Disclosure, and a copy of the Escrow Funds check properly issued to the Buyer's Settlement Agent, as directed by HUD on each specific case. The amount of earnest money and to whom the Deposit is to be made payable to can be found on HUD's Bidding Procedures Page at www.hudhomestore.com , or by Googling HUD's acting Asset Manager Website for the Case.

A-2. ~~Wednesday, September 19, 2007 8:38 AM~~

~~REMOVED 1/27/09~~

A-3. ~~Sunday, October 14, 2007 20:12~~

~~REMOVED 3/17/2011~~

(RRC11001)

Subject: ~~Email~~

A-4. **Lead Referrals** SEE A-19 DATED 11/25/08 FOR FURTHER CLARIFICATION

Just a reminder that company policy regarding referrals is that the referral lifespan after the initial referral assignment goes 3 deep (this includes coworkers, family, friends, etc. that are directly referred by the original client or that become clients as a direct result of an existing listed/advertised property). After the close of the 3rd referral following the original client closing, the original client then becomes personally generated business for all future transactions with the Firm.

SEE A-19 DATED 11/25/08 FOR FURTHER CLARIFICATION

A-5. - Friday, April 13, 2007 11:44

Subject: Agent Power of Attorney Policy

My agents are instructed to give P.O.A only to the settlement agent. If the agent needs to conduct an inspection/walk through and sign for that then they need a separate P.O.A for that. However, we only allow inspection P.O.A when the client is out to sea or out of the Country.

A-6. Wednesday, February 07, 2007 10:58

Subject: Policy regarding Cash Purchasers

Effective immediately, on all cash purchase transactions, 757 Realty LLC's policy will be to require a buyer to provide us a letter signed by an official of their financial institution (on the institution's letterhead) verifying available funds sufficient to close on the purchase transaction. This statement must include the buyer's name and account number to insure validity. This policy will be required of all buyer clients and buyers who offer on a property listed by this Firm.

A-7 REPLACED OR MODIFIED BY A-20, 11/25/08

(Effective 3/13/08)

A-8 Listing Input Requirements

(Effective 4/8/08)

All 757 Realty LLC agents are required to complete the REIN Listings Input class. Due to irregularities with secretary inputs in the past, and REIN's policy with regard to fines for infractions, we require that you input your own listings and complete your own remarks. Inputting listing may be accomplished by submitting the data via the Data Input sheet in Instanet. The Sales Secretary and Management are here to help, however you are ultimately responsible for the data and material.

A-9 Bulk Mail

REMOVED 03/17/2011

(RRC11001)

(Effective 4/24/08)

~~We have a company bulk stamp. In order to utilize this service, you must give the secretary the pre-stuffed envelopes or postcards/mail pieces pre-labeled (or she can run the labels if you give her the labels & database). You then must write the Company a check or money order at the time that we bulk stamp them, and you have to sort them for disbursement. The secretary will let you use the sorting trays. The letters must be presorted in the trays by first 3 numbers of zip (e.g. 234...). She will then take it down to post office for you for mailing. Any shortfall in actual postage price upon billing from USPS is the Agent's responsibility.~~

~~Min. 200 pieces per mailing.~~

~~All mail pieces must be the same type of mail piece and same size~~

A-10 Lead Transfers

In order to insure that the Company is afforded every opportunity to convert an advertising prospect and thereby protect the ROI for the Corporation, Management will at times transfer prospects between Agents if Management feels that an advertising prospect is a "dead lead" to that Agent. It is important that your notes and updates on each prospect are current and within Management's reach to insure an actively engaged prospect/client relationship is not disrupted. As the Company dedicates a large sum to ongoing advertising

to drive buyer and seller prospects to the Company Agents, this is necessary to insure the success and continued appropriation to the advertising budget.

A-11 Confidentiality

(Effective 4/30/08)

Chapter 2 item 15 is hereby amended by this appendix entry. All Agents and Staff Employees are expected to adhere to the following policy with regard to confidentiality in marketing and referral implementation by the Company. No Agent or employee is permitted to make available to any person(s) or business entity not employed by or licensed by 757 Realty LLC any information regarding referral sources of 757 Realty LLC. Referral sources shall include Lead platforms, Lead templates, Buyer and Seller email responses, and any correspondence between the Agent/Employee and any customer, client, or prospect of 757 Realty LLC. At no time may an Agent or Employee make available to any person(s), entity, competitor, or to the public domain any Company related policy, forms, or templates without the express written permission of the Managing Broker of 757 Realty LLC. A violation of confidentiality under this section is a grounds for immediate termination and Agent/Employee will be subject to liquidated damages not to exceed \$10,000 plus actual attorney's fees.

A-12 A/R Payments (Modified June 14, 2009 SEE A-29)

(Effective 6/03/08)

Effective immediately, all A/R payments must be made at www.paypal.com. This includes recurring bills for Imprev, Boomtown, monthly desk fees, sign installation billing, etc. We will no longer be accepting office payments for A/R related bills.

A-13 Escrow Deposits

(RRC11001)

(Effective 6/14/08)
(MODIFIED 03/17/2011)

Company policy clarification:

Escrows are to be in the office or turned in to Escrow Agent within 48 hours of Ratification initials on contract (757 Realty Agents), unless written contract terms extend deposit date, at which point the escrow check must be in the Corporate office within 48 hours of the written extension date.

VREB clarification and procedure for both offices:

VREB Regulations require that Escrows must be in the Brokers escrow account within 5 days of ratification (Both Offices). Withstanding any extension of deposit deadline in the contract in writing, the Firm adheres to a strict policy of escrow funds being received from the agent of the Firm within 48 hours to insure the Firm's compliance with the VREB.

Branch agents must fax to Corporate Sales Secretary a request to set up a new sales or listing file for the transaction. The fax must also include: all sales and listing contracts complete with all addenda and required compliance

paperwork (including compliance checklist and all disclosures) with a copy of the earnest money deposit check and overnight airbill receipt referencing the property address, client name, and agent name on the Reference line or a copy of the earnest money deposit check and Bank Deposit, if deposited into escrow account by agent. The hardcopy package must be received at Corporate within 48 hours of ratification or you will be in Breach of Firm Policy and your Independent Contractor Agreement. Any agent that violates the VREB rule will be subject to immediate write up by the Managing Broker to the Board. This is one area of business to which there will be absolutely NO exception to compliance.

A-14 Website Fees

(Effective 7/1/08)

Effective July 1, 2008, the Firm will begin to assess a \$95.00 per month fee to each agent that maintains a website and control panel within the Realty Generator platform. This fee is in no way connected with the lead generation and referral side of the system. The fee is strictly a user access fee that the Firm will assess each Agent for their individual website and control panel functionality.

We will continue the policy of not charging any up front advertising fees for leads, which runs contrary to the majority of BoomTown platform providers across the Country that charge between \$250-\$350 per month per agent for receiving leads.

If you wish to opt out of the platform, please advise Bill or myself no later than June 20, 2008. A/R account billing will begin reflecting this cost the 1st of July with 10 day terms as with all other recurring Firm billing. New Agents will not be assessed this user fee for their 1st 90 days in the platform. After 90 days probation, the fee will begin to accrue as a monthly A/R expense.

A-15 Commission Advance Requests

(Effective 6/27/08)

(Revised 2/25/09)

This is to further clarify the Company's position regarding Commission Advance requests. While the Firm does not condone the practice of ongoing commission advancement, it is sympathetic to the occasional special need that may arise from time to time. On a case by case when an Agent requests an advance on future earnings, Management will consider such requests only if the following criteria has been met:

1. The transaction is pending and all contingencies have been satisfied as of the date of request (Home Inspection/Appraisal/Termite/Condo or POA).
2. There is a full end lender preapproval of income and credit in the file.
3. Closing is targeted within 30 days of the requested Advance.

