



NEXT STEP
REALTY, INC.

Higher expectations.

3425 Edison St NW • Uniontown, OH 44685
Office: 330.699.5731 Fax: 330.699.5732



Policy and Procedures Manual

Statement of Purpose

NEXT STEP REALTY was founded on the principals of fairness and honesty. The company believes in a basic and simple philosophy of providing the highest level of quality service to our customers and clients. Through the belief that with quality service all will benefit... The client, customer, sales associates, employees, management, and ownership.

Quality service can only be provided through dedicated and sincere application of real estate knowledge.

All persons associated with NEXT STEP REALTY must commit themselves to the resolution of every client's and customer's real estate needs to the very best of their ability.

Every person with NEXT STEP REALTY recognizes the importance of each individual's contribution to the overall well being of the company.

All persons associated with NEXT STEP REALTY understand that only through the collective efforts of all concerned, will quality service be rendered consistently.

The honesty and integrity of all those associated with our company must be beyond reproach so that we will always hold the trust and confidence of those with whom we deal.

In order to establish and maintain the quality services and knowledge necessary for the benefit of our clients, customers, and ourselves certain standards and objectives shall be requested. It is for that reason that the following policies and procedures are set forth.

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Mission Statement

The mission of NEXT STEP REALTY is to provide an environment that fosters, encourages and recognizes personal and professional growth in the sales associates, to provide the greatest opportunity for personal and economic satisfaction for its sales associates resulting in the delivery of the highest quality real estate services.

Objective

The objective of our company (the reason we are in business) is to have fun and make money, in that order.

Making money is what we do while providing excellent service to our clients, customers, real estate affiliates, real estate associations and the public. It is the measure of our service.

To make a profit in our company can only be attained through our integrity, high principles, and the ability to obtain results in all real estate matters.

Every person associated with the company is a part of this reputation and is expected to uphold it.

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Company Strategy

Broker-salesperson relationship

The opportunity is taken here to remind each salesperson to read and from time to time reread the State Real Estate License law. All salespeople are required to follow the letter of the law.

Salespeople are reminded, particularly, that that the Broker is responsible for their acts. It is our belief that if salespeople adhere carefully to the forthcoming guidelines, the Broker will never have occasion to appear before the real estate commission on their behalf.

Salespeople are reminded, again, that they are Independent Contractors.

The Company shall have no obligation to withhold taxes or Social Security from the brokerage fees. For the benefit of both Salespersons and the firm, the Independent Contractor Agreement shall be signed by both parties.

Company Practice

Ethics

Defined simply, the word ETHICS means moral principals and quality of practice. In the real estate business, ethics govern our professional relationship with our prospective buyers and sellers and with our fellow REALTORS. Our ethics represent our honesty, integrity, and the spirit of proper conduct.

The company is a member in good standing with the National Association of REALTORS, the Ohio Association of REALTORS and several local boards of REALTORS. Each salesperson, after association with the firm, shall make application for membership in the appropriate local board of REALTORS.

The company is a member in good standing with one or more multiple listing services. Each salesperson, after association with the firm, shall make application for membership in the appropriate multiple listing service for the areas they intend to service.

Each salesperson in this company should read the Code of Ethics as set forth by the National Association of REALTORS as well as the codes adopted by our local boards and multiple listing services. It is necessary that every salesperson live up to these codes. It is fundamental to say that to be successful, one must be ethical.

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Agency Policy Disclosure

The real estate industry is now and will be in the future driven by a "Customer Service Culture" and **NEXT STEP REALTY** will be a leader in this evolutionary process. It is essential to our procedural operation that the following documentation is strictly adhered to. This document will encourage professional real estate knowledge, dedication to honesty, integrity, mutual respect and responsibility to each and every customer and client whom we have the privilege of serving. The "Service Culture" will be promoted on every level of our company, and no deviation from our high ideal will be accepted.

Agency history and compliance:

The "Agency Issue" first became a focus point in the early 1980's. Government regulators and the media began to perceive that confusion existed among real estate buyers and sellers as to who a real estate broker represented in a transaction, and further what the economic and legal consequences of that representation were. This resulted in an increasing number of lawsuits against real estate brokers who had breached their fiduciary duties by acting as "Undisclosed Dual Agents".

On January 1, 1989, Ohio's new agency disclosure law came into effect, requiring every real estate licensee to disclose to a prospective purchaser or tenant who the licensee represented in the transaction.

On December 13, 1996, Ohio's House Bill 354 came into effect, requiring more stringent policies and documentation of agency disclosure. The disclosure must be in writing before any contractual agreement with any buyer or seller. It must further be on a form prescribed by the Ohio Real Estate Commission.

The company has adopted an office policy to address agency issues and to comply with the regulations that came into effect December 13, 1996.

An office policy is essential for three reasons.

- 1. It allows the firm and the broker control over the manner in which agency relationships are created by the salespeople affiliated with our firm, and provides assurance to the broker that the salespeople affiliated with the firm are complying with the agency regulations.**
- 2. A formal office policy serves to educate salespersons as to the proper relationships they can establish with their clients and customers as well as guidance as to how the Agency Disclosure and Dual Agency forms are to be utilized.**
- 3. It is the law of the land. Timely and adequate disclosure is essential for compliance with the law.**

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Types of Agency Practiced

Ohio laws and the regulations no longer provide any latitude to the real estate broker in determining the agency policy we have adopted. It is no longer adequate to disclose in writing to all parties to the transaction who we represent. We must disclose prior to any listing contract what types of agency we practice, also if we practice dual agency, we must explain that to the selling client. In addition, we must disclose in writing to the buyer client Consumers Guide to Agency Relationships before the showing of any property. (Open house is not included).

Each agency relationship begins with an understanding. Buyers and sellers are not accustomed to being loyal to one agent. It is not the client's or the customer's responsibility to confirm, acknowledge or disclose the agency relationship. This responsibility is ours as licensees.

Seller's Agency: We do offer this agency option

In this type of relationship, the seller's agent and the brokerage owe the seller the duties of loyalty, obedience, confidentiality, accounting and reasonable skill and care in performing their duties and any other duties contained in the agency agreement. The seller's agent and the brokerage are required to act solely on behalf of the seller's interest to seek the best price and terms for the seller. Finally, a seller's agent and the brokerage have a duty to disclose to the seller all material information obtained from the buyer or any other source. Other agents within the same company are not considered the agent of the seller.

Sub-Agency: We do not offer this agency option

In this type of relationship, sellers may authorize their agent and brokerage to offer sub-agency to other firms. A sub-agent also represents the seller's interest and has all of the same duties as the seller's agent, including a duty of confidentiality and a duty to disclose material facts to the seller. In sub-agency. The buyer is not represented in any capacity.

Buyer's Agency: We do offer this agency option

In this type of relationship, a buyer's agent and the brokerage owe the buyer the duties of loyalty, obedience, confidentiality, accounting and reasonable skill and care in performing their duties and any other duties contained in the agency agreement. The buyer's agent and the brokerage are required to act solely on behalf of the buyer's interests to seek the best price and terms for the buyer. Finally the buyer's agent and the brokerage also have a duty to disclose to the buyer all material information obtained from the seller or any other source.

Split Agency: We do offer this agency option

In this type of relationship, a buyer's agent and the seller's agent owe the buyer and seller the duties of loyalty, obedience, confidentiality, accounting and reasonable skill and care in performing their duties and any other duties contained in the agency agreement. The buyer's agent and seller's agent are required to act solely on behalf of the buyer's interests/sellers interests to seek the best price and terms for the buyer/seller. Finally the buyer's agent/sellers agent also have a duty to disclose to the buyer all material information obtained from the buyer/seller or any other source. In this instance the Brokerage and all management level licensees must remain neutral and will be a dual agent in the transaction.

Disclosed Dual Agency: We do offer this agency option

In this type of agency relationship the duty of the agent is limited representation. The option is fair and honest treatment to all parties. The agent may not advocate or negotiate for either party in the transaction

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GENERAL POLICY ON AGENCY

Section A

Seller and Buyer Agency but never Dual Agency

It is the policy of NEXT STEP REALTY to represent both buyers and sellers. Affiliated sales agents shall represent the seller when they list the property and shall act as buyer's agents only when working with buyers on properties listed with other brokerages

When representing the seller NEXT STEP REALTY and its sales agent owe the seller the duties of loyalty, obedience, confidentiality, accounting and reasonable skill and care in performing our duties, and any other duties contained in or listing agreement. We are required to act solely on behalf of the seller's interest to seek the best price and terms for the seller. Finally as a seller's agent we have a duty to disclose to the seller all material information obtained from the buyer or any other source.

