

MODEL OFFICE POLICY GUIDE

This Model Office Policy Guide is provided free to members as a service of the Oregon Association of REALTORS®. The Guide is designed to be used as a reference tool to assist Oregon Principal Brokers in drafting or revising their office policy manuals. It is assumed that all Brokers will have separate written independent contractor agreements with Principal Broker. For Principal Broker's convenience, a sample copy of an independent contractor agreement suitable for use with this Guide is included in Chapter X, Approved Forms, of this Guide. Also included are sample agreements for divided control and supervision of Associated Principal Brokers and for licensed personal assistants.

The Guide and sample agreements are not intended to substitute for Principal Broker's own careful consideration and judgment regarding what written policies, procedures and agreements are in the best interests of the brokerage. Instead, the Guide and sample agreements are intended to aid Principal Brokers by suggesting areas typically covered by such agreements and office policy manuals. Similarly, the language used in the Guide and sample agreements is intended to suggest the kind of language that might be used in such documents. It is not necessary, or even desirable in all circumstances, to use the exact language found in the Guide and sample agreements in developing your own office policy and agreements.

A Principal Broker making use of this Model Office Policy Guide and sample agreements remains responsible for developing their office policies and establishing desired legal relationships with others. Principal Brokers should seek the counsel of their own attorney in drafting agreements and office policy manuals and have the finished product reviewed by that attorney. The legal relationship between Principal Brokers and Brokers can be affected in complex ways by the terms of any agreement between them, the nature and terms of any office policy and the manner in which they conduct themselves on a day-to-day basis. Principal Brokers should discuss these matters with their attorney before implementing changes in agreements or office policies and procedures.

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Introduction

This Office Policy Manual is the property of _____ (Company). It is provided for the mutual benefit of _____ (Principal Broker) and the Independent Contractor Broker licensed or otherwise associated with Principal Broker. Brokers acknowledge their status as independent contractors and understand that the policies and procedures outlined in this Manual are provided as a guide to assist Brokers in conducting their business affairs in cooperation with other Brokers and in a manner consistent with Principal Broker's duties under state law. Nothing in the Manual is intended to create an employment contract or in any way vary the terms of a Broker's separate Independent Contractor Agreement. Principal Broker may amend or change these policies at any time. Should these policies be amended, Principal Broker will notify Brokers and make the changes available for Broker's inspection and use. It is the Broker's responsibility to keep apprised of current office policies.

CHAPTER I - STATUS OF BROKERS

Work for Mutual Benefit

Brokers have agreed to use their best efforts and work diligently to solicit customers, sell, exchange, lease or rent properties and promote the real estate transaction business for their own benefit, the benefit of fellow Brokers and of Principal Broker. Principal Broker has agreed to provide Brokers with current property listings and cooperate with Brokers in obtaining a mutually advantageous business relationship. As Principal Brokers' agents, pursuant to ORS 696.026, Brokers agree to act at all times in the best interest of Principal Broker.

The policies and procedures set forth in this Manual are intended to guide Brokers as Principal Broker's agents and enhance the best efforts and cooperation of Brokers by establishing office procedures and policies that will assure the mutual benefit contemplated by Principal Broker and Brokers alike. As such, these policies and procedures are not to be construed as terms of a contractual agreement. The policies contained in the Manual do not create an employment contract.

Control and Supervision of Brokers

Brokers acknowledge their status as independent contractors and understand that the policies and procedures outlined in this Manual are provided as a guide to assist Brokers in conducting their business affairs in cooperation with other Brokers and in a manner consistent with Principal Broker's duties under state law. Real estate license law requires Principal Broker to supervise and control the professional real estate activity of Brokers. State license law allows Principal Broker to divide control and supervision of Brokers with other qualified Principal Brokers by written agreement.