Management will review the aforementioned and other criteria in making its decision. If granted, all advances will be disbursed with accompanying promissory note labeled Business Purpose Loan, and the Firm will charge up to 2 points in preparation/origination of the note, and interest in the terms of the note. The current rate of interest as of 2/25/09 is 18% per annum. The principal, interest and point(s) will be deducted from the Agent's Gross Commission on the correlated transaction upon closing. The maximum principal amount of any advance shall not exceed the amount necessary to cover repayment of the preceding charges upon the maturity of the note associated with the advance.

A-16 In-House Commission Bonus

~~(Effective 6/10/08)~~

~~In the event an Agent of the Firm on a traditional commission split representing a purchaser as a selling agent sells an in house listing, that agent shall receive a 5% commission bonus based on the selling side commission on the transaction.~~

A-17 A/R Payments

~~(Effective July 1, 2008)~~

(REPLACED BY A-27, JUNE 2, 2009)

A-18 Richmond Closing Procedures

~~(Effective September 16, 2008)~~

(Modified Effective May 22, 2009)

Contract to Closing Procedures for all Richmond Transactions

RICHMOND AGENTS – FILE SUBMISSION PROCEDURES

REMEMBER, ALL LISTING AGREEMENTS AND SALES CONTRACTS MUST BE EMAILED TO YOUR SUPERVISING BROKER IN RICHMOND. IT'S A VERY SIMILAR PROCEDURE FOR SALES CONTRACTS. THE SALES SECRETARY WILL ONLY DISBURSE TO LENDER AND SETTLEMENT AGENT AFTER THE SUPERVISING BROKER IN RICHMOND HAS COMPLETED COMPLIANCE REVIEW.

FINE FOR FIRST VIOLATION OF THESE PROCEDURES IS \$100, EACH SUBSEQUENT VIOLATION IS \$400.

All of the following must be emailed or efaxed to Richmond Broker, Bill Loftis, at email, woloftis@cox.net and rrcadmin@hrcoxmail.com. He will initial off on compliance checklist and will return the checklist approval or denial with stipulations to you. Once compliant, he will then forward the full file for disbursement by the secretarial staff.
NOTE ESCROW DEPOSIT PROCEDURE BELOW!

COMPLIANCE CHECKLIST REMINDERS:

1. CVRMLS Compliance Checklist completed in its entirety, including all email addresses and contact numbers of all parties.
2. Anderson & Pittman, PC, Engagement Letter in its entirety signed by client/customer.
3. 757 Company Disclosure Agreement signed by client/customer on all listings and sales.
4. If 757 is holding an Escrow Deposit, the Escrow Funds must be delivered to the Richmond Supervising Broker within 48 Hours of preliminary ratification of all contracts. This is Company Policy. Be certain to note RRP client name and property address on memo line of the deposit. **Ratification between buyer & seller always starts the 48 hour clock, and I am required to report any agent in violation of guidelines to the VREB!** You never hold a file or deposit because you are awaiting further docs from a 3rd party (e.g. a bank, or 3rd party entity in a short sale or foreclosure, or a relocation network). Remember, a file is always deemed ratified when the buyer and seller have signed off on terms. **Third party participants mean nothing to Escrow Compliance!** Remember all documents submitted to supervising broker must be Legible to pass compliance, whether scanned and emailed or e-faxed. Use high resolution scanning/faxing.
5. Agent must email to Supervising Broker copies of all contract/listing changes (addendums) to emails above, from ratification to closing. Supervising Broker will forward same to sales secretary at Corporate Office and Corporate will maintain all contracts and addenda at all times. It is agent's responsibility to insure all changes/modifications are faxed to Richmond Supervising Broker immediately. No commissions may be disbursed until file is complete.
6. **In the unusual event settlement takes place anywhere other than Company preferred, Attorney, agent is responsible to insure** that the settlement agent collects the RRP document retention fee at settlement as a ALTA/HUD 1 item charged to the **customer/client at closing.** **In the event the settlement agent cannot show the document retention fee on the HUD 1, then agent must remind customer/client to bring check or money order for the fee payable to 757 at settlement.** **Agent to deliver to Broker for mail to Corporate.** Commissions are paid to Agent by WIRE credit every Tuesday and Friday, dependant on holidays, of the liquidation of settlement funds to the Company operating account. No commissions are paid until the settlement proceeds are liquid in the Company account.
7. From time to time, Management will authorize a commission advance in accordance with the Company Policy Manual.

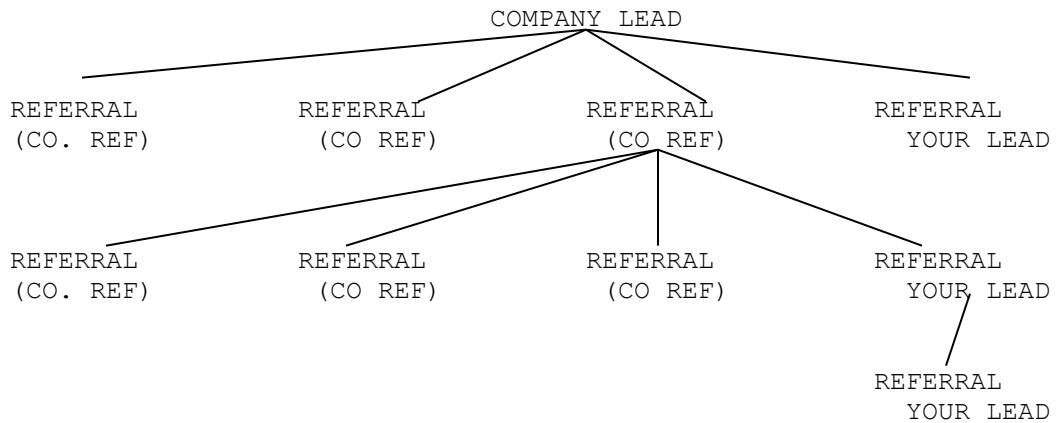
ANY CONTRACT, ADDENDA OR RELEASE THAT WILL HAVE A DIRECT IMPACT ON THE REVENUE OF THE BRANCH REQUIRES PRINCIPAL BROKER APPROVAL AT THE CORPORATE OFFICE. ADVISE YOUR CUSTOMER/CLIENT ACCORDINGLY AND LET THEM KNOW THIS MAY TAKE ADDITIONAL TIME (UP TO 24 HOURS). WHILE THE PRINCIPAL BROKER OF 757 Realty LLC. BILL LOFTIS, IS AVAILABLE TO ASSIST IN THE DAY TO DAY OPERATIONS OF THE BRANCH, AGENT'S ARE REQUESTED TO FIRST APPROACH THEIR BROKER IN CHARGE TO DEAL WITH PROBLEMS THAT ARISE. THE BROKER IN CHARGE WILL PRESENT MATTERS TO THE CORPORATE OFFICE AS THE NEED ARISES. ALL BUYER COMMISSIONS ARE TO BE NO LESS THAN 3% GROSS AT ALL TIMES UNLESS PRIOR WRITTEN APPROVAL OF A CHANGE IS GRANTED BY PRINCIPAL BROKER., ALL LISTING COMMISSIONS (UNLESS BEST OF BOTH WORLDS INDEPENDENT CONTRACTOR LISTING) MUST BE AT 5% TOTAL MIN. OVERALL COMMISSION (6% IS NORMAL MIN. CHARGE) WITH MIN. 2.5% L.A. COMM. TO FIRM, UNLESS PRIOR WRITTEN APPROVAL IS GRANTED BY PRINCIPAL BROKER. COMMISSION DEVIATIONS WILL BE HANDLED ON A CASE BY CASE BY PRINCIPAL BROKER. THE MANAGEMENT TEAM WILL ALWAYS WORK CLOSELY WITH EACH AGENT TO INSURE THE BEST DECISIONS ARE MADE BY FIRM MANAGEMENT WITH FULL CONSIDERATION TO COMPANY, AGENT, AND CLIENT OR CUSTOMER. HOWEVER MANAGEMENT WILL ALWAYS MAKE THE DECISION IT FEELS IS IN THE BEST INTEREST OF FIRM!