When representing a buyer, NEXT STEP REALTY and its agents owe the buyer the duties of loyalty, obedience, confidentiality, accounting and reasonable skill and care in performing their duties and any other duties contained in a buyer agency agreement. The sales agent and brokerage are required to act solely on behalf of the buyer's interests to seek the best price and terms for the buyer. Finally, a buyer's agent and the brokerage have duty to disclose to the buyer all material information obtained from the seller or from any other source.

In the event a purchaser wishes to buy a property listed with NEXT STEP REALTY and the agent with whom the buyer was working also represents the seller then both parties must agree to the limitation of disclosed dual agency. Language explaining this is contained in our Brokerage Buyer Agency agreement. Any confidential information learned about the buyer prior to this change or termination must remain confidential and cannot be disclosed to the seller. The procedures for changing an agency relationship contained in Sections C must be followed

The only instances where the agency relationship with the buyer will not be terminated are those set forth in sections D. (working with a relative) and E. (buying or selling for your self business entity which you are a party to or business affiliate) They will be handled as follows:

A) If there are two separate sales agents involved in a situation described in "D" or "E" each agent will represent their respective client. The brokerage and its management level licensees are "Dual Agents".

In this situation the brokerage's role is to do the following:

Objectively supervise the agents involved so they can each fulfill their duties as outlined above to each of their clients.

Assist the parties in an unbiased manner to negotiate a contract

Assist the parties in an unbiased manner to fulfill the terms of any contract

As a dual agent the brokerage cannot:

Advocate or negotiate on behalf of either the buyer or the seller

Disclose confidential information to any party or any employee or agent of the company

Use confidential information of one party to benefit the other party to the transaction.

If one agent is involved and a dual agency occurs, A dual Agent may not disclose any confidential information that would place any one party at an advantage over the other party and may not disclose any of the following information without the informed consent to whom the information pertains: That the buyer is willing to pay more than the price offered That a seller is willing to accept less than the asking price, motivating factors of either party for buying or selling or that party will agree to financing terms other than those offered.

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Section B

Management level Positions

The following positions in the Brokerage are considered to be management level:
Broker of record, office manager

Section C

Changing Agency Relationships

Agents shall not change agency relationships once they have been established, unless approved by the broker. If such a change is approved, the client whose agency relationship is being terminated must consent in writing and any persons who know of the previous relationship must be notified in writing as well. Agents are to use the "**Change of Agency**" form. If there is a material change to any of the information that was previously disclosed, agents are immediately to notify the broker and/or Broker so that the client can be made aware of these changes.

Section D

Working with Relatives or Business Associates

If a person with whom an agent has a personal, family or business relationship wants to sell property, the agent shall act as a listing agent representing that person. In the event the agent acts as a dual agent and sells the property to a buyer he/she represents, the nature of the relationship with the seller must be disclosed to the buyer before the buyer consents to a dual agency and the relationship must be disclosed on the Agency Disclosure Statement any other agent in our brokerage or a cooperating brokerage representing the buyer must be notified as well, and the relationship must be disclosed in the purchase contract.

If a person with whom an agent has a personal, family or business relationship wants to purchase property, the agent shall act as a buyer's agent representing that person. Any family, business or personal relationship must be disclosed to the listing agent, or if there is none, to the seller, and disclosed on the purchase contract. (This is required by Article 4 of the National Association of REALTOR'S Code of Ethics as well as the Canons of Ethics for the State of Ohio.) In the event the agent acts as a dual agent because the property the buyer wants to purchase is listed with that agent, the nature of the agent's relationship with the buyer must be disclosed to the seller when signing the Agency Disclosure Statement

Section E

Agents Buying or Selling their own Property:

1. Agents selling their own property must list it with **NEXT STEP REALTY** and may not act as their own listing agent. The listing shall be referred to another licensee in the company. Errors and Omissions Insurance make this a requirement for coverage of a transaction
 - a) If an agent's property is shown to a buyer represented by an agent from another brokerage, or another agent with **NEXT STEP REALTY** that agent shall be notified of the fact that the listing agent is also the seller and this must be noted on any subsequent contract that is entered into. (This is required by the articles of NAR'S code of ethics and the Canons of Ethics for the State of Ohio.)
 - b) If a buyer contacts the listing agent/seller directly, that buyer shall be treated as a customer and disclose that the property is owned by the listing agent in any subsequent purchase contract. The buyer shall be given the Consumers Guide to Agency Relationships and shall be notified that the listing agent represents the seller. If the buyer wants representation, he/she shall be referred to another agent in the brokerage who can represent him/her.
 - c) If the listing agent/seller already has an agency relationship with a buyer who now wants to see his/her property, he/she must disclose the fact that he/she is the owner. In this instance **NEXT STEP REALTY** requires that the listing agent/seller terminate their agency relationship with the buyer. The Broker will refer the buyer to another agent in the brokerage for representation.
2. Agents buying property for themselves must also handle these transactions through **NEXT STEP REALTY** and act as a buyer's agent.
 - a) If the property the agent wishes to see is listed with another brokerage, the listing brokerage must be notified at first contact that the licensee is acting for him/herself. On any offer the agent makes, he/she must indicate that he/she is a licensed agent with **NEXT STEP REALTY**.
 - b) If the property that the agent wishes to purchase is listed with him/her, the circumstances must be disclosed to the seller immediately and the seller must consent to the agent acting as a dual agent. The fact that the buyer is a licensed agent with **NEXT STEP REALTY**. If the seller does not consent to the dual agency, the procedures set forth in SECTION D shall be followed.
 - c) If the property the agent wants to see is listed with another agent in **NEXT STEP REALTY**; the agent must immediately inform the listing agent that he/she is interested in buying the property for himself/herself. The listing agent shall not share any confidential information with the buyer/agent unless expressly authorized by the seller. If the buyer/agent wishes to make an offer to purchase, he shall indicate that he/she is a licensed agent with **NEXT STEP REALTY**.
 - d) If the property the agent is interested in seeing for his own possible purchase is not listed, if it is a For Sale By Owner, then the agent shall notify the seller at first contact that he/she is a buyer's agent representing himself/herself. He shall also disclose any intent to seek compensation from the seller.
 - e) The Unlisted property form is too be filled out and signed prior to viewing the property. In the event the agent wishes to purchase the property, the fact that he/she is a licensed agent with **NEXT STEP REALTY**

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Section F

Procedures to protect confidential information

In regard to the agent's and the brokerage's responsibility to safe guard confidential information we shall institute the following policies:

Information will be maintained in two separate sets of files.

File "A" All signed listing and or sales contracts and any confidential information shall be kept in a locked file with access by only the agent or management representing that client.

File "B" Shall be an information file only and will contain only that information which we would be willing to share with other agents or the general public.

Conversations with clients shall be conducted behind closed doors or off premise to avoid the possibility of a breach in confidentiality.

Conversations between agents with regard to any information that may be considered confidential must be avoided at all costs. This is to include office meetings and any discussions resulting from said meetings.

Faxed documents that may contain confidential information must be accepted by the agent with whom he or she has established an agency relationship. If that agent is not in the office to receive the fax, a management level employee will place the fax in a sealed envelope in their mailbox. All faxed documents must be filed in the appropriate "A" or "B" file immediately.

Telephone and inter-office messages and conversations that contain confidential information shall be hand-delivered in writing to the appropriate agent or placed in an envelope on either the agent's desk or in agent's mailbox. Conversations between agents, with management-level licensees or other staff concerning clients shall be held in private if the conversation involves confidential information.

All computer records and messages maintained by agents shall be password protected so that other agents in the brokerage cannot retrieve or view this information. Agents shall not share their passwords with one another for any reason.

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Section G

Dual Agency

- 1) Agents acting as a dual agent in those situations shall disclose to the parties all relevant information necessary for them to make an informed decision about whether to consent to the dual agency. This would include but not be limited to, the nature of the relationship the agents have with the party to the transaction or the fact that they are a party to the transaction. This must be done on the State Agency Disclosure Statement. If this information later changes, this change must be provided in writing to the parties as soon as possible and they must be given an opportunity to revoke their consent to dual agency.
- 2) In the event a party refuses to consent to dual agency, or seeks to terminate any agency relationship as a result of a proposed or implied dual agency, the Broker shall be notified immediately. If the client's consent cannot be obtained, **NEXT STEP REALTY** and its agents cannot act as dual agents. The Broker shall attempt to obtain the objecting party's consent to refer another agent in within **NEXT STEP REALTY** being appointed to represent him/her. If this cannot be agreed upon the Broker shall, depending on the circumstances and wishes of the parties determine which relationship shall be terminated.

Section H

Appointment of licensees

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

Agents should use the "**Appointment of Agent**" form provided by this brokerage.