Each Broker who has not entered into a written Control and Supervision Agreement (see Chapter X) with Principal Broker shall be, for the purpose of real estate license law, associated with Principal Broker or a Principal Broker who has by written agreement with Principal Broker agreed to supervise and control the Broker's professional real estate activity. Brokers shall be notified of the Principal Broker responsible for control and supervision of their professional real estate activity. Brokers acknowledge that such control and supervision applies only to those activities real estate license law requires Principal Broker to supervise and control. Brokers understand they remain solely responsible for the conduct of their own business affairs.

Each Broker who has entered into a written Control and Supervision Agreement with Principal Broker shall obtain a Principal Broker license if they will supervise and control the professional real estate activity of other Brokers. Each Broker who has entered into a written Control and

Supervision Agreement with Principal Broker shall be solely responsible for the supervision of their own real estate activity and of those Brokers, if any, assigned to them. Broker supervision assignments may be by name, location or other identifying characteristic and shall be stated in Exhibit "A" of the Control and Supervision Agreement. Broker assignments may be changed only by written modification of the Control and Supervision Agreement. All affected Brokers shall be promptly notified of assignment changes.

Independent Contractor Relationship

These policies are intended to be a guide for individual Brokers working as professional real estate licensees under written independent contractor agreements. Nothing in these policies or procedures is intended to vary or conflict with any contractual agreement between Principal Broker and Broker. As independent contractors, Brokers are responsible for their own business activities and efforts. All Brokers are independent, licensed real estate professionals operating as agents of Principal Broker pursuant to ORS 696.026. Oregon real estate licensing laws (ORS 696.363) do not prevent the establishment of an independent contractor relationship between a real estate licensee and Principal Broker nor require the establishment of an employer-employee relationship. Principal Broker has established independent contractor relationships with all Brokers. In the event there is any conflict between the terms of a Broker's independent contractor agreement and the policies and procedures set forth in this manual, the terms of the contract will be controlling unless doing so would result in a violation of law or regulation.

Termination of Independent Contractor Relationship

The business relationship between Brokers and Principal Broker may be terminated only pursuant to the terms of the Broker's independent contractor agreement. Upon termination, the Broker shall immediately return all Company property in their possession, including, but not limited to, keys, policy manuals, educational materials, lock box keys, signs and supplies. All listings, referrals and prospects obtained while working under Principal Broker's license are the property of Principal Broker. Any compensation for efforts in procuring sales or listings prior to termination of the relationship will be in accord with the terms of the Broker's independent contractor agreement.

Authority of Brokers

Brokers shall have no authority to bind or commit Principal Broker to any contract, promise or course of action without the prior written authorization of Principal Broker. Brokers, acting as licensed agents performing professional real estate activity, are authorized to execute listing

contracts and other approved documents on behalf of Principal Broker. Brokers acting in supervisory roles have the authority of other Brokers plus those contained in the Control and Supervision Agreement between Principal Broker and the Broker. Brokers shall have no authority to vary commission terms from those previously approved by Principal Broker without first obtaining Principal Broker's consent.

Relations with Other Brokers

Brokers are expected to conduct themselves in a professional manner in their relations with other Brokers. Each Broker working as an independent contractor has agreed to use his or her best efforts to promote their own and Principal Broker's businesses. To that end, courtesy and cooperation among Brokers is expected.

Personal Disagreements

Personal disagreements not involving real estate transactions, office procedures or policies or real estate rules and laws should be resolved between Brokers without the matter affecting other Brokers or involving participation by Principal Broker. Principal Broker is, however, available to informally assist Brokers in resolution of such disagreements. No Broker shall allow any personal dispute to disrupt the operation of the office or interfere in any way with the transaction of professional real estate activity.

Disagreements Concerning Policy or Procedures

Any dispute among or between Brokers with respect to the application of the policies and procedures contained in this Manual will be decided by the supervising Principal Broker or the office managing Principal Broker. Decisions in such matters will be final, however, no decision regarding policies and procedures shall operate to, or be construed to, amend, alter or conflict with any Broker's rights or duties under their independent contractor agreement. Any dispute or disagreement concerning independent contractor agreements shall be resolved as provided in the independent contractor agreement itself.