A-19 Referrals

CLARIFICATION OF A-4

Just a reminder that company policy regarding referrals is that the referral lifespan after the initial referral assignment goes 3 deep (referrals are defined as: all company advertising including but not limited to web leads from any company advertising source, coworkers, family, friends, etc. that are directly referred by the original client or that become customers or clients as a direct result of an existing listed/advertised property that was

a referral to the agent by the company). After the close of the 3rd direct referral following the original client or customer closing, the original client then becomes personally generated business for all future transactions that that client or customer engages in with the Firm. Each referral that comes in from the original referred customer or client is classified as a separate Company referral customer or client and starts a new referral tree on its own accord. Each referral starts a new tree.



A-20 Agent Recruiting Bonus—REPLACED BY A-43

~~((Effective July 18, 2009))~~

A-21 Commission Disbursement

(Effective November 25, 2008)

No commission disbursement will take place on any contract with the Company until final compliance review is complete by management, and all required company forms, addenda, disclosures, etc. are documented in the file. Final compliance review also includes management follow up procedure with regards to retention, quality of service, and other compliance items.

A-22 Buyer Broker Agreements (Original)

(Effective December 1, 2008)

Agents are required to present all original buyer broker contracts immediately upon signing to sales secretary for maintenance by the Company. Agents are to put these buyer broker agreements directly into the secretary's hands or a member of the management teams hands upon signing, and are not to leave them in any box or on any desk. On evenings or weekends, the agents are required to leave the signed agreements under the supervising broker's door, only after contacting and confirming said action via telephone with the supervising broker.

A-23 Disassociation

(Effective March 12, 2009)

In the event a Contractor disassociates for any reason within the First 180 days of affiliation with the Firm, then Contractor shall within 72 hours of disassociation reimburse Firm for all startup costs advanced by Firm in connection with Contractor's affiliation with the Firm (i.e. business cards, license transfer/application fees, MLS Fees/Board Dues, education Expenses, lodging/food, administrative expense, and any other miscellaneous expenses advanced on behalf of Contractor by Firm).

A-24 Principal Broker Approval

(Effective March 12, 2009)

The following transactions require Principal Broker approval in writing in order to bind the Firm. Unless authorized in advance of ratification by Principal Broker, or unless a Supervising Broker has been authorized by the Principal Broker in advance of ratification, no Associate Broker or sales associate (licensee) of the Firm may bind the Firm in the following cases:

1. Sales Agreements with a gross commission to Firm of less than 3% of purchase price.
2. Listing Agreements with a total listing commission of less than 6%.
3. All referral agreements between the Firm and a Co-broke Agency or a Seller Direct.
4. Property Management Agreements with a management fee of less than 10% and/or a late fee provision of less than 10%
5. Any 3rd party vendor agreement between the Firm, its licensees or staff and a 3rd party vendor.

In the event Contractor violates the terms of the Policy Manual, and without Principal Broker's written permission, Contractor binds the Firm and the Firm suffers financial harm or penalty for Contractor's actions, then Contractor to within 72 hours of violation pay Firm for any financial loss that Firm suffers at the hands of Contractor's non-compliant action(s). Principal Broker shall have sole discretion in determining the amount of loss suffered at the hands of Contractor's dealings. In the event that contractor should fail to fulfill any of the obligations of this Agreement, the Firm may bring an action to enforce specific performance of all obligations under this Agreement. Such remedy shall not exclude the availability of any other remedy permitted by law. In the event contractor breaches the terms of this agreement, thus requiring the Firm to take legal action for remedy, then contractor shall be responsible for any legal fees, including reasonable attorney fees imposed to insure enforcement of the terms of this agreement.

A-25 COMPLIANCE REVIEW PROCEDURE CHANGE

(Effective April 1, 2009)

EFFECTIVE IMMEDIATELY, NO AGENT OR STAFF MEMBER OF THE FIRM MAY ENTER A LISTING FOR SALE OR FOR LEASE INTO THE MLS DATABASE OR ADVERTISE A PROPERTY FOR SALE OR LEASE, NOR DISTRIBUTE A RATIFIED SALES AGREEMENT TO A THE CUSTOMER/CLIENT OR TO A 3RD PARTY (i.e. LENDER, SETTLEMENT AGENT, COBROKE, ETC.) UNTIL THE FILE CONTENTS HAVE BEEN SUBMITTED TO GENERAL SALES MANAGER/BROKER IN CHARGE BILL LOFTIS FOR REVIEW. BILL WILL COMPLETE THE

COMPLIANCE REVIEW WITHIN 24 HOURS OF SUBMISSION FOR REVIEW BY THE AGENT. DOCUMENTS SHOULD BE PLACED IN MANAGEMENT REVIEW RUNG ON WALL OF MAIN OFFICE BY 757 AGENTS OR EFAXED TO BILL AT 757-299-8191 BY RRP AGENTS. IF PRESSED FOR TIME, THEN EFAX IS THE MOST EFFICIENT WAY BY AGENTS AT EITHER OFFICE.

IT IS IMPORTANT THAT YOU HANDWRITE INTO YOUR LISTING AGREEMENTS OR MANAGEMENT AGREEMENTS THAT THE LISTING INPUT DATE IS TO BE ON OR BEFORE _____ AND HAVE YOUR CLIENT INITIAL THE MODIFICATION. (THUS, ALLOWING SUFFICIENT TIME FOR THE AFOREMENTIONED MANAGEMENT COMPLIANCE REVIEW).

In addition to any other remedies available to firm due to a breach of provisions of this policy manual or an agent's independent contractor agreement, the firm has the right to charge a penalty to an agent, immediately due, upon an infraction of compliance fullment procedures. It shall carry A \$100 PENALTY BY THE FIRM PER INCIDENT. AFTER THE 2ND INCIDENT OF NON-COMPLIANCE, THE PENALTY SHALL BE \$400 PER VIOLATION.

A-26 MONTHLY A/R BILLING

(RRG1375)

(Effective May 17, 2009)

THERE WILL BE NO LATE NOTICES ON UNPAID A/R ACCOUNTS EFFECTIVE MARCH 1ST. A/R MUST BE PAID WITHIN THE FIRST 10 DAYS OF EACH MONTH BY PAYPAL TO THE COMPANY ADDRESS. IN THE EVENT A/R ACCOUNTS ARE DELINQUENT AT CLOSE OF BUSINESS ON THE 10TH, THERE WILL BE IMMEDIATE DELETION OF YOUR WEBSITE AND ALL LEADS REASSIGNED TO ANOTHER AGENT. THERE WILL BE NO EXCEPTIONS TO THIS POLICY. I SUGGEST YOU GO TO WWW.PAYPAL.COM AND SET UP AN ACCOUNT NOW AS IT TAKES 2-3 DAYS TO COMPLETE VERIFICATION. THE COMPANY PAY TO ADDRESS IS a/r@reshrealtygroup.com.

FOR THOSE OF YOU THAT DON'T KNOW, IT IS A HORRIFIC PROCESS FOR YOU TRY AND REBUILD A DELETED SITE AND PIECE MEAL YOUR PROSPECTS BACK INTO THAT SITE ONCE ASSIGNED TO ANOTHER AGENT. DON'T PUT MANAGEMENT NOR YOURSELF IN THAT POSITION. WE ARE NOT TALKING DEACTIVATIONS HERE. WE ARE TALKING DELETIONS.