AGENCY DISCLOSURE STATEMENT



The real estate agent who is providing you with this form is required to do so by Ohio law. You will not be bound to pay the agent or the agent's brokerage by merely signing this form. Instead, the purpose of this form is to confirm that you have been advised of the role of the agent(s) in the transaction proposed below. (For purposes of this form, the term "seller" includes a landlord and the term "buyer" includes a tenant.)

Property Address _____

Buyer(s): _____

Seller(s): _____

I. TRANSACTION INVOLVING TWO AGENTS IN TWO DIFFERENT BROKERAGES

The buyer will be represented by _____ AGENT(S) _____ and _____ BROKERAGE

The seller will be represented by _____ AGENT(S) _____, and _____ BROKERAGE

II. TRANSACTION INVOLVING TWO AGENTS IN THE SAME BROKERAGE

If two agents in the real estate brokerage _____ represent both the buyer and the seller, check the following relationship that will apply:

Agent(s) _____ work(s) for the buyer and Agent(s) _____ work(s) for the seller. Unless personally involved in the transaction, the broker and managers will be "dual agents", which is further explained on the back of this form. As dual agents they will maintain a neutral position in the transaction and they will protect all parties' confidential information.

Every agent in the brokerage represents every "client" of the brokerage. Therefore, agent's _____ and _____ will be working for both the buyer and seller as "dual agents". Dual agency is explained on the back of this form. As dual agents they will maintain a neutral position in the transaction and they will protect all parties' confidential information. Unless indicated below, neither the agent(s) nor the brokerage acting as a dual agent in this transaction has a personal, family or business relationship with either the buyer or seller. *If such a relationship does exist, explain:* _____

III. TRANSACTION INVOLVING ONLY ONE REAL ESTATE AGENT

Agent(s) _____ and real estate brokerage _____ will

be "dual agents" representing both parties in this transaction in a neutral capacity. Dual agency is further explained on the back of this form. As dual agents they will maintain a neutral position in the transaction and they will protect all parties' confidential information. Unless indicated below, neither the agent(s) nor the brokerage acting as a dual agent in this transaction has a personal, family or business relationship with either the buyer or seller. *If such a relationship does exist, explain:* _____

DUAL AGENCY

Ohio law permits a real estate agent and brokerage to represent both the seller and buyer in a real estate transaction as long as this is disclosed to both parties and they both agree. This is known as dual agency. As a dual agent, a real estate agent and brokerage represent two clients whose interests are, or at times could be, different or adverse. For this reason, the dual agent(s) may not be able to advocate on behalf of the client to the same extent the agent may have if the agent represented only one client.

As a dual agent, the agent(s) and brokerage shall:

- Treat both clients honestly;
- Disclose latent (not readily observable) material defects to the purchaser, if known by the agent(s) or brokerage;
- Provide information regarding lenders, inspectors and other professionals, if requested;
- Provide market information available from a property listing service or public records, if requested;
- Prepare and present all offers and counteroffers at the direction of the parties;
- Assist both parties in completing the steps necessary to fulfill the terms of any contract, if requested.

As a dual agent, the agent(s) and brokerage shall not:

- Disclose information that is confidential, or that would have an adverse effect on one party's position in the transaction, unless such disclosure is authorized by the client or required by law;
- Advocate or negotiate on behalf of either the buyer or seller;
- Suggest or recommend specific terms, including price, or disclose the terms or price a buyer is willing to offer or that a seller is willing to accept;
- Engage in conduct that is contrary to the instructions of either party and may not act in a biased manner on behalf of one party.

Compensation: Unless agreed otherwise, the brokerage will be compensated per the agency agreement.

Management Level Licensees: Generally the broker and managers in a brokerage also represent the interests of any buyer or seller represented by an agent affiliated with that brokerage. Therefore, if both buyer and seller are represented by agents in the same brokerage, the broker and manager are dual agents. There are two exceptions to this. The first is where the broker or manager is personally representing one of the parties. The second is where the broker or manager is selling or buying his own real estate. These exceptions only apply if there is another broker or manager to supervise the other agent involved in the transaction.

Responsibilities of the Parties: The duties of the agent and brokerage in a real estate transaction do not relieve the buyer and seller from the responsibility to protect their own interests. The buyer and seller are advised to carefully read all agreements to assure that they adequately express their understanding of the transaction. The agent and brokerage are qualified to advise on real estate matters. **IF LEGAL OR TAX ADVICE IS DESIRED, YOU SHOULD CONSULT THE APPROPRIATE PROFESSIONAL.**

Consent: By signing on the reverse side, you acknowledge that you have read and understand this form and are giving your voluntary, informed consent to the agency relationship disclosed. If you do not agree to the agent(s) and/or brokerage acting as a dual agent, you are not required to consent to this

agreement and you may either request a separate agent in the brokerage to be appointed to represent your interests or you may terminate your agency relationship and obtain representation from another brokerage.

Any questions regarding the role or responsibilities of the brokerage or its agents should be directed to an attorney or to:



Ohio Department of Commerce
Division of Real Estate & Professional Licensing
77 S. High Street, 20th Floor
Columbus, OH 43215-6133
(614) 466-4100



GENERAL LISTING PROCEDURES

- 1) When securing a listing, explain to the seller that you, the brokerage and management level licensees will represent him/her.
- 2) Explain to the seller our brokerage policy of also representing buyers. Disclose the fact that you have buyers that you represent and that other agents in the firm represent buyers also explain how the transaction will be handled if the buyer is represented by another agent in our brokerage.
- 3) Complete the Consumers Guide to Agency relationships, Also, explain that in working with buyers you may have a buyer interested in purchasing his/her listing, if one of your buyer/clients purchases your seller's property, you will represent the seller.
- 4) The agent shall provide the seller with our brokerage's pamphlet and review our policy, including that on cooperation and compensation with other brokerages. Sellers must sign a receipt acknowledging they received the pamphlet. This receipt is in card form. All cards are to be turned in to the company at the end of each week
- 5) Have the seller sign and date the listing agreement.
- 6) Unless exempt, on property built before 1978, have the seller complete the lead-based paint disclosure and acknowledgement form, sign and date it.
- 7) Unless exempt, on residential property, have the seller complete the residential property disclosure form, sign and date it.

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GENERAL PROCEDURES WHEN REPRESENTING BUYERS

1) When establishing an agency relationship with a buyer, explain that you, the brokerage, and management-level licensees will represent him.

2) Explain to the buyer that you also take listings, as do other agents, and therefore represent those sellers. Use the Consumers Guide to Agency Relationships to help explain your role as a dual agent if they buy your listing, and how it will work if they buy property listed with a different agent in our brokerage.

3) The buyer must be provided with the Consumers Guide to Agency Relationships before the earliest of the following events:

- a) showing him property;
- b) pre-qualifying the buyer;
- c) asking the buyer for specific information about his financial ability to purchase property;
- d) discussing an offer;
- e) submitting an offer.

Maintain this form in your file and remit a copy to the office

5) The buyer's agent shall provide the buyer with Consumers Guide to Agency Relationships. Buyers must sign a receipt acknowledging they received a copy. This receipt is in card form. All cards are to be turned in to the company at the end of each week

6) Have the buyers sign our buyer agency agreement.

7) When you contact other brokerages about their listings, immediately disclose the fact that you are a buyer's agent. Do the same on FSBO's and disclose to the seller your intent to seek compensation from him/her.

8) On residential properties, give the buyer the residential property disclosure form, the lead-based paint disclosure and acknowledgement form, and the EPA lead paint pamphlet if these are required on the property. These must be given to the buyer and signed by him/her prior to any contract being written.

9) When you write an offer on property listed with another brokerage, deliver a copy of the Agency Disclosure Statement the buyer signed along with the offer.

10) If the buyer is making an offer on property listed with another agent in our brokerage, have the buyer sign the appropriate section of the Agency disclosure form

11) If the buyer is making an offer on property you have listed, tell this to the buyer and both buyer and seller need to sign the Agency Disclosure form with the appropriate section filled. For example, if you have a personal, family or business relationship with one of the parties. If such a relationship exists, indicate it on the contract. In this instance the agent will represent the seller, if the buyer wishes to have their own agent he will be referrer to another REAL ESTATE CENTRAL agent.

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OPERATIONAL GUIDELINES

1. ACTIVITY

A record shall be kept in the office to record daily activity regarding available listings, sales, price reductions, and changes. Salespeople should update the record via email, and sign in their listing and their sales activity.

2. AGREEMENTS - DELIVERY

A copy of any written instrument must be given to the client or prospect when it is signed. This is especially important if the document is a contract. In order for there to be acceptance of an agreement by a party, delivery to that party is required.

3. AGREEMENTS - EXPLANATION

Explain all provisions and ask if the document is completely understood. Without exception, all contracts and agreements affecting the rights and liabilities of the parties should be read by them.