Disagreements Concerning Real Estate Law, Rules or Transactions

Any dispute among or between Brokers involving any real estate transaction or application of real estate laws or rules shall be immediately brought to the attention of Principal Broker or the office managing Principal Broker. Such disputes shall be resolved in accord with applicable real estate rules and law. Decisions in such matters shall be final. Decisions regarding real estate law, rules or transaction are made pursuant to the supervisory duties imposed on Principal Broker and his/her authorized designees under real estate law and shall not be, or construed to be, the exercise of direction or control over Brokers in the manner and means by which they conduct their business efforts under independent contractor agreements.

CHAPTER II – GENERAL OFFICE POLICIES

Nondiscrimination

It is the strict policy of Principal Broker that all professional real estate services and activities conducted under Principal Broker's, or his/her authorized designee's, supervision be provided equally and fairly to all members of the public without regard to sex, race, color, religion, disability, familial status, national origin, sexual orientation, marital status, sources of income, age or ancestry. As independent real estate professionals, all Brokers are expected to know and abide by all state, federal and local laws and regulations prohibiting discrimination. No unlawful discrimination by Brokers of any kind will be tolerated, nor shall any Broker be a party to any plan by others to unlawfully discriminate. To assist Brokers in meeting their responsibility to avoid sexual discrimination in the work place, a copy of Principal Broker's sexual harassment policy is attached to this Manual.

Principal Broker will not discriminate against Brokers, or other office personnel, in any manner inconsistent with state, federal or local law. Principal Broker shall provide reasonable accommodation to disabled individuals otherwise qualified for employment or association with Principal Broker unless such accommodation would impose an undue hardship. All Brokers and office personnel shall report immediately to supervising Principal Broker, or office managing Principal Broker, any violation of this nondiscrimination policy.

Office Security

Brokers and office personnel issued office keys shall be responsible for the keys and making certain that the office is locked after regular business hours. The last person leaving the office shall insure that the doors and windows are locked, that lights and office equipment are turned off and the security system activated. Principal Broker shall not be responsible for the loss or theft of personal property left at the office. Any lost or stolen office key must be reported to Principal Broker, or the office managing Principal Broker, immediately.

Office Conduct

All Brokers and staff are expected to dress and conduct themselves in a professional manner at all times. No drugs or alcohol are allowed in the office and their use will not be tolerated during working hours or in any circumstance where such use is illegal or could otherwise reflect

negatively on Principal Broker, the Company and other Brokers. Brokers shall be responsible for keeping neat and clean any office work area they use. Brokers who use office facilities such as conference rooms or other meeting areas, are responsible for making sure the room is returned to its pre-meeting condition and is ready for use by others. Eating or smoking is allowed only in areas, if any, designed for such use by Principal Broker. Principal Broker shall be responsible for the general cleaning and maintenance of the office.

Maintaining Contact with Office

The conduct of professional real estate activity requires that Brokers be available to Principal Broker, and to clients and customers, to the greatest extent possible. Brokers should, therefore, maintain contact with the office during business hours and let others know their location and how and when they can be reached. Principal Broker will cooperate with Brokers in establishing an office check-in procedure and the means for determining, by sign-in/sign-out board or otherwise, the location and time of return of all Brokers.

Telephones, Computers and Other Telecommunication Equipment

An office telephone system is provided by Principal Broker for the conduct of real estate business. Brokers may use the office telephone system for that purpose and should familiarize themselves with the system and its operation. It is important that lines remain open for incoming calls. Therefore, phone use should take no longer than necessary and be limited to business calls only. Long distance telephone calls for business purposes are allowed. Brokers should keep a log of their long-distance calls that shows the person contacted, the subject discussed and the property involved.