AND FINALLY, THE WEBSITE FEES ARE DUE MONTHLY AFTER THE 90 DAY INITIAL PROBATIONARY BUILD PERIOD IS UP (THIS ONLY APPLIES TO AGENTS WITH LESS THAN 90 DAYS TENURE WITH THE FIRM). SEVERAL NEWER AGENTS WERE NOTICED THAT THEIR 1ST MONTH OF BILLING IS TO COMMENCE ON THE 1ST. MAKE SURE YOU REMEMBER THIS AS A/R PAYMENT POLICY APPLIES TO EVERYONE!

A-27 LATE FEE BILLINGS

(RRG6029)

**(Effective June 2, 2009 EFFECTIVE IMMEDIATELY)
(REPLACED A-17)
(MODIFIED FEE BY A-30)**

Effective immediately, On any Firm related, Firm A&R, or Third Party Billing (e.g. REIN, HRRA, CVRMLS, RAR, etc.), that is not paid within 10 days of the due date will result in the agent immediately being Assessed (SEE A-30) payment fee by 757 Realty LLC. Agents violating this policy will be required to pay the fee either voluntarily through PayPal or involuntarily by

commission deduction or legal collection in accordance with the Independent Contractor Agreement. **THERE WILL BE ABSOLUTELY NO FLEXIBILITY IN THIS POLICY**, whether the remaining balance at the 10 day point following the due date is \$1.00 or \$1,000. Billable amounts must be paid timely.

A-28 DISCLAIMER FOR ALL EMAILS CONTENT

(RRG6029)

(Effective June 3, 2009 **EFFECTIVE IMMEDIATELY**)

Effective immediately, All Agents are required to use the following disclaimer in all email content in the engagement of their duties as an Agent with 757 Realty LLC. No variation of this disclaimer is authorized, and it should be placed somewhere under your closing or e-signature.

LEGAL CONFIDENTIAL: 757 Realty LLC (t/a 757 Reaty, 804 Realty,) accepts no liability for the content of this email, or for the consequences of any actions taken on the basis of the information provided, unless that information is subsequently confirmed in writing. Any views or opinions presented in this email are solely those of the author and do not necessarily represent those of the company. The information in this e-mail and in any attachment may contain information which is legally privileged. It is intended only for the attention and use of the named recipient. If you are not the intended recipient, you are not authorized to retain, disclose, copy or distribute the message and/or any of its attachments. Finally, the recipient should check this email and any attachments for the presence of viruses. The company accepts no liability for any damage caused by any virus transmitted by this email. If you received this e-mail in error, please notify Principal Broker at rrcbroker@hrcoxmail.com and delete this message. Thank-you.

A-29 NEW PAYPAL EMAIL
(MODIFIED A-12)

(RRG6029)

(Effective June 17, 2009)

Effective June 17th, 2009, the Company Paypal address will change to a/r@reshrealtygroup.com . The old address will no longer work. All future Account Receivables and Company related payments are to be made to this address. Please take note of it.

A-30 LATE FEE SCHEDULE/CHANGES
(MODIFIES A-27)

(RRG9254)

(Effective September 11, 2009)

EFFECTIVE IMMEDIATELY, LATE FEE SCHEDULE/AMOUNT ASSOCIATED WITH ALL AGENT BILLING IS AS FOLLOWS:

LATE FEES ARE ASSESSED MONTHLY ON EACH AGENT'S A/R ACCOUNT IF THE OUTSTANDING BALANCE REMAINS UNPAID BY THE 10TH OF EACH MONTH. LATE FEES ASSESSED WILL BE THE GREATER OF EITHER \$50.00 OR 10% OF THE OUTSTANDING BALANCE, ASSESSED MONTHLY. LATE FEES BECOME OUTSTANDING PRINCIPAL BALANCE ON EACH SUBSEQUENT MONTH'S BILLING IF THE BALANCE IS NOT PAID IN FULL BY THE FOLLOWING MONTH'S A/R DEADLINE OF THE 10TH. AS A REMINDER, ALL A/R PAYMENTS MUST BE PAID THROUGH THE FIRM'S PAYPAL ACCOUNT AT a/r@reshrealtygroup.com

A-31 MAINTENANCE CALL PROCEDURES REQUIRING UPFRONT PAYMENT (RRG9254)

(Effective September 14, 2009)

CANCELLED 09/14/2018

A-32 YTD (YEAR TO DATE) AUDITED INCOME VERIFICATION REQUESTS (RRG9254)

(Effective October 23, 2009)

A number of agents have requested year to date commission breakdowns several times through the course of this year. We have always tried to accommodate these requests, however it takes bookkeeping up to 5 business days to pull the data, and there is a cost associated with the procedure. Therefore, in an effort to continue to offer this midterm accounting accommodation on a case by case, we will require the agents to follow this procedure:

1. If requesting an audited YTD financial statement from Corporate, go to company paypal account a/r@reshrealtygroup.com and complete a services payment to the Firm for the cost of the statement (currently \$25.00 per request). Work will not be performed until the paypal payment has been made.
2. Send a request by email to Bill along with the names and closing dates of each client or customer that you received a commission for ytd.
3. Also include a breakdown of any other 1099 income you've received year to date and line item what it was for.
4. In the event you have no records for #1 and/or #2 above, then email Bill a request to assemble from the corporate sales ledger a list of all closed transactions that you have booked YTD. Bill will forward the list to me and I will have the Bookkeeper gather the YTD figures correlating to the closed sales list. Once we receive the correlated data from the Bookkeeper, I will prepare an audited statement of earnings.

This process can take up to 5 business days.

A-33 A/R TRANSACTION FEE (RRG10054)

(Effective March 1, 2010)

Effective March 1, 2010, there will be a transaction fee assessed on all A/R billing of \$4.00 per transaction. This transaction fee will be a post to each agent's monthly A/R statement by the Firm's bookkeeping department. This transaction fee is necessary due to rising costs by the 3rd party payment vendor. Please remember that Paypal is the only payment method accepted by the Firm for all Agent related charges.

A-34 COMMISSION BONUS (RRG10054)

(Effective May 7, 2010)

IN ORDER TO INSURE COMPLIANCE WITH VREB REGULATIONS, 757 REALTY LLC WILL NOT ALLOW FOR COMMISSION DISTRIBUTION (INCLUDING COMMISSION BONUS) TO AN AGENT IN ANY FORM THAT IS NOT LINE ITEMED ON THE CLOSING SETTLEMENT STATEMENT (I.E., NO GIFT CARDS, BONDS, CURRENCY, PRIZES, TRIPS OR OTHER CASH OR NON-CASH DISTRIBUTIONS TO AN AGENT).

ALL COMPENSATION MUST BE BY FULL DISCLOSURE ON THE CLOSING SETTLEMENT STATEMENT, AND MUST BE DISBURSED TO THE BROKERAGE. COMMISSION BONUS WILL BE DISBURSED IN ACCORDANCE TO COMPANY POLICY.

A-35 Rules governing Agent requests to Reduce Commissions charged by the Firm

(RRG10055)

(Effective June 18, 2010)

Listings:

The Firm's Listing Fee on all Exclusive Right to Sell Listings is 6%. On a case by case where an agent has submitted a request to the Principal Broker for a reduction of the Firm's listing fee in the form of a testimonial rebate (which from time to time arises in a case when a client is listing and buying with the Firm), or in a case when a reduction is requested because the Agent needs to be more competitive in the marketplace, these requests will be considered by the Principal Broker who will render a decision on any reduction to the Firm's Listing Fee. At no time will the Firm share in a commission reduction if the Agent fails to submit the request in writing to the Principal Broker prior to ratification of the listing contract.