If a client or prospect has an infirmity, is an aged person, has difficulty in speaking, reading or understanding the English language, advise the party to seek legal advice.

If Salespeople feel that a party does not understand the obligations or conditions of a transaction, they should recommend to seek legal advice.

4. ATTORNEYS

Attorneys send us a great deal of business and we appreciate it. It is generally a great advantage to a Broker when a party to a transaction is represented by counsel, and it is important that a Salesperson inquires as to the correct name of the attorneys representing the parties. Under no circumstance is representation by an attorney to be discouraged, but rather it is to be encouraged.

5. ATTORNEYS - OFFICE

The Company advises all parties in a transaction to obtain the services of an attorney.

6. AUTOMOBILE INSURANCE

Salespeople shall furnish their own automobile and pay all expenses thereof and shall furnish the Broker with a memorandum showing the name of the Company with whom insured, policy dates, and type of coverage and limits of liability for personal injury and property damage. Liability of 100/300,000 coverage is acceptable. Broker shall be named as "Additional Named Insured" in all policies.

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7. SELLING BROKERS

The Brokers/Owners and management reserve the right to list properties and work with prospects who contact them directly. The Business of listing and selling property is also the responsibility of the Broker

8. BUSINESS CARDS

The first order of business cards will be paid for by the company. All cards are to be uniform and bear the Firm's logo. They are ordered only through the company.

9. BUYING AND SELLING PROPERTY

The Company does not object to Salespeople buying or Selling Real Estate either as individuals or as members of a syndicate or group.

When Salespeople are buying individually, or as part of a group, they must inform the owner as well as all parties to the agreement. Salespeople buying or selling an investment property through the Company, for their own account, will pay the Office a percentage of the purchase or sale price equal to the usual Company share of the brokerage fee with this exception:

Private sales and purchases may occur without a commission as long as the licensed sales agent is the buyer or the seller. However, all such transactions should be discussed with Management prior to completion of the transaction. Complete copies of all sales involving a licensed agent with NEXT STEP REALTY shall be provided to the company and stored in the sales agents file

10. EXPENSES

A Salesperson traveling out of town to obtain a listing or effect a sale must be prepared to meet the expense of such a trip. For example: automobile, food, entertainment, lodging, etc. All office expenses shall be borne by the Company unless otherwise stipulated herein.

A salesperson may take their own photos of property for a listing in the multiple and for advertising purposes. All listing MUST have a minimum of 3 photos at the time of listing

Office supplies, such as letterheads and envelopes to be used by the Salesperson for individual newsletters or mail-outs, shall be purchased from the Company by the Salesperson.

Salespeople shall pay for cell phones or any paging devices. These must be ordered and paid for on an individual basis by each Salesperson.

In general, Salespeople pay for personal business expenses such as insurance, license fees, trade association memberships, sales promotional items. Other specific expenses chargeable to Salespeople are mentioned throughout this Manual.

11. CHARGEABLE ITEMS

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On all items billed to the company, and chargeable to a Salesperson, an account is kept and at the end of each month, the Company shall be reimbursed. If unpaid at the time the next brokerage fee is paid to the Salesperson, the Company will deduct the amount charged.

12. COMPLAINTS AGAINST OTHER OFFICES

Salespeople who have complaints against other offices should consult with the Broker at once. Complaints against offices should never be discussed with buyers, sellers, or other Salespeople.

13. CONDUCT

In the office, the Golden Rule must be remembered. One must remember that all Salespeople are independent businesspeople. They are entitled to respect and must be given the opportunity to concentrate on outlining their day's activities and conducting their business without unnecessary interruptions.

Good fellowship and a sincere desire to be cooperative and helpful are encouraged. Loud talking, boisterous laughter and horseplay are entirely another matter and have no place in a successful business office. The office is not a place in which to loiter and all Salespeople are requested to use it strictly as a place of business.

14. CONFIDENTIAL RELATIONSHIP

It is good practice to keep personal or business problems of clients strictly confidential and they should not be discussed with others.

15. CONTACT WITH OFFICE

Cell phones, Email and Voice mail will be the methods for office communication

16. COPY MACHINE

All copies necessary for the completion of a transaction or for the general business use of the Salespeople will be paid by the Company. Copies made by a Salesperson, not pertaining to Company business, will be charged to the Salesperson at 10 cents per copy, and billed at the end of each month. All copies are to be metered and accounted for.

17. HOME OFFICE FACILITIES

Each sales associate is expected to operate from a HOME OFFICE. Cell phones and emails are the anticipated mode of communication for both buyers, sellers and management.

NEXT STEP REALTY

18. DISCRIMINATION

The Company always adheres to all civil rights laws and all Federal, State and Local laws and regulations whereby any person, regardless of race, creed, color, religion or national origin, handicap, or familial status has the right to choose where he wishes to live and the homeowner will, in accordance with this decision, agree to sell his home to them, if all pre-set conditions are met.

19. DRESS

It is suggested that all Salespeople dress neatly and appropriately, in accordance with good business practice. Look like a successful professional that you are. This shall include open house and showing appointments

20. EXPENDITURE OF OFFICE FUNDS

Management shall not be liable to the Salespeople for any expenses incurred by them, or for any of their acts, nor, except as otherwise stipulated in this Manual, shall the Salesperson be liable to Management for office help or expense

Salespeople have no right to spend the money of the Firm without consent of the Broker. This applies to cards, signs, advertising, etc. If Salespeople desire such money to be spent, they must speak to, and make arrangements with, the Broker.

21. KEYS

A great trust is given to a Salesperson when an owner gives the Salesperson a key. Always ask permission of an owner to have one extra key made, at your expense, for emergencies. Two keys should be available for each property listed. Management reserves the right to reject a listing for failure to comply with this policy.

Keys are not to be given to purchasers, pending the closing of a sale, without written permission from the seller. If buyers wish to inspect or measure the property prior to closing, the selling Salesperson should be present. Keys may be given to appraisers or inspectors as authorized by the seller.

The Company never recommends allowing buyers to move in, even partially, nor do any work on a property prior to closing.

NEXT STEP REALTY

22. KEYS - USE

When using a key to enter a home when the seller is not expected to be there, be sure to ring the doorbell and wait a reasonable time. Then use the key, but upon entering the house, CALL OUT to determine again that there is no one at home.

If a home is entered by the use of a key, be sure to leave your business card in a conspicuous place noting the time of day you were there.

Salespeople using a key should, before leaving any property they have shown, check all doors and windows to determine that they are securely fastened or locked, since possession of keys represents a major responsibility that we have assumed.

23. SMOKING

Smoking shall be limited to the outside only. No smoking should be the RULE. Never smoke when you are in the car with clients, when you are in the home of a seller, or during a contract writing or presentation.

24. LEGAL ADVICE

A Salesperson must not give legal advice, directly or indirectly. This includes advice in regard to the legal rights of the parties, the legal effect of notices, instruments, and matters affecting the title. When a question is raised by the buyer or seller and the Salesperson knows the answer, but it might be bordering on legal advice, it must be made clear that only attorneys can give such advice.

25. LETTER WRITING

All letters or any other written communications or direct mail involving the Company, directly or indirectly, should be approved by Management prior to mailing.

26. PERSONAL AND LONG DISTANCE TELEPHONE CALLS

The office telephone is not to be used for personal telephone calls. The length of all calls is to be limited when possible. All long distance calls require an access code and shall be billed to the salesperson unless the call is part of a listing or sales agreement. Management realizes it is necessary to make long distant calls to facilitate a sale or listing. Each agent will receive a copy of their long distance activity and shall indicate which calls are attributed to a listing or a sales transaction.

27. MESSAGES

All messages for Salespeople should be forwarded to voice mail. It shall be the Salesperson's responsibility to pick up these messages regularly

28. OBLIGATING THE BROKER

A Salesperson shall have no authority to bind the Broker by any promise or representation unless specifically authorized in writing.

29. OFFICE APPEARANCE

It is important that the office, open models and open houses always appear neat and orderly. All Salespeople and employees are, therefore, urged to be conscious of this fact

30. OFFICE EQUIPMENT AND SUPPLIES

Office equipment, supplies, reference materials, etc. shall not be removed from the office or model without the Broker's permission. Materials deemed necessary to complete a Real Estate transaction outside the office are provided. Sales Packets and Listing Packets are available to sales agents and prepared by the office

Upon termination of a Salesperson's association with the Office, all equipment, supplies, and reference materials must be returned to the office.

31. OFFICE HOURS

Office hours of the company are flexible. Open house hours are flexible

32. OFFICE RECORDS

Copies of all letters pertaining to Real Estate, regardless of whether they are written by the Salesperson or others, as well as copies of all contracts, agency disclosures and agreements, shall be placed in the proper office files. This is the only protection that the Broker has in the event of a lawsuit and full knowledge of the case is important. There shall be no excuse for the violation of this rule.