Brokers may answer phone calls to the office and direct the caller appropriately, take a message or forward the call to the appropriate voice mail. Messages for Principal Broker or other Brokers should be taken carefully and in sufficient detail so that the message can be understood. All messages should include the date and time of the message, the caller's full name, the return phone number and the initials of the person taking the message. Any use of Company computers, email, web sites or other electronic media furnished by Principal Broker shall conform to the Company Internet Use Policy (See Chapter III).

Office Records

All records of professional real estate activity conducted by Brokers are the property of Principal Broker. All records shall be maintained in a manner consistent with Principal Broker's Confidential Information Policies and Procedures (see Chapter IV). Records of professional real estate activity cannot be removed from the office without Principal Broker's express permission. Brokers are required to turn over to Principal Broker all records of their professional real estate activity in a timely manner for filing in accord with Company records policy. All records and communications of any kind regarding Brokers' professional real estate activity are to be considered confidential and treated accordingly. Brokers may not use confidential information obtained during their association with Principal Broker to the detriment of Principal Broker or any client or customer. Brokers shall strictly obey policies intended to protect the confidential information of clients.

Advising Clients

Brokers may explain to clients and customers the preprinted provisions of the standard listing, sales and other approved forms the client or customer is asked to sign. Brokers may also explain to customers or client's general legal matters involved in the purchase or sale of real property in Oregon. Brokers shall not, however, give legal advice to clients or customers. Brokers shall not advise clients or customers on whether a particular agreement or term is enforceable, whether they have the right to rescind an agreement or otherwise can take legal action against someone. Brokers must not attempt to apply specific factual circumstances to legal principles in order to solve, or suggest a solution to, a legal problem or question. In such circumstances, the Broker should explain that they are not qualified to give legal advice and recommend the client or customer seek private legal counsel. The Broker shall report any request for such advice to Principal Broker, or office managing Principal Broker, immediately and document by letter to the client or customer that the client was advised to seek legal counsel. No Broker will advise any client or customer on tax laws or regulations or any tax liability or advantage resulting from the sale or purchase of real property.

Reporting Problems

It is understood that Brokers, though operating as independent contractors, act as agents of Principal Broker and must, therefore, keep Principal Broker informed of their activities. Brokers shall immediately bring any of the following situations to Broker's attention:

- Any substantive complaint involving a real estate transaction.
- Any disclosure, or potential disclosure, of confidential client information.

- Any accident or injury that occurs while conducting professional real estate activity.
- Any criminal charge against an Broker other than a traffic infraction.
- Any civil suit, subpoena, or other legal document concerning real estate activity of the Broker.
- Any contact by or with any real estate licensing agency.
- Any threat of any legal action against the Broker or Principal Broker on account of the Broker's professional real estate activity.
- Any act of discrimination.
- Any unresolved dispute with another real estate licensee, in-office or not.
- Any other situation involving professional real estate activity that could lead to liability on the part of Principal Broker or anyone associated with Principal Broker.

Principal Broker's Availability

Principal Broker, or office managing Principal Broker, shall be available to Brokers for advice and consultation to the maximum extent possible during regular business hours. Principal Broker, or office managing Principal Broker, will be available for emergency situations at all times. A telephone number for emergency situations will be posted in the office at all times and Brokers shall be responsible for staying apprised of the number. Brokers should not act in situations where Principal Broker's, or office managing Principal Broker's, advice or consent is necessary until that advice or consent has been obtained.

Floor Time

Providing effective professional real estate services to the public may require that Brokers be available in the office to answer real estate inquiries. Such contact with the public is a valuable and necessary part of each Broker's real estate practice. Therefore, floor time will be scheduled on a voluntary basis with each Broker being allowed equal opportunity to take their turn handling public inquiries at the office. A monthly roster of volunteers and their assigned times will be kept. Volunteers must either take their turn as scheduled or provide a qualified replacement.

Sales Meetings

Sales meetings shall be held weekly for the purpose of providing Brokers with information necessary to the conduct of their business activities. Changes in company policy, announcements, new listings, purchaser requests, market data, financing availability and other information regarding real estate sales will be discussed at sales meetings. In addition, real

estate and licensing law topics may be scheduled for discussion at sales meetings. Brokers are expected to take advantage of all sales meetings as part of their best business efforts. Brokers may be required to attend, unless excused by Principal Broker, all sales meetings covering real estate or license law. Any meeting at which real estate or license law issues will be presented will be announced in advance.