Buyers:

The Firm's standard Selling Broker Fee is 3%. All contracts that disclose buyer representation under agency must have the Firm's accompanying signed buyer broker agreement to be in compliance. Furthermore, The Firm will never be participatory in any shared commission reduction with an agent if this form does not accompany the negotiated contract. In the case where a seller announces less than a 3% selling firm commission in their listing, and the buyer is not already under buyer broker to pay any shortfall, and such buyer is refusing to pay the shortfall, the offer to purchase must be drawn to reflect a written attempt to either ask the seller as an accommodation to the buyer to pay our Firm the amount of the commission shortfall under 3%, or must reflect a written attempt to raise the price to have the seller pay the full 3% to the Firm, or there will be no participation by the Firm in any commission reduction, and the agent will bear the burden of the loss. In no case will the Firm participate in a shared loss of commission revenue where the total gross selling commission is below 2.5%.

Any request for a further commission reduction, outside of the scope of the preceding written policy must be submitted to the Principal Broker in writing prior to entering into any written negotiations, and the Principal Broker reserves the right to modify the commission split (outside of the Independent Contractor Agreement) between the Firm and the Agent on such a transaction.

A-36 Principal Broker Periodic Update to Commission Schedule paragraph 3) of Independent Contractor Agreement:

(Modified January 3, 2019)

(Modified August 23, 2016)

(Effective July 16, 2010)

1. Current Bonus Commission splits with Firm shall yield a commission split to the 757 Agent not to exceed their Independent Contractor Agreement Rate if generated from Firm Referral Base/Brokerage, or, Agent's I.C. split with Firm on all personally generated (personal sphere) to a maximum of 70% to agent. All bonus commissions must be disclosed on HUD1/ALTA settlement statement. Other forms of compensation such as gift cards, gift certificates, or awards of any kind are not allowed.
2. Inbound Referrals from another Company shall yield a commission split to the 757 Agent not to exceed their Independent Contractor Agreement Rate (60% if generated from Firm Referral Base/Brokerage, or, Agent's I.C. split with Firm on all personally generated (personal sphere) Inbound referrals to a maximum of 70% to agent.
3. Outbound Referrals to another Company shall yield a commission split to the 757 Agent not to exceed their Independent Contractor Rate (60% if generated from Firm Base/Brokerage, or, Agent's I.C. split with Firm on all personally generated (personal sphere) outbound referrals to a maximum of 70% to agent.
4. All My Agent Finder referrals to an agent at 757 Realty LLC are paid at a 50/50 split between Firm and Agent, on all leads assigned in the MAF dashboard as of 8/23/2016.
5. ~~On Personally referred property managements, agent will be paid the 1st months commission earned by ACPM.~~

a. Leasing Fees and PMA Referrals:

On property management leasing fees for showing a rental, or on property management agreement referrals to the firm, agent will be paid 100% of the leasing fee, or the 1st months PMA commission on a referred management, less a \$25.00 advertising fee. These commission fees will be paid upon receipt and disbursement of the 1st full month's rent (not prorate) on the property. You must turn in a compliance file for these transactions, along with a checklist and agency disclosure signed by the prospective tenant on leasing fees, or a file with checklist on PMA referrals. These transactions, like sales transactions, must go through compliance and be entered into the Firm Computer Tracking System. Remember that these fees often are disbursed 30 days or more after the service is rendered. You must submit the file for compliance after the property is leased and the tenant has paid their 1st full months' rent (not during a pro rata period). It is the agent's responsibility to follow up with a Co-broke firm to insure their leasing fee has been disbursed to 757 Realty LLC.

6. Buyer Sales- Minimum Commission Rate and Commission Split on sub \$80,000 purchase transactions:
 - a. On sales prices at or below \$80,000 yielding a selling agent commission to the Firm below \$2,000, Agent is on a 50/50 split of the gross commission with the Firm.
 - b. There will be no participation by Firm on commission losses on any sale within 757 Realty LLC. where the commission rate falls below

2.5% of the closed sales price, except on a case by case when approved in writing by the Principal Broker prior to ratification.

7. Best of Both Worlds Independent Contractor Listings are on a 50/50 split between Firm and Agent.

A-37 TCHAMBERS Direct Referral Source

(RRG10057)

(Effective July 26, 2010)

On all TCHAMBERS leads, Tom Chambers shall be paid a 25% override from the firm's side commission split after the agent has been paid their referral of 60% of the Gross revenue.

A-38 Fine for Failure to update BT Platform Status to Closed (RRC11001)

(Effective July 26, 2010)

(MODIFIED MARCH 17, 2011)

Any agent that closes a transaction where the buyer (whether referral or not) is active in the agent's BoomTown Portal, where that agent has failed to update the clients BoomTown status to closed within 7 days of close of escrow, will be fined \$100 per offense. The fine will be levied to the agent's account receivable with the Firm, and must be paid within the current month's A/R billing statement when the fine is levied to the agent's A/R account to avoid late fees.

A-39 HUD REFERRALS, COMMISSION MODIFICATION

(RRC11001)

(Effective March 17, 2011)

As a temporary accommodation, the following commission changes will become effective on all HUD Managed Listing Cases listed for sale on or after March 15, 2011. Shortly, Management will be sending out new Independent Contractor Agreements also reflecting these changes, to insure that each agent has access to their incorporation in both their contract as well as the policy manual.

1. 70% referral commission rate to the case listing agent/team on any HUD Listing that is more than a 60 minute drive (as determined by mapquest.com, shortest route direct driving directions method) from the Corporate Office in VA Beach or the Branch Office in Richmond/Chesterfield (the 7 cities of Hampton Roads are excluded, as are the Urban Cities and Counties that comprise the Greater Richmond Area (i.e. Richmond, Chesterfield, Henrico, Midlothian, Hanover, Colonial Heights, Mechanicsville, Glen Allen, VA Beach, Chesapeake, Norfolk, Portsmouth, Suffolk, Hampton, Newport News)).
2. Due to the additional demands of time and gas created by the routine inspections required on Hometelos specific cases, on closed sales prices equal to or below \$60,000, the listing agent/team, in addition to their 60% commission split, shall also receive the benefit of the advertising fee being waived by Corporate on the transaction.

- Any agent that lives within the 60 minute drive to a property covered in #1 and #2 above, is excluded from any additional compensation as outlined in #1 & #2 above.

A-40 HUD Agent Reporting Procedures

(RRC11001)

(Effective March 17, 2011)

All HUD Listings taken by 757 Realty LLC will be assigned as Firm Referrals in accordance with Firm Referral Procedures. All HUD Case Agents with the Firm are required to meet all tasking requirements assigned by the Firm, including all stringent reporting deadlines required in each tasking. Due to the stringent requirements of the Asset Management Companies that engage the Firm's Principal Broker as a Community/Neighborhood Listing Broker for HUD, **the listing agents are required to meet all tasking deadlines to the firm, without fail.**

- a. Any agent that fails a HUD tasking deadline imposed by the Firm will incur a reduction in their commission rate to 25% of the commission rate that they were due on the case prior to the breach in tasking policy, which is also a breach of Firm policy and a breach of the agent's independent contractor agreement with the Firm.

41 Commission Disbursements

(RRC11002)

(Effective May 12, 2011)

Commissions will be disbursed as soon as possible by the Broker, allowing time for the following disbursement requirements: Fulfillment of all file compliance and exit Q/C Review, Verification by Bookkeeping that the settlement disbursement is compliant with the HUD 1 Settlement Statement, and is liquid to the Operating Account(s), and any Escrow Account reconciliation has been verified in accordance with the HUD 1 Settlement Statement. No Commission disbursing will take place until Bookkeeping has completed the duties on the file, and has sent the Broker verification of liquidity and all fiscal compliance. Commission disbursement will in all cases take place within 72 hours **after all of the aforementioned taskings by Bookkeeping and Management.**

A-42 POLICY REGARDING RECORDING CONVERSATIONS (RRC11003)

(Effective October 31, 2011)

This policy shall be enforceable upon every Agent, Broker, and Employee of 757 Realty LLC. No one is permitted to ever record any telephone conversation whereby an employee, agent, or Broker of 757 Realty LLC is a participant, unless expressly granted permission to do so in writing and in advance by the Principal Broker. If ever caught recording any telephone conversation, such action will be viewed as immediate grounds for termination and a breach of the Independent Contractor Agreement and employment agreement you are bound by with the

Firm. Furthermore, the individual will be immediately be subject to sanctions and restraining orders imposed by the Court in such matters. They will also suffer liquidated damages of \$25,000 per occurrence. Furthermore, the individual will be responsible for any and all attorney fees incurred in 757 Realty LLC's efforts to prosecute the matter to the full extent of the law. If any provision herein contained in this Company Policy is declared unenforceable by the Court, all other provisions shall remain fully enforceable.