33. PART-TIME VS. FULL-TIME

Part-time or full-time is not measured in hours. It is the overall result and productivity that will determine the Salesperson's tenure. It is not the intent of the Company to hold licenses for part-productive Salespeople. In this context a minimum standard of earned commissions shall be established.

New Salespeople should spend most of their time obtaining clients and inspecting existing listings during the first 30 to 60 days of their association with the Office.

34. PETTY CASH

There shall be no petty cash kept in the office. The Company, at its option, will credit or reimburse a Salesperson for all legitimate office expenses providing a receipt is submitted.

NEXT STEP REALTY

35. POSTAGE COST

A Salesperson shall be responsible for their own listings, clients or personal letters through the office. Bulk or Farm mailings shall be at the expense of the salespeople. Any over-night or next day mail to be paid for by the salesperson as this is a cost of doing business.

36. PROSPECTS REASSIGNMENT

The Office shall have the right to assign a prospect or listing to another Salesperson if it appears that the prospect is being neglected or improperly handled.

37. REAL ESTATE BOARD ACTIVITIES

Membership in the appropriate local Board of Realtors, the National Association of Realtors and the State Association of Realtors, is required of all Salespeople.

Salespeople should, within their time limits and abilities, support the Board programs and activities and attend educational programs, whenever possible.

38. REFERRAL FEES

Referral fees of any kind may only be given or accepted in accordance with the Real Estate License Law. The recommended referral fee on transactions is 25% of the listing or selling fee. The Company must approve all referral fees if it is to participate. The Company will not participate in any inter-office referrals. These inter office agreements must be reduced to writing and submitted along with the completed contract. Inter-office referrals are recommended and encouraged. Any agreement for a referral fee should be in writing and signed by both Salespeople.

39. RESPONSIBILITIES

Association with our Company entails responsibilities. These responsibilities are covered elsewhere in this Manual but Salespeople are reminded, if they expect true cooperation from fellow Salespeople, they should:

- a. Obtain their share of clients and listings.
- b. Be willing at all times to share information with fellow Salespeople to consummate a transaction.
- c. Dress properly for appointments. Image is important for success in Real Estate.

The last person to leave the office in the evening shall be responsible for:

- a. Turning off all lights.
- b. Unplug Coffee pot
- c. Locking the doors.
- d. Turning on alarm

NEXT STEP REALTY

40. STAFF MEETINGS

Staff Meetings will be held on as needed basis. It is requested that Salespeople attend and be on time for these meetings. Weekly tours and Broker Opens are optional.

41. SHARING INFORMATION

It is the policy of the Company to share information with other offices. This, of course, does not mean giving confidential information, but giving information concerning properties that are available.

42. SHOWING PROPERTY - OTHER OFFICES

Ask permission of the listing broker. Treat the listing broker's sellers as if they were your own. Give them every courtesy. Request listing broker to make an appointment or furnish a key or lock box access.

When showing property, do not discuss the listing price or other broker with the owner.

Return the key promptly. When borrowing a key from a cooperating office in order to inspect or show a property, never keep the key over two hours. No matter what inconvenience this causes Salespeople, they should strive to comply with this recommendation.

Do not contact owners regarding offers. An offer should be submitted through the listing broker, and not directly to the seller.

Never discuss the ethics of another broker with any one other than your Broker.

43. TOURS (CARAVAN)

Listed properties are toured. We encourage participation in community tours and broker open houses.

- a. Set up the appointment
- b. Provide access to the property
- c. Conduct the tour and answer questions
- d. Report back to the owner on the same day, in general terms, and thank the owner

44. TRIAL AND LEGAL EXPENSES

If any transaction in which a Salesperson is involved results in a dispute, litigation or legal expense, the Salesperson shall cooperate fully with the Broker, and Broker and Salesperson shall share all expenses connected therewith, in the same proportion as they would normally share the brokerage fee resulting from such transaction if there was no dispute or litigation.

45. ERRORS AND OMISSIONS INSURANCE

An Errors and Omissions Insurance Policy is purchased by the Company. The company is covered by Black Ink. Our limits of liability are \$1,000,000. Our deductible is \$2,500 per claim. Each salesperson is responsible for their deductible only if a claim is brought against them.

NEXT STEP REALTY

46 LISTING FORMS

Listings must be properly filled out for entrance to the multiple listing systems. They must be accompanied by three ads, in order to have any advertising. One ad is written for the Homes Guide, one ad is written for a short ad for any other paper, and one ad is written for an open house with directions to the open house.

47. OFFERS ON PROPERTY FOR PRESENTATION

It is recommended that offers on property be discussed and gone over with Broker if at all possible. Remember the Broker is responsible for all contracts and it is better to be safe than sorry, but never hold up an offer to be presented if the broker is unavailable.

II. VIRTUAL OFFICE PERSONNEL

1. ADDRESS CHANGE

It is important that all employees immediately notify the office of any change in home address or telephone number. This information is needed to update personnel records.

2. HOLIDAYS

The Company will observe the following legal holidays: New Year's Day, Memorial Day, and Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

3. VIRTUAL OFFICE HOURS

Virtual Office is our on line connection, using email and voice mail. Office hours are flexible. Associates must maintain a valid email, voice mail and cell phone for access and communication. These will be at the associate's expense

4. OVERTIME

Management does not intend for the workload to necessitate overtime. However, should overtime be necessary, payment will be made to the employee in accordance with State and Federal Labor Laws.

5. SALARY PAYMENTS

Payday will be every other week

6. SICK LEAVE

In case of prolonged illness, the Firm reserves the right to limit an employee's salary to two weeks in any one calendar year. The Firm generally waives this right, usually basing its decision on employee's length of service and previous attendance record.

7. VACATIONS

Employees are entitled to vacations computed on the following basis: Employees who have been with the Company for one year shall be entitled to a one-week paid vacation. Employees who have been with the Company for over three years shall be entitled to two weeks paid vacation. Scheduling shall be with the approval of Management and at least thirty days in advance.

8. APPEARANCE AND DEMEANOR

Sales associates are expected to dress professionally when in the office or at the model home as are the employees

Demeanor and speech should always indicate a high level of professional and business standards.

NEXT STEP REALTY

III. SALESPEOPLE

BROKERAGE FEES

1. Collection

Decisions to take legal action to collect fees due shall rest solely with Management. Expenses of collection shall be deducted from the total amount recovered and the balance paid to the Salesperson on a 50/50 schedule regardless of any increased fee arrangement.

It is understood however, that if a lawsuit is instituted and the case is lost, the Salespeople involved must share in all expenses connected with the lawsuit.

2. Payment

Brokerage fees shall be paid as soon after funding as possible, but never later than one week after receipt by Broker. Brokerage will offer and pay compensation, referrals only to licensed real estate companies.

3. Payments - Deferred

The decision to accept a note or other security as equity in lieu of, or as a part of a brokerage fee due, shall rest solely with Management. Interest on deferred payments is treated as part of the fee.

Payments of deferred brokerage fees shall be made to Salespeople on a quarterly basis.

4. Reductions

When a fee is reduced to less than the full amount in order to affect a sale, the reduction and all expenses shall be shared equally by the Company and the Salesperson, provided that Company approval is obtained in advance. If this policy is not strictly adhered to, the total amount of the reduction shall be deducted from the salespersons portion of the commission. When simultaneous in-office contracts are presented to a seller, the brokerage fee will NEVER be reduced.

6. Same Prospect

It is conceivable that two or more Salespeople might legitimately secure the same prospect and show the same property. Should such a situation arise, the Company will recognize, as far as brokerage fees are concerned, the Salesperson who is successful in obtaining a completed contract acceptable to the purchaser, seller and the Company.

If a Salesperson knows that a prospect has recently worked with another Salesperson in the office, then that prospect should be referred back to the first Salesperson. If the prospect does not wish to work with the first Salesperson, then the second Salesperson should immediately work with the prospect.

NEXT STEP REALTY

7. Schedule - Company

The minimum brokerage fee accepted by the Company

Residential listings	5% - 8%
Commercial listings	5% - 10%.
Vacant Land	7% - 10%

A minimum fee \$2,500.00 for properties under \$50,000.00

8. Schedule - Other Brokers

Multiple listing residential sales will be divided with cooperating Realtors on a case by case basis. Some exceptions may apply. Office fees received will be divided with Salespeople in accordance with their appropriate fee arrangement.

9. Schedule - Salespeople

Salespeople may not accept any fees or compensation of any kind from other than the Company for services or advise in any matter involving Real Estate without approval of the Company.

A Salesperson's compensation is based on collected sales brokerage fees only. All agents shall be on the same compensation schedule as of the beginning of the calendar year.