Tour of Homes

Brokers may schedule their new listings for the tour of homes to be conducted following sales meetings or designated day for tours. Principal Broker, or office managing Principal Broker, shall be responsible for routing the tour. The route and schedule will be available the day prior to the tour. Tours shall be for the purpose of familiarizing Brokers with new listings to aid them in fulfillment of their obligation to use best efforts to sell Principal Broker's listings. While participation in the tours is not mandatory, it is expected that Brokers not otherwise engaged in a specific business activity will take advantage of this business tool. All Brokers shall conduct themselves in a professional manner while on the tour or in client's homes.

Personal Safety

Brokers shall be responsible for their own safety while involved in providing professional real estate services to the public. The following suggestions are offered to assist Brokers in meeting that responsibility:

- Keep the office informed of your location and schedule, particularly any property visits or showings.
- Notify the office of any customer with whom you feel uncomfortable and ask for someone to accompany you during any showing.
- Avoid being alone in a vacant building or house, especially at night.
- Have your customers, particularly for the first meeting, meet you at the office.
- Be aware of your surroundings and anticipate unsafe or compromising circumstances.

Absences

As independent contractors, Brokers are responsible for their own work schedules. Time-off is not controlled by Principal Broker. Brokers are expected to devote sufficient time and effort to their work to accomplish the results specified in their independent contractor agreement. Brokers shall be available for any mandatory meetings and shall keep Principal Broker informed

generally of their schedule and availability. Brokers shall make arrangements for other Brokers to cover for them during any absences. Failure to make such arrangements may lead to Principal Broker appointing another Broker to aid a client or customer and adjusting the absent Brokers' commission split as appropriate under the Broker's independent contractor agreement.

Company Signs

All signs used by Brokers shall be provided by Principal Broker. Brokers may use uniform sign riders to display their name on property for sale signs. Sign riders shall be ordered by Principal Broker at the Broker's expense. All sign riders shall be attached to the signs in a uniform manner using the fasteners provided with the sign. "Offer Pending" signs may be posted after acceptance of an offer. No "Sold" sign shall be posted until all contingencies of the sale have been waived or satisfied. No signs, including "Offer Pending" or "Sold" signs, shall be posted without the express permission of the owner. All signs, including direction signs, must be removed immediately upon expiration of the listing or completion of the transaction.

Office Hours

Except for holidays, administrative personnel will be available and the office open to the public Monday through Friday from _____ a.m. to _____ p.m.

Except for holidays, the office will be open to the public on Saturdays from _____ a.m. to _____ p.m. and on Sundays from _____ a.m. to _____ p.m.

The office will be closed for the following holidays: _____

Use of the office by Brokers during other than office hours is allowed provided Brokers follow office security policy.

Legal Assistance

Should a question requiring legal advice arise during a real estate transaction, the Broker shall inform Principal Broker, or office managing Principal Broker. Principal Broker, or office managing Principal Broker, at his or her sole discretion, shall determine whether to consult with an attorney regarding the matter. If the matter is referred to an attorney, Principal Broker alone will be responsible for the legal fees. Principal Broker shall not be responsible for any legal fee incurred by a Broker other than under this policy.

If a law suit or administrative action is filed or threatened against a Broker on account of the Broker's professional real estate activity, the Broker shall notify Principal Broker, or office

managing Principal Broker, immediately. Principal Broker shall report the matter to the Errors and Omissions carrier as required by the insurance policy. The cost of defending the suit, action or threat shall be apportioned as provided in the Broker's independent contractor agreement.