A-43 New Recruiting Policy

(RRC12001)

(Effective January 1, 2012) This replaces all previous Recruitment Policy

- a. **If an agent of the Firm recruits a new agent, the recruiting agent will receive the following benefit.**
 - o **1) A flat \$1,000 recruiting fee from the Firm due as follows: \$500 on recruit's 1st closing, \$500 on recruit's 2nd closing. To qualify, the qualifying settlements by the recruit must be from the Firm's referral sources (non-personal sphere transactions).**

Recruiting Agent is responsible for mentoring each recruited agent on all Firm Policy/Procedure and Lead Scripting / New Business Development.

A-44 Advertising Affiliations

(RRC12005)

(Effective August 28, 2012)

Due to the advertising expense/contribution associated with advertising, and the participation in same by our affiliated advertising partners (Lenders, Title Companies, etc.), if any agent of the Firm **fails to submit in writing to the Principal Broker** a written request for assistance in earning the customer/client's business when confronted with resistance by the customer or client in utilizing our affiliated advertising partners (Lenders, Title Companies, etc.), **then the agent will be paid at a 50% commission rate on the related transaction.**

A-45 Agency Disclosure Policy

(RRC12006)

(Effective October 4, 2012)

Effective immediately, **ALL AGENTS** of 757 Realty LLC are required to submit to rrcbroker@hrcmail.com a signed and termed Buyer Broker Contract for all purchasers that they work with in the purchase of Real Estate throughout the Commonwealth of Virginia, within 24 hours of establishing the client relationship. **The only exception** to this rule will be in the event the agent represents the seller on one of our own listings. In such case the buyer would sign a dual agency designated agent disclosure with designated representatives or an unrepresented party disclosure designating the buyer to be a customer. FAILURE TO COMPLY IS A VIOLATION OF THE COMPANY'S POLICIES AND PROCEDURES, AS WELL AS A VIOLATION OF AGENCY LAW AS A VIRGINIA LICENSEE WITH DPOR WITCH IS A MISDEMEANOR.

A-46 Payment method change to staff (W2) employees**(RRC13001)****(Effective November 19, 2013)**

All staff employees will receive their pay by 1 of 3 payment methods, at management's sole discretion:

- A. Direct Wire
- B. Internal Transfer
- C. ACH

A-47 Interdepartmental Referral Fee**(RRC13002)****(Effective December 3, 2013)**

Effective Immediately, there will be an **Interdepartmental Referral Fee** of \$500 off the top of all commission revenue generated by referral sales assigned to a Firm Agent by the Broker when sourced from Atlantic Coast Realty Corp

A-48 P/P New Corporate Location-**(RRC14001)****(Effective February 27, 2014)**

As we officially open the doors to our new Corporate Center at 512 S Lynnhaven Road in Virginia Beach on 2/01/2018, please note the following policies and procedures with regard to the privilege to utilize the office space and its property in your forward business as an Independent Contractor of 757 Realty LLC:

1. Each agent of the firm shall be solely responsible for the cost of repair or replacement as a result of damage to the premises caused by the agent's accidental damage or the agent's misuse or negligence (including but not limited to the misuse or negligence caused by others accompanying the agent into the office). As a party to this Firm's policy manual, you will be personally responsible for any and all costs of repair or replacement associated with any damage to the premises as outlined in the preceding. Any damage reported to management, or recorded by our IP video system, whether accidental, or by negligence or misuse, will be corrected solely by management, thus creating an immediate due bill (net 5 day terms), and next recourse to agent if unpaid, commission deducted for the costs of actual repair/replacement.
2. There will be absolutely no food anywhere on the premises except in the break room. If an agent has been granted the privilege of occupying an office or workspace, and that office or workspace is found to require carpet cleaning, painting, or carpet replacement above normal wear and tear (as determined and carried out solely by management), then the agent will be charged (net 5 day terms), and next course to agent if unpaid, commission deducted for the costs of actual repair/replacement.

3. Lost Key Fobs will be at a replacement cost of \$25.00 per incident.
4. There will be absolutely no smoking within 50 feet of the building entrance. You must utilize the designated smoking areas.
5. The conference room is completely off limits to unattended individuals, both clients and/or their children. The conference room will be under 24 hour IP video surveillance (as will 3 other common areas of the suite). There will be absolutely no TV watching in the Conference Room by guest or agent. The Conference room TV is only for Management scheduled meetings and other preauthorized meeting presentations. Alternatively, guests may watch programming while in the lobby waiting area on provided television.
6. No Agent or employee shall give a child writing instruments and/or writing surface for the purpose of entertainment while in the suite (If a client's child has coloring books, etc., they need to leave them in the car). Damage caused from any such negligence will be costly to the agent.
7. The break room area is expected to remain clean. If you cook it and eat or drink it, you clean it. This goes for coffee pots and microwave as well. The sales secretary is not there to clean up your break room mess.
8. There will be a \$200 per incident charge if Management is alerted after hours that you entered the suite and failed to redeploy alarm system upon leaving.
9. Break room supplies, paper, foil folders, stationary, envelopes, etc. are under the care and control of the sales secretary and must be sequestered from the sales secretary during normal business hours.
10. Color copies must be requested from the Supervising Broker 24 hours in advance of production, either by email of subject material attachment, or by submission of memory stick or other media, and shall be at the current per page published rate of preparation and delivery to your box in the office. (See policy Manual for current published rate).
11. An agent may temporarily use an unoccupied office as a meeting area with a client to complete paperwork.
12. There is to be no adware or any 3rd party software installed or downloaded to any computer at 757 Realty LLC.

**A-49 Required Text Regarding Down Payment Amounts
Of Purchase Contracts**

(RRC14002)

Effective Immediately (Ocotober 20, 2014)

**Effective immediately, all agents are required to place the following statement on THE
DOWN PAYMENT LINE ON ALL purchase contracts at 757 Realty LLC:**

**“TBD (or TBD by Lender)” EVEN IF IT MEANS YOU MUST HANDWRITE OR USE
DOCUSIGN OR ADOBE EDITOR TO DO SO.**

**IN THE EVENT AN AGENT FAILS TO INCORPORATE THE AFOREMENTIONED
LANGUAGE ON THE DOWN PAYMENT LINE, AND A CONTRACT IS EITHER IN
DEFAULT AS THE DIRECT RESULT OF AN AGENTS FAILURE TO COMPLY WITH
THIS POLICY, OR THE FIRMS’S ABILITY TO COMPLETE COLLECTION ON A
DEFAULT IS COMPROMISED FOR FAILURE TO FOLLOW THIS POLICY, THE
AGENT WILL BE CHARGED FOR ANY LOSS OF REVENUE AS THE RESULT OF
THEIR NON-COMPLIANCE. THIS MAY INCLUDE, BUT IS NOT LIMITED TO THE
FULL FIRM COMMISSION ON THE TRANSACTION.**

A50 FIRM POLICY REGARDING SELF-MANAGED PROPERTY

(RRC14003)

Effective Immediately (December 17, 2014)

Each Agent that has been approved by the Principal Broker to be self-managed day to day and pay a monthly accounting fee per property per month, solely for the collection and disbursement of rent and associated proceeds within our mandated policies and procedures, for as long as the property management contract remains in force, and for as long as the property management remains owned by the Broker and 757 Realty LLC Effective immediately, there will be a service fee of \$25.00 per item and per incident associated with any subsequent telephone or written request(s) to any staff member at 757 Realty LLC (including, but not limited to a secretary, property manager, bookkeeper, or Broker) whereby you ask for any information on a managed property after and related to the generation of the periodic disbursements to an owner and accompanying statements and invoices that are also sent to each of you simultaneous to disbursing.. This shall include, but is not limited to interim bookkeeping requests of explanation or financial audit of interim accounting related to disbursement(s), or reproduction of paperwork for an owner or tenant by a staff member. In addition, in the event a Broker must be utilized to handle a problem relating to a tenant or an owner, there will be a service fee of the greater of \$100 per incident \$100 per hour until the problem is resolved.