- A When two Salespeople list a property together, both of their names will appear on the Authorization to Sell Agreement and they will share a listing fee.
- B When two or more Salespeople work together with a prospect on a sale, they shall share the selling fee
- C All agreements between Salespeople, not outlined in this Manual, shall be submitted in writing to the Broker.
- D All Salespeople are required to furnish proof of their transactions being closed (a closing statement signed both buyer and seller) before fees will be disbursed.
- E If a Salesperson leaves the office, 10% of the Salesperson's fee on any transaction pending may be reassigned to compensate the agent for follow-up completed by the Company

DEPOSITS, OFFERS AND ACCEPTANCE

1. Acceptance

In the event the seller is out of town and a contract is written, the listing Salesperson may telephone the owner for acceptance. This acceptance may be a FAX or E-MAIL and should so state in the contract.

Acceptance is realized when the contract has been received officially by phone, fax or mail and the buyer has been so informed. The contract should then be sent to the out-of-town sellers for their signature.

It is the policy of this Office that no property will be taken off the market until the seller has accepted an offer. Therefore, until a property has transferred title, any and all other offers may be presented.

2. Additional Deposits

When a contract is accepted, the SELLING Salesperson is to promptly follow up and collect the additional payment of earnest money as provided in the contract. If the purchaser delays even one day in paying the additional earnest money due:

- a. The Broker, the listing Salesperson and the seller should be promptly notified of the buyer's delay.
- b. The selling Salesperson should continuously pursue compliance.
- c. The selling Salesperson should report success or failures each day thereafter.

3. Checks

When a check is given as an earnest money deposit, it must either be made payable to, or restrictively endorsed to the Company (Special or Trust Account) or specific Title Company. Checks must be **PROMPTLY** submitted to the Office.

If Salespeople are responsible for any monetary loss to the Company, due to **NEGLECT** or **MALPRACTICE** on their part, then they shall be responsible for the full amount of said loss.

4. Earnest Money (Deposit)

The recommended deposit shall be 10% of the contract price, except when the type of financing dictates a lower down payment. A contract should be written with the maximum deposit available from the buyers with additional amounts to be deposited upon acceptance of the contract.

5. Multiple Contracts

In the event a second contract on a property is received prior to acceptance of an earlier contract, the buyers making the first offer should be made aware that there is a second offer (do not divulge the amount of the second offer) to give them a chance to raise their initial offer so that the Company can secure the best possible price for the seller.

The buyers making the second offer should be made aware that a first offer exists and that they should make their best offer to the seller.

No offers are to be withheld from the seller awaiting a possible third offer. However, if a third offer already exists, it must be presented at the same time to the seller.

If the listing Salesperson is also one of the selling Salespeople, the Broker, Broker or a third party should present the multiple contracts.

6. Presenting the Contract

Never try to make a decision for an owner. The State Real Estate License Laws requires that all offers must be presented. The deposit receipt or contract must immediately be presented to the seller. The listing Salesperson should be notified of a pending contract before it is presented. It is usually better to submit the contract to the seller with the listing Salesperson present. In most cases, the Salesperson will know the best approach to that seller and can usually be of great assistance to the selling Salesperson in making the sale.

7. Returning Deposits

When both parties have signed a contract and it is necessary to return a deposit, it may be done so only by having a **MUTUAL RELEASE OF DEPOSIT** form signed by all parties involved.

Checks for deposits will immediately be placed in the Company's Escrow Account. Checks must be cleared before a deposit will be returned by the Firm. The clearing time for local checks is ten working days, while out-of-town checks require fifteen working days.

FARMING

A Salesperson working a Farm area may use the phrase "I am now specializing . . ." and shall be permitted to use past office records and statistics to show a tract record. The Salesperson must NEVER indicate that "I sold" if the statistics used are from the office records. The phrase "we sold" or "We participated in" "According to public record" must then be used.

Open House cards can be mailed by the person holding the open house, even if the property is located in another Salesperson's Farm.

The listing Salesperson shall have first right to send Just Listed, Sold and New Neighbor cards and the name of the listing Salesperson shall appear on the cards. If the listing Salesperson does not wish to send these cards, then the Salesperson Farming the area may send them and the "Farmer's" name shall appear on the cards.

Although we are interested in protecting the "Farmer", we feel that it is unfair when this protection in any way hurts the Company or any other Salesperson associated with the Company.

No Salesperson shall, in any way, demean another Salesperson. State YOUR credentials, but do not infer that another Salesperson is incapable.

ADVERTIZING AND INQUIRIES

1. Ads

The Company retains the right for ad selection in any company paid publication
Agents may place ads at their own expense subject to company approval

2. Inquiries

All inquiries from, newspaper advertisements (classified or display), Real Estate Market Magazine ads, walk-ins and call-ins will go to the listing person.

If a prospect contacts the office and asks for a particular Salesperson, the office shall contact that Salesperson unless the client requests another agent.

3. Inquiries - Sign Calls

A sign call from a prospect shall go to the listing Salesperson it is for this reason sales agents need to have a number rider for their listings

LISTINGS

1. Acceptance

All listings must be accepted and approved by Management.

2. Cancellations

No listing can be withdrawn or cancelled without the consent of Management. If a seller who has listed his property for sale desires to cancel the listing, Management can, if it so desires, agree to do so. If the entire brokerage fee is paid by the listing party for such cancellation, then listing Salespeople shall receive a brokerage fee on the same percentage as if they sold their own listing.

If expenses are reimbursed or a partial brokerage fee is paid by the listing party for such cancellation, the Office shall receive the first \$300.00 and the remainder, if any, shall be split between the Salesperson and the Office on a 50/50 basis. If no reimbursement of expenses or brokerage fee is paid to the Company, then the Salesperson shall incur one-half of all expenses of the listing.

If a listing is withdrawn or cancelled, at no charge to the listing party, then it is suggested that the following clause be accepted by the sellers: "Should the property be sold within twelve months from the above withdrawal date, we, as sellers, agree to pay REAL ESTATE CENTRAL a brokerage fee of 7% of the selling price, regardless of whether the property is sold by us or any other Broker."

3. Changes

Changes in price, terms or other vital information of a listing shall be reported to the secretary on the proper form by the listing Salesperson. Cost for changes or renewals due to a Salesperson's neglect in completing the original Property Information Sheet will be incurred by the Salesperson.

4. Ethics

Code of Ethics, NAR, Article 4: The Realtor should ascertain all pertinent facts concerning every property for which he accepts the agency, so that he may fulfill his obligation to avoid error, exaggeration, misrepresentation or concealment of pertinent facts.

5. Exclusive Right to Sell

It is the policy of the Company to work only on exclusive rights to sell listings (multiple listings) at a minimum brokerage fee of \$3,500 except as otherwise stipulated in this Manual.

6. Listing File

Under no conditions are listing files to be removed from the office. Should information be removed therefrom and not returned, the office records would be severely crippled. It is therefore requested that any desired information be duplicated and the listing files remain in the office.

7. Reassignment

The Broker reserves the right to reassign a listing to another Salesperson, if he deems necessary, due to originating Salesperson's improper handling of the listing.

NEXT STEP REALTY

8. Reassignment Upon Termination

All listings are taken in the name of the Company and remain the property of the Company. Any unsold listings will be assigned to other Salespeople at the discretion of Management upon termination of a Salesperson.

9. Referrals - Management

Management often receives referrals for listings. These listings may, at Management's discretion, be given to Salespeople, in whole or in part, who Management feels can do the best job and who best exemplify the Company image. A management referral of 20% shall be paid to the company.

10. Responsibilities of Listing Salesperson

- A. To complete the Authorization to Sell Agreement and to turn into office with the following:
 - Signed copy of the Consumers Guide to Agency Relationships
 - Completed and signed Seller's Property Disclosure Form
 - Lead Base Paint statement required by law for properties built prior to 1978
 - Order Legal from a reputable Title Company
 - Completed Seller's Information Sheet
 - Completed Market Analysis for Seller (Copy to the office)
 - Completed Estimated Sellers Net sheet with Seller's signature
 - Showing sheet with information on how to set up appointments for showing the property.
- B. To Submit all listings promptly - no pocket or purse listings.
- C. To see that listings properly set up for Office Tour, Open Houses, Proper Promotion and Advertising.
- D. To have two keys made if approved by the owners.
- E. Turn in photos of listing for advertising purposes (minimum of 3)
- F. To use every possible means to obtain accurate information regarding the listing.
- G. To keep in contact with the owner, at least once a week
- H. To present all contracts promptly. Common knowledge can determine what constitutes an **UNREASONABLE DELAY** in presenting a contract.
- I. Place a combination lock box on each property with the owners permission

11. Sharing Fees

When two Salespeople secure a listing, they shall enter both their names on the Authorization to Sell Agreement and shall share the listing fee.