Broker Business Expenses

Principal Broker shall not be responsible for any expense incurred by Brokers in the performance of their business duties unless approved by Principal Broker in writing in advance. Any inspections, services or other inducements offered customers or clients by Brokers must be approved in advance by Principal Broker and shall be at the Brokers' sole expense. Brokers may not tie any inducement to their commission, nor otherwise in any way share their commission with an unlicensed client, customer or other person.

Review of Documents

Principal Broker, or office managing Principal Broker, is required by Oregon law to review each document of agreement generated in any transaction subject to Principal Broker's supervision. Therefore, if not provided sooner, Brokers who are not supervising their own real estate activity pursuant to a Control and Supervision Agreement must provide Principal Broker, or office managing Principal Broker, with all documents of agreement as soon after they are signed by the parties as practical. Under no circumstances shall documents of agreement be submitted later than 24 hours after signing. Brokers understand that failure to timely provide documents for review may constitute a breach of the Broker's independent contractor agreement.

Office Records

Principal Broker is required by law to maintain records regarding all professional real estate activity conducted by anyone associated with the office. For that purpose, Principal Broker, or office managing Principal Broker, shall maintain files on all listings and prospective sales in accord with Principal Broker's Confidential Information Policy and Procedures. Brokers shall direct all written offers, listing agreements, earnest money documents, receipts, correspondence and other real estate transaction documents to the appropriate file. Brokers are encouraged to keep a journal of their professional real estate activities and place copies of appropriate entries in the relevant file. Brokers should keep a telephone log for each listing or prospective sale and file the logs in the appropriate file from time to time. Brokers have an affirmative contractual obligation to cooperate and assist Principal Broker in the maintenance of adequate records of professional real estate activity. To that end, all Brokers shall be familiar with and act in strict

accordance with policies and procedures established to ensure Brokers will not have access to nor obtain confidential information concerning another client involved in the same transaction.

Personal Transactions

Brokers may engage in the purchase and sale of real estate only under Principal Broker's supervision. Brokers shall notify Principal Broker, or office managing Principal Broker, of their intent to purchase or sell real property for their own account prior to entering into any purchase agreement or offering property for sale. Any compensation to Principal Broker, or the Broker, as a result of a personal transaction shall be in accord with the Brokers' independent contractor agreement.

Oregon law requires full disclosure of both Brokers' status as a real estate licensee and any information or advantage gained as a result of that status. To that end, Brokers shall disclose that they are an Oregon real estate licensee at the first contact with any prospective seller or buyer, or the seller's or buyer's agent. Brokers shall state clearly in any disclosure of agency that the Broker is representing only his or her own interests and is not acting as an agent for the other party nor for Principal Broker in the personal transaction.

If the Broker is purchasing property listed with Principal Broker, Broker shall disclose in full any involvement with the property prior to the offer to purchase and expressly disclose any information gained as a result of the involvement. If the Broker intends to purchase one of their own listings, they must give the owner a chance to withdraw his listing and seek other representation prior to making any offer. If the seller wishes to continue to have Principal Broker represent them in the purchase, Broker shall do so personally or appoint a Broker, other than the purchasing Broker, to represent the seller in the sale. Principal Broker shall not represent the Broker, or both buyer and seller, in any personal real estate transaction.

Personal Assistants

As independent real estate professionals, Brokers are entitled to hire others to assist them in their business activities. Oregon law requires that all persons engaged in professional real estate activity be licensed in this state. State law also makes Principal Broker, and/or office managing Principal Broker, responsible for all licensed and unlicensed activity by persons associated with Principal Broker. For these reasons, Brokers shall not hire personal assistants without an express written agreement with Principal Broker regarding assistant. A form for this purpose is provided in the "Approved Forms" chapter of this Manual.