All service fees will post to an agent’s A/R with the Firm with net 10 day terms, and all open balances will be subject to settlement by commission deduction from sales and property management.

The aforementioned policy is hereby part and parcel to the Firm’s Policy & Procedure Manual, and is effective immediately.

A 51 ADVERTISING FEE INCREASE

(RRC15001)

Effective (02/01/2015)

Due to a substantial 30% increases in the contract pricing of our media spends associated with our referral and Lead generation contract renewals with Adwords, Zillow and Boomtown from

2014 to 2015, the Firm's advertising fee will increase to \$300.00 per transaction on all sales sourced by the Firm and its marketing and designated to be a referral or lead by the Firm, whether organic or inorganic. This deduction continues to be from the Total Commission Revenue to the Firm on the actual commission disbursement, and therefore continues to be split equally between Firm and Agent, now at \$150.00 each.

This policy change is effective on all closing disbursements on or after 2/1/15.

A-52 COMMISSION LOSSES

(RRC15001)

Effective (1/18/2015)

The Firm does not participate in commission losses below its minimum commission requirement of 3% per side of transaction.

A-53 POLICY DEVIATION/ACCOMMODATION REQUESTS

(RRC15002)

Effective Immediately (02/04/2015)

THIS POLICY IS A REITERATION AND EXPANSION OF EXISTING COMPANY POLICY. DUE TO THE EXTREMELY FAST PACED NATURE OF THE REAL ESTATE BUSINESS, ANY TIME AN AGENT OR EMPLOYEE REQUESTS A DEVIATION AND ACCOMODATION TO EXISTING FIRM POLICY (INCLUDING BUT NOT LIMITED TO COMMISSION SPLITS AND DISBURSEMENT MATTERS), THE REQUEST SHALL BE DEEMED HERESAY UNLESS THE FOLLOWING ACTIONS HAVE TAKEN PLACE:

1. THE REQUEST HAS BEEN MADE IN WRITING BY EMAIL TO THE PRINCIPAL BROKER
2. THE PRINCIPAL BROKER HAS REPLIED IN WRITING BY EMAIL CLARIFYING THEIR DECISION SPECIFIC TO THE AGENT OR EMPLOYEES REQUEST

In the absence of the two steps above when requesting policy exceptions, the request will not be considered. Oral discussions or agreements will not be considered at any time.

A-54 REFERRAL AMENDMENT

(RRC15003)

Effective (02/26/2015)

On **all** inbound and outbound referral transactions that close escrow yielding a commission to the Firm, there will be a \$150 administrative fee charged from the gross commission.

**A-55 Heroes Home Advantage Policy
(CLARIFICATION)**

(RRC15004)

Effective (06/01/2015)

1. All Heroes must register at www.757heroes.com prior to entering into any agency or sales or listing contract in order to qualify to receive the Hero rebate.
2. All Heroes will be required to complete and sign the Firm's "Heroes Testimonial Rebate Form" and must write a testimonial and submit the Rebate form and testimonial to the Hero agent, not less than 7 days prior to settlement in order to receive the Heroes rebate at closing.
3. All 757Heroes.Com registered prospects and all other 757 clients that close escrow with a Heroes Testimonial Rebate, determined by the Broker to have originated from a Firm Lead/Referral source will be paid at a commission rate of 60% to Agent, 40% to Firm, with the Firm and Agent participating 50/50 on the rebate of commission off the Gross Commission Dollar.

Commission rate from Hero transactions originating from an agent's own sphere will be paid at the agent's personal commission split (up to a maximum allowable total agent commission of 75%), with a revenue recapture to Firm of the rebate portion calculated between 60% and the agents personal split up to 75% (See example below). There will be no advertising fee charged on personal sphere generated Hero commission disbursements. There is no Firm participation in an HHA rebate on any transaction by an agent on a personal commission split above 75%.

Example: Agent's sphere lead signs up for Heroes Home Advantage and purchases a home at \$200,000.00 with 3% Gross Commission, and Agent has a personal Sphere Split of 80%.

Calculations:

Gross Commission: \$6,000.00 HHA Rebate: \$1,500.00
Company Shortfall on Rebate: $(75\% - 60\% = 15\%) .15 \times 1,500 = \225.00
Agent's Commission Calculation after Rebate: $.75 \times 4,500.00 = \$3,375.00$, $\$3375.00 - \$225.00 = \$3,150.00$.

4. The current annual subscription fee per participating Realtor is \$299.00 per contract year (due May 1)
5. The rebate of 25% to the Hero will be a deduction from the Firm's Gross selling side or listing side commission (depending on the client relationship) before commission splits noted in item three above. Firm Minimum commission requirements of 3% BAC and 6% LAC Apply.
6. Participating Heroes can only qualify for 1 promotion per transaction, and do not qualify if

the Firm is participatory to a referral fee or fees of any kind to a 3rd party from the client's transaction (example, the hero cannot receive the HHA rebate and also expect a reduced listing commission unless agent waives a portion of the commission, at agent's own expense, or the Hero was referred by a referral network that charges a fee to the Firm for the referral)... 1 Hero,

7. The Firm reserves the right to transfer a Hero prospect or client from a non-Hero agent of the Firm to a Hero agent of the Firm at any time at Firm's sole discretion.

8. Honorably Discharged Heroes qualify, just like retirees....

9. The Corporate reporting form for HHA must be turned in with the Agent's closing file to the sales secretary along with the agent's commission check for disbursement before commission will be paid to the agent.

A-56 LEGAL LAWSUITS

(RRC16001)

(Effective 03/17/2016)

1. On all transactions where the Firm is involved in a plaintiff lawsuit versus a party, including but not limited to: another Broker, a vendor, or a client or unrepresented party of the Firm; in addition to recovery of all legal fees, including but not limited to, filing fees and attorney's fees expended by the Firm that remain unreimbursed upon judgment award or settlement of the matter, such fees will be recovered and reimbursed off the top of any financial award to the Firm in reimbursement. In addition, there will be an additional legal processing fee charged by the Firm off of the top of any award or settlement of \$500. If any fee(s) are unrecoverable because the Firm loses its plaintiff suit, all out of pocket fees will be split between Firm and Agent equally.