Any agreement to share a fee, in a manner other than 50/50 should be in writing and signed by both Salespeople.

12. Submitting Listings to Multiple Listing Service

As REALTORS, we are members of two Multiple Listing Services and it is our policy to submit every listing to the proper service. This fee is paid by the Company.

Should Salespeople desire to place the property on additional Multiple Listing Services, then they shall incur the costs of the additional placements.

IV. PROMOTION

ADVERTISING

1. Company Philosophy

Our Company is working toward a balanced advertising program. For this to be accomplished, the Company must not be bound by sellers who expect, or demand, special advertising on their individual properties. It is with this thought in mind that we should define our general policy.

The Company reserves the right to select and use advertisements which will fit into a well-balanced program and secure the greatest number of prospects for seller's properties. It is a policy of the Company to advertise only those properties on which the Company has an exclusive right to sell listing. This does not apply to commercial properties. Our first obligation must be to the sellers who have entrusted us with their properties, and in all fairness, we believe that these sellers are entitled to receive the benefit from our Firm's advertising dollar.

2. Cost

The expense of all Company classified advertising shall be borne by the company and the sales agent. This includes all daily and magazine ads (limited open house newspapers ads will be paid by the firm). All other ads and excess lineage desired shall be paid by the individual Salesperson. All ads placed must be in compliance with the Real Estate License Law and Federal Fair Housing Laws. All ads must be placed through the Company.

3. Placement

All ads shall be placed by the advertising secretary in the appropriate daily newspapers. Ad cards are to be given to secretary when listing is turned in. Management reserves the right to substitute or alter or modify Company ads.

MARKET MAGAZINES

1. Ads

It is the policy of the Company to advertise in market magazines. Basic advertising expense is paid by the Company and any and all advertised properties shall be with the approval by Management. The company will advertise properties on a rotation basis in select publications. Salespeople shall provide a list of features & benefits and turn it into the Office Coordinator at the time of listing the property.

The cost of any ads placed by the sales shall be paid in the same proportion as the commission split. Example: 70% Agent 30% company then the ad split is agent pays 70% company pays 30%. Cost of ads to be paid at the time the ad is submitted.

2. Buyer Programs/Workshops

Home buyer and investor seminars are to be conducted monthly for each office location. Cost to advertise programs will be paid by the company. Leads generated from the programs will be referred to agents participating in the presentation and a marketing fee of \$100.00 paid back to the company from any sales or listings generated from the leads.

NEXT STEP REALTY

OPEN HOUSES

1. Company Philosophy

Salespeople may hold open houses when desired; however, they must have permission from the owners. The suggested minimum time for an open house is two hours. A Salesperson who has agreed with an owner to hold a house open should keep the appointment. The owner should not be disappointed.

2. Leaving Open Houses Unattended

No Salesperson holding an open house should leave the property for any reason during the hours it is advertised as open. The only exception is if the property is sold and the contract is signed by both parties. The Salesperson should place a sold sign on the property and then may leave the open house.

3. Promotion

When a date and time for an open house has been determined, the Salespeople should inform the Firm and, at their option, submit an open house ad for insertion in the newspaper in accordance with the newspaper deadline. Open house requests should be submitted on the proper ad form.

4. Signs

The Salesperson should pre-determine the number of open house signs needed and upon reaching the property, post signs properly and lawfully.

SIGNS

1. Company Philosophy

The most effective and inexpensive way to advertise and secure prospect inquires is the usage of signs.

Our standard FOR SALE and SOLD signs are supplied by the firm
Agent contact number rider, open house and directional signs to be the responsibility of the sales agent.

2. Conditions

If any of the following are not being done properly, please inform Management:

- a. Signs must be kept clean and straight.
- b. Signs are not considered expendable and should be re-used if in good condition.
- c. Signs must be properly removed after the sale has been closed or the listing has expired.
- d. No sign of any kind shall be placed on any property without the owner's permission.

3. Signing Request

Signs are to be requested at the time of listing. Installation of sign fees are \$10.00

4. Local Ordinances

It is the Salesperson's responsibility to be aware of all local sign ordinances controlling the placement of signs.

5. Name

Salespeople are encouraged to attached their name/number signs on their listings. The honor and reward for a job well-done or, the blame for neglect will then be directed to the deserving Salesperson by the seller and the neighbors. Salespeople pay for their own name/number signs.

V. MANAGEMENT

1. ARBITRATION

The Company believes that Salespeople within the office involved in brokerage fee controversies can and will settle their differences between themselves in an amicable and equitable manner. Failing this, the Salespeople should ask Management to recommend a settlement. If that is not acceptable to both, a written request for arbitration should be made. A three-Salesperson panel will be selected (one by each arbitrating Salesperson and one by Management). The request for arbitration should contain an agreement to accept the decision as final.

2. GOALS

When a Salesperson first becomes associated with the Company, it shall be Management's obligation to meet with the Salesperson and, together, establish or review yearly goals.

3. OPEN DOOR POLICY

No appointment is necessary for you to speak with Management. Do not direct any questions concerning Company policies and guidelines to anyone other than Management.

Management goes to great lengths to insure proper instruction of Office policies and guidelines. Do not listen to or adhere to differing office opinions.

4. A FINAL WORD

If any situations arise that are not specifically covered in this Manual, the Salesperson should abide by the decision that is made by Management.

In addition, Management reserves the right to amend, alter or change certain policies and guidelines in this Manual for the betterment of any or all offices of the Firm. This flexibility will insure Company success.

OUR MILLION DOLLAR CLUB

This is designed to recognize the associates with a high level of production for the prestige they so deserve. Any associate, who has made over \$20,000 in commissions, or \$2,000,000 in sales volume, will receive recognition from OAR at the state convention and awards banquet. NEXT STEP REALTY will pay for the recipients to attend the awards banquet.

NEXT STEP REALTY

Additional Real Estate Central Policy Guidelines

These are policies specific to our company and require that each person associated with us read understand and sign an acceptance of the company's position.

*** Anti Trust**

*** Commission (payments)**

The payment of commissions for real estate licensees can only be paid to or from a Licensed real estate broker in Ohio.

*** Fair Housing**

*** Sexual harassment**

*** Stigmatized property**

NEXT STEP REALTY and its sales agent owe their clients the duties of loyalty, obedience, confidentiality, accounting and reasonable skill and care in performing our duties, and any other duties contained in or listing agreement. We are required to act solely on behalf of the client's interest. Finally as a client's agent we have a duty to disclose to the client all material information obtained from the buyer or any other source.

Stigmatized property is not required to be disclosed to any party according to the letter of the law. It is, however, the policy of NEXT STEP REALTY, to obtain written permission to disclose stigmatized information to the ultimate buyer prior to becoming obligated to a contract. If the client does not consent in writing then we will terminate our agency relationship.

Ohio Seller Property Disclosure

***Ohio Register Sex offender law**

NEXT STEP REALTY and its sales agent owe their clients the duties of loyalty, obedience, confidentiality, accounting and reasonable skill and care in performing our duties, and any other duties contained in or listing agreement. We are required to act solely on behalf of the client's interest. Finally as a client's agent we have a duty to disclose to the client all material information obtained from the buyer or any other source.

Registered Sex offenders are not required to be disclosed to any party according to the letter of the law. It is, however, the policy of NEXT STEP REALTY, to refer clients to the local Sheriff's department for information to the buyer prior to becoming obligated to a contract.

NEXT STEP REALTY

ANTITRUST COMPLIANCE POLICY

The commission rates of our firm are based upon the cost of the services we provide, the value of these services to our clients, and competitive market conditions. Our commission rates are not determined by agreement with, or recommendation or suggestion from, any person not a party to a listing agreement, or buyer agency agreement with our firm.

Salespersons affiliated with this firm shall not participate in any discussion with any person affiliated with, or employed by, any other real estate firm concerning rates charged by this firm, or any other real estate firm in our community.

When soliciting a listing, or negotiating a listing agreement, or a buyer's agency agreement, no salesperson affiliated with this firm shall make any reference to a "prevailing" commission in the community, the "going rate", or any other words or phrases which may suggest that commission rates are uniform or "standard" within our market area.

The amount of compensation or split commission offered by this firm to cooperating brokers is determined by the level of service we can expect a cooperating office to perform, and the amount of compensation necessary to induce cooperation under prevailing market conditions. Compensation or split commissions are not intended, and may not be used, to induce or compel any other real estate firm in our market area to raise or lower the commission they charge to their client.

When soliciting or negotiating a listing agreement or a buyer's agency agreement, no salesperson affiliated with this office shall disparage the business practices of any other real estate firm, not suggest that this office, or any other office, will not cooperate with any other real estate firm. Listing and Buying presentations shall focus exclusively upon the level of service and professionalism provided by this office, the results we have achieved for other clients, and the value the client can expect to receive for the fees we charge. Potential clients should be invited, and encouraged to compare the value of our services to those of any other real estate firm in our market area. Likewise, any salesperson who is invited by a potential client to compare our services with those of any other real estate firm should do so by emphasizing the nature and quality of the services we provide.

Whenever a salesperson is unsure about the proper way to respond to the concerns of an actual or potential client or customer, or whenever a salesperson has been present during an unauthorized discussion of fees or commissions, he or she should contact the principal broker or sales manager immediately. If necessary, the broker or manager will consult our firm's attorney.

I have read, understand, and agree to abide by, the policies and procedures set forth above.

Date

Associate

NEXT STEP REALTY

Fair Housing Policy Statement

Realtors shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status or national origin. REALTORS shall not be a party to any plan or agreement to discriminate against a person or persons on the basis of race, color, religion, sex, handicap, familial status or national origin.

This company conducts business in accordance with all federal, state and local fair housing laws. It is our policy to provide housing opportunities to all persons regardless of race, color, religion, sex, familial status, handicap or national origin.

Fair housing procedures established by the company are **not recommendations**, these procedures must be followed by everyone associated with the company. Everyone associated with _____ shall follow the Code for Equal Opportunity in Housing to which everyone is obligated to adhere:

Code for Equal Opportunity in Housing

1. In the sale, purchase, exchange, rental or lease of real property, _____, and their Associates have a 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:
 - A. Standing ready to enter broker-client relationships or to show property equally to members of all racial, religious, or ethnic groups.
 - B. Receiving all formal offers and communicating them to the owner.
 - C. Exerting their best efforts to conclude all transactions
 - D. Maintaining equal opportunity employment practices
1. Sales persons, 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.
2. Salespersons shall not engage in any activity which has the purpose of inducing panic selling.
3. Salespersons 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.
4. Salespersons who violate the spirit or any provision of this code for Equal Opportunity shall be subject to disciplinary action.

Date

Salesperson

NEXT STEP REALTY

SEXUAL HARASSMENT POLICY

REAL ESTATE CENTRAL SEXUAL HARASSMENT POLICY

General Statement

Sexual Harassment is Unlawful

Real Estate Central will not tolerate sexual harassment. All persons who work with Real Estate Central Have a responsibility to help maintain a work environment that is free from all forms of sexual harassment. Sexual harassment is prohibited in any location that can reasonably be regarded as an extension of the workplace, such as any customer location, an off-site social business function, or any other non Real estate Central facility where company business is being conducted and discussed. This policy applies to harassment of and by gay and lesbian employees.

Definition of Sexual Harassment

Ohio and Federal law defines “sexual harassment” as any sexual advances, requests for sexual favors and other verbal or physical conduct of a physical nature when submission to or rejection of such advances, requests or conduct affects a benefit such as terms of employment or when such advance, requests, or conduct have the purpose or effect of unreasonably interfering with an individual’s work by creating an intimidating, hostile, humiliating or sexually offensive work environment.

Determining what constitutes sexual harassment depends upon the specific facts and the context in which the conduct occurs.

Sexual harassment may take many forms-subtle and indirect, or blatant and overt. For example,

It may be conduct toward an individual of the opposite sex or the same sex.

It may occur between peers or between individuals in a hierarchical relationship.

It may be aimed at coercing an individual to participate in an unwanted sexual relationship or it may have the effect of causing an individual to change behavior or work performance.

It may consist of repeated actions or may even arise from a single incident if sufficiently egregious.

Sanctions for Policy Violations

All employees are subject to this policy. Individuals who violate this policy are subject to discipline ranging from a written warning up to and including discharge or other appropriate sanction.

Procedures for Reporting Sexual Harassment; although employees may wish to pursue an informal resolution as more fully described below, employees are encouraged to report any act of sexual harassment to the Compliance Officer Joseph Pekar. An employee wishing to pursue a complaint of sexual harassment will put it in writing.

Prompt Attention

Reports of sexual harassment are taken seriously and will be dealt with promptly. The specific action taken in any particular case depends on the nature and gravity of the conduct reported and may include intervention, mediation, investigation, and the initiation of disciplinary process as discussed more fully below. Where sexual harassment is found to have occurred, Real Estate Central will act to stop the harassment, act to prevent its recurrence, and discipline those responsible.

Confidentiality

Real Estate Central recognizes that confidentiality is important. The compliance officer and others responsible to implement this policy will respect the confidentiality and privacy of individuals reporting or accused of sexual harassment to the extent reasonably possible. Examples of situations where confidentiality cannot be maintained include circumstances when Real Estate Central is required by law to disclose information (such as in response to legal process) and when disclosure is required by the employer's outweighing interest protecting the rights of others.

Protection Against Reprisals

It is unlawful to retaliate against an employee for filing a complaint of sexual harassment or for cooperating in an investigation of a complaint for sexual harassment. Real Estate Central will not tolerate reprisal against an individual who in good faith reports or provides information in an investigation about behavior that may violate this policy. Intentionally providing false information, however, is grounds for discipline.

Investigations

If significant facts are contested, an investigation may be undertaken. The investigation will be conducted in a way that respects, to the extent possible, the privacy of all of the persons involved. In appropriate cases, professional investigators may be asked to assist in the investigation. The results of the investigation may be used in the third party intervention process or in a grievance or disciplinary action.

Specific Examples

Any of these elements may constitute sexual harassment or discrimination:

- Physical Contact
- Squeezing a worker's shoulder or putting a hand around their waist
- Gestures, such as puckering one's lips suggestively or making obscene signs with one's fingers or hands
- Telling off-color jokes
- Pictures
- Pin-ups, particularly those of scantily-clad individuals
- Comments
- Terms of endearment, such as calling a co-worker "honey", "dear", "sweetheart", or some similar expression (the effect is the primary issue rather than intent. Even if the person "means nothing to you" or you have "used the term for years," you should be aware that these expressions are inappropriate.)
- Questionable compliments, such as "Nice legs!" "You look hot in that outfit!" (Compliments like these can make **individuals** feel uncomfortable or worse. Even if the person who received the "compliment" is not disturbed by it, others may be.)

NEXT STEP REALTY

Employee Responsibilities

The Recipient

- Consider using an informal method of resolution if the behavior was minor. Only use this method if you feel it will permanently stop the offensive behavior without reprisal and you feel the offender should be given a chance to change.
- Consider filing a formal complaint with the compliance officer if the incident and behavior is serious, absolutely unacceptable, or repeated (especially after telling the offender to stop). Serious behaviors may include asking for sexual favors in return for a good performance appraisal.

The Offending Person

- Stop the behavior immediately!
- If you feel you may have sexually harassed someone, take action.
- Apologize. Ask another person or supervisor for advice and accompany you to the recipient, or intervene on your behalf.
- Talk to the recipient and discuss how we can communicate more effectively.
- If a formal complaint has been filed, seek legal counsel or assistance to understand your rights.
- Avoid any appearance of reprisal whether direct or indirect.
- Seek help from someone that can assist you in getting on track, such as clergy or family.
- Take responsibility to see that sexual harassment is stopped and that there is no reprisal.

The Friend or Co-Worker

- If you are approached by a friend or co-worker who feels they were discriminated against or sexually harassed, take action.
- Encourage the recipient to approach the offending person directly or use other informal resolution methods.
- Offer to accompany the recipient to the offending person, the compliance officer, or an agency to file a formal complaint.
- Take responsibility to see that sexual harassment is stopped and there is no reprisal.

The Supervisor

- If you observe or are approached about discrimination or sexual harassment, take action.
- Advise the person who was offended of their right to seek help through the compliance officer.
- Advise the offending person to stop immediately. If the offender is a supervisor, report it immediately to the compliance officer and encourage the recipient to do the same.
- Act promptly and take corrective action if you supervise the offending individual.
- Warn all parties immediately against behavior which may look like direct or indirect reprisal.

Take responsibility to see that sexual harassment is stopped and that there is no reprisal.

Date

Salesperson

COMMISSION SCHEDULE

Base commission split on a traditional Sale:	55/45 - Ref. fee
Base Commission split on a traditional Listing	55/45 - Ref. fee
Base commission split on New Construction	55/45- Ref. fee
Base Commission on REO/bank owned Sale	55/45 - Ref. fee
Base Commission on REO/Bank owned Listing	55/45 - Ref. fee
BPO FEES (pay the company if you have your own accounts)	\$0.00 per transaction
BPO FEES (Photos)	\$25.00 Per property
BPO FEES (Field inspection)	\$40.00 Per Property
BPO DATA ENTRY	\$20.00 Per Property

Date

Salesperson

NEXT STEP REALTY