Licensed Assistants

Oregon real estate law requires that Brokers who have licensed assistants be eligible for and obtain a principal broker's license. Qualified Brokers may engage licensed assistants under a written Principal Broker Associate/Licensed Personal Assistant Agreement. A sample of such an agreement is contained in Chapter X of this Manual. Licensed assistants shall be supervised by the engaging Broker acting as the principal broker for the assistant(s) under a Divided Control and Supervision Agreement with Principal Broker. In addition to a Divided Control and Supervision Agreement with Principal Broker, Brokers who engage licensed assistant shall enter into a separate Principal Broker/Broker Associate Licensed Personal Assistant Agreement with Principal Broker. Such an agreement is contained in Chapter X of this Manual. A Broker who engages a licensed personal assistant may pay the assistant directly. However, any agreement regarding the sharing of commissions between a Broker and a licensed personal assistant must be consistent with the engaging Broker's Independent Contractor Agreement, office policy and state law. Brokers shall be responsible for making certain any professional fees or necessary dues are paid. No licensed personal assistant may establish an agency relationship with a client that is different than the agency relationship between the hiring Broker and the client. Failure of the licensed assistant to maintain licensed or professional status is a violation of the agreement between Principal Broker and Broker regarding assistants.

Broker Coordination Arrangements

Arrangements by which one Broker, who is associated with Principal Broker and supervised by a Principal Broker, coordinates activities with one or more other Brokers who are supervised by the same Principal Broker may be made with the Principal Broker's permission. Such arrangements shall not involve one Broker supervising or controlling another's professional real estate activity nor the direct compensation of one Broker by another. The Principal Broker shall supervise and control the professional activities of Brokers who coordinate activities. Commissions or other compensation shared by Brokers shall be through the Principal Broker according to a schedule mutually agreeable to the Brokers and approved by the Principal Broker.

Unlicensed Assistants

Broker may employ, or otherwise engage, such unlicensed personal assistants as they believe beneficial to Broker's business. Unlicensed personal assistants shall be the responsibility of the Broker alone. The hiring Broker shall supervise closely their unlicensed assistant's activities and be solely responsible in meeting any and all employer/employee duties and responsibilities

resulting from the hiring of the personal assistant. No Broker may pay an unlicensed assistant, directly or indirectly, any portion of a real estate commission. Principal Broker shall not be considered the assistant's employer for any purpose, but may supervise the unlicensed assistant's activities to the extent necessary to prevent the assistant from engaging in unlicensed professional real estate activity. Such activity by an unlicensed assistant, or the hiring Broker's failure to perform any of the duties or responsibilities of an employer, may be grounds under the Broker's Independent Contractor Agreement for termination of the Agreement.

CHAPTER III – ADVERTISING

Principal Broker Provided Advertising

Oregon law requires that all advertising be in Principal Broker's name and under Principal Broker's supervision. Principal Broker shall, therefore, have sole authority to advertise any property, complete control over the allocation of advertising to listings and the content of all advertising. Principal Broker shall advertise all listings, at Principal Broker's sole expense, according to Principal Broker's advertising schedule.

Brokers shall be responsible for writing ads for the properties they list. Such ads shall be submitted to Principal Broker for approval not less than 24 hours prior to publication deadlines. All ads submitted for review shall be consistent with federal, state, and local fair housing guidelines and shall not be false or misleading.

Broker Advertising

With the permission of Principal Broker, Brokers may, at their own expense, secure advertising beyond that provided by Principal Broker. Any advertising by an Broker at their own expense must be submitted to Principal Broker for approval prior to scheduled publication. All Broker advertising must be in Principal Broker's name and make proper use of the Company logo and other authorized trademarks. All advertising must be consistent with applicable laws and regulations and not false or misleading.

Internet Policy

Principal Broker recognizes that individual Brokers may wish to establish and maintain a business presence on the Internet for the purpose of facilitating the sale of Principal Broker's listings and establishing contact with potential purchasers. Any such Internet presence must be consistent with the advertising policies set out above and all applicable laws and regulations, including OAR 863-015-125. In addition, the following policies shall apply:

- Any use of on-line communications or other Internet services for the purpose of conducting professional real estate activity must be approved in advance by Principal Broker and all professional real estate activity conducted in Principal Broker's name.

Brokers shall be solely responsible for any service fees incurred as a result of their use of Internet services. Such services may be contracted for in the name of Broker, but any real property advertised for sale must be in Principal Broker's name and properly identify the Company. Broker must agree to indemnify, defend and hold harmless Principal Broker for any claim or liability resulting from the Broker's Internet activities before permission will be granted.

- Brokers shall identify themselves, Principal Broker and the Company in all Internet communications. If the Broker maintains a Web Page for the purpose of advertising properties and inviting public contact, the page layout shall be consistent with Company advertising format and must be reviewed and approved by Principal Broker prior to display to the public. Internet access providers, or web page designers, shall not be allowed to add to the Broker's page without review and approval of Principal Broker. Brokers shall make available to Principal Broker the Internet address of the page and a complete copy of the source code. Brokers shall be responsible for keeping current and accurate all information provided to the public through the Internet.
- Brokers maintaining a professional real estate Web Page shall be responsible for assuring that the page is not used in violation of any state, local or federal law or regulation, including, but not limited to, fair housing regulations, truth in lending regulations, copyright law, discrimination laws and real estate licensing laws and regulations. Brokers shall maintain the confidentiality of any client information gained as a result of any on-line communication. No Broker shall give the public the impression they are dealing with anyone other than Principal Broker and Company in accessing the Broker's Web Page or communicating with the Broker by on-line communications.
- Brokers shall not use their on-line business presence to seek or gain unauthorized access to another network, transmit or obtain any software or other data in violation of any patent or copyright, conduct or participate in any illegal activity, view or transmit sexually explicit material, transmit or forward to clients any unsolicited materials or advertisements, support or solicit on behalf of any group or organization, advocate or participate in any racial, ethnic, religious or gender-based slurs, jokes or communications, threaten or harass others or conduct or participate in any on-line activity or communication that might reflect negatively on the real estate profession, the Company or Principal Broker.
- All E-Mail, or other electronic communications, with customers or clients shall be retained by the Broker and a hard copy placed in the appropriate transaction file. Such electronic communications shall be treated for all purposes as written correspondence with a client or customer.

Special Promotions

Special sales materials, such as color brochures, may be used to promote certain exclusive listings if authorized by Principal Broker. However, Brokers shall not promise clients special promotional materials or efforts at Principal Broker's expense without first obtaining authorization from Principal Broker. Brokers, at their own expense, may promise and develop special promotional materials for their own listings. Such Broker-paid, promotional materials must be consistent with Company advertising policies and practices, and the material must be reviewed and approved by Principal Broker, office managing Principal Broker, prior to distribution.

Open Houses

Brokers may hold open houses for each of their listings. It shall be the responsibility of the Broker conducting the Open House to provide the text for the Open House ad in a timely manner. Additional Broker-paid Open House advertisements are allowed subject to review and approval by Principal Broker, or office managing Principal Broker.

Virtual Tours

Brokers may use virtual tours, featuring the inside of listed homes, to advertise property only with the written permission of the owner. A form for obtaining such permission is included in the Approved Forms section. All virtual tours shall, to the extent possible, be designed to protect the client's privacy and prevent misuse of information by the public. Tours should not include images of security features, such as alarm systems, special locks or other security mechanisms. Art work, jewelry, expensive electronics or other items of value should not be included in tour images. The tours should not include images of family photos, professional certificates or other items that could be used to identify the owners. Digital enhancement of virtual tour images shall not be used to materially change the appearance of the property or delete significant features of the property. All use of virtual tours for advertising shall be consistent with Principal Broker's Advertising Policies and OAR 863-015-0125.

If seller has a security video camera on the listed property, this should be noted in the private remarks of the MLS listing agreement. This will provide notice to the represented buyers of video surveillance. It is recommended not to have audio recording during any showings of seller's home.

CHAPTER IV – CONFIDENTIAL INFORMATION POLICY AND PROCEDURES

All active client and transaction files shall be maintained by principal brokers assigned control and supervision responsibilities. Active files