A-57 TESTIMONIALS

(RRC16002)

(Effective 04/01/2016)

IMPORTANT PROCEDURAL CHANGE WITH REGARD TO ALL FIRM SOURCED (REFERRALS AND LEADS) SETTLEMENTS AT 757 REALTY LLC. COMMISSIONS WILL NOT BE DISBURSED UNTIL YOU PROVIDE COPIES OF SCREENSHOTS OF ALL ITEMS BELOW WITH YOUR COMPLETED FILE SUBMISSIONS BY SETTLEMENT. WITHOUT THE PRINTED SCREENSHOTS, COMMISSIONS WILL NOT BE DISBURSED, AND ANY BUYER OR SELLER EXPECTING A REBATE WILL NOT RECEIVE IT UNTIL YOU HAVE GATHERED THE SCREENSHOT DATA AND

DEKIVERED IT TO YOUR FILE. IF YOU INSTRUCT A SETTLEMENT ATTORNEY DO DISBURSE A REBATE TO A CLIENT, OR A REFERRAL FEE TO ANOTHER BROKER ON THE SETTLEMENT STATEMENT, AND YOU HAVE NOT DELIVERED THIS COMPLIANCE IN THE FORM OF PRINTED SCREENSHOTS, COMMISSION SIMPLY WILL NOT BE DISBURSED UNTIL YOU DELIVER THE COMPLIANCE.

ON TESTIMONIAL FEE OR REFERRAL FEE RELATED SALES:

1. CLIENT MUST COMPLETE A 5 STAR REVIEW WITH FULL NARRATIVE AT:
: <https://www.facebook.com/757-Realty-2195725630657947/reviews/> (HAMPTON ROADS CLIENTS)
https://www.facebook.com/pg/804Realty/reviews/?ref=page_internal (RICHMOND CLIENTS)
2. CLIENT MUST COMPLETE A 5 STAR REVIEW WITH FULL NARRATIVE AT:
https://www.zillow.com/reviews/write/?s=X1-ZUzaowb3ixt7nt_8nu8j
(VIRGINIA BEACH CLIENTS)
https://www.zillow.com/reviews/write/?s=X1-ZUzb2ly7474dmx_4g4tj
(RICHMOND CLIENTS)
3. ON ALL SALES INVOLVING A COMMISSION REBATE, OR COMMISSION REDUCTION, CLIENT MUST ALSO WRITE THEIR REVIEW IN WORD FORMAT, OR IN THE BODY OF AN EMAIL. CLIENT MUST SIGN THE FIRM'S TESTIMONIAL REBATE ACKNOWLEDGEMENT AGREEMENT

ON NON-TESTIMONIAL SALES:

1. AGENT TO SIT WITH CLIENT AND INSURE COMPLETION OF A REVIEW WITH FULL NARRATIVE AT:
<https://www.facebook.com/757-Realty-2195725630657947/reviews/> (HAMPTON ROADS CLIENTS)
https://www.facebook.com/pg/804Realty/reviews/?ref=page_internal
(RICHMOND CLIENTS)
2. AGENT TO SIT WITH CLIENT AND INSURE COMPLETION OF A REVIEW WITH FULL NARRATIVE AT:
https://www.zillow.com/reviews/write/?s=X1-ZUzaowb3ixt7nt_8nu8j (HAMPTON ROADS CLIENTS)
https://www.zillow.com/reviews/write/?s=X1-ZUzb2ly7474dmx_4g4tj
(RICHMOND CLIENTS)

WE WILL BEGIN A SCORECARD SYSTEM WITH REGARD TO THIS COMPLIANCE, AND AGENTS THAT DON'T FOLLOW THIS PROCEDURE WILL SEE THEIR LEAD

FLOW RESTRICTED. THESE PROCEDURES ARE ESSENTIAL TO LEAD FLOW VOLUME FROM OUR AFFILIATED LEAD GEN. SYSTEMS, AND LEADS ARE A PRIVELEDGE NOT A RIGHT AT ANY BROKERAGE. IT'S A "SCRATCH ONE ANOTHERS BACK" RELATIONSHIP, CODEPENDENT FOR EXPANSION OF OUR ORGANIC REFERRAL BASE.

A-58 RELEASE AGREEMENT

(RRC16003)

(Effective 04/25/2016)

NO FIRM AGENT IS AUTHORIZED TO SIGN A RELEASE AGREEMENT AT 757 REALTY LLC. THEY MUST ALWAYS BE SENT TO RRCBROKER@HRCOXMAIL.COM FOR REVIEW AND EXECUTION BY A FIRM SUPERVISING BROKER. IN THE EVENT AN AGENT SHALL VIOLATE THIS POLICY, AND THE FIRM'S FINANCIAL AND/OR LEGAL POSITION HAS BEEN COMPROMISED, THE AGENT WILL BE RESPONSIBLE FOR IMMEDIATE REIMBURSEMENT OF ANY FINANCIAL LOSS SUFFERED BY THE FIRM, INCLUDING BUT NOT LIMITED, LOSS OF COMMISSION REVENUE, PLUS A \$500 FINE ASSESSED TO THE AGENT'S A/R ACCOUNT.

A-59 NEGATIVE REVIEW POLICY

(RRC17001)

(Effective 07/13/2017)

It is a requirement that every Agent of the Firm, whether a sales agent or property management agent, report to a Managing Broker immediately any time an engaged client is displeased with the service received by the agent. In the event an agent's engaged client posts a negative review of the agent or the Firm as a direct result of the engaged service provided by that agent, the Firm will give the agent 48 hours after discovery of the online or in any other media, in order for the agent to facilitate the clients removal or modification of the online view so as to cast a positive light on 757 Realty LLC. In the event the agent is unsuccessful in any attempt to have the online review modified or removed, Management will take action to work with the affected client in having the post removed or modified in order to cast a positive light on 757 Realty LLC. If Management's involvement involves a monetary testimonial concession or payment to a third party reputation management agent, to affect the change, the agent will be 100% financially responsible for the cost of affecting the change. Any expenditure by the Firm to affect the change will be reimbursed by commission deduction from the agent's next closing. There is no cap in an agent's exposure to the cost of removal or modification however, the firm will provide proof of services rendered by such third party reputation management service in the form of a services contract between 757 Realty LLC and the third party reputation management service.

A-60 MANDATORY ACPM LISTING/PURCHASE CLAUSE:**(RRC1801)****(Effective 01/25/2018)**

As a condition of the property management contract and this listing agreement, the Property Management contract survives settlement. In the event the property fails to close escrow under the terms of the listing contract, seller understands and agrees that upon listing expiration or withdrawal, the property will be placed back into management with Atlantic Coast Property Management, and the current property management contract's terms and conditions shall continue for another year.

In reiteration, seller understands and agrees that the property management contract and any current lease on the property survive settlement of sale, and are encumbrances of any sale, and seller is liable to Atlantic Coast Property Management for payment of all Management and Management Related fees through the current management term, including but not limited to, management fees through an additional renewal term, should there remain a current (in term) tenant in the property at close of escrow.

A-61 Requests for Firm Approval of Agent requests for Commission Advances from 3rd party vendors**(RRC1802)****(Effective 09/14/2018)**

From time to time, Agents make requests of the Firm to sign guarantee forms guaranteeing disbursement of a portion or all of an agents commission to a 3rd party vendor in repayment of a loan made to an agent by such a 3rd party vendor. The Firm will only respond to such requests provided the agent is current on all outstanding A/R and any other open balances to MLS, HRRA, NAR, etc., and Agent has a minimum \$500,000 in additional pending, non-contingent, sales volume at the time the request is made.

A-62 BUSINESS REVENUE TAX COMMISSION DEDUCTION:**(RRC1802)****(Effective 09/21/2018)**

Effective with the licensing of 757 Realty LLC with the local taxing authority, There will be a deduction on all commission disbursements to an Agent for the associated municipal business licensing tax liability. The Municipal Business Tax Rate as of 9/20/18 is .0058. This rate is subject to change by the Taxing Authority. This charge will be assessed on all commission disbursements, whether an Agent is paid personally, or is paid through their DPOR licensed entity. Agents are not required to obtain a business license with the taxing authority.

A-63

SIGNATURE PAGE

By signing this, all agents and staff acknowledge receipt of manual by adobe attachment.

	PRINTED NAME	DATE	SIGNATURE
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			

27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
51			
52			
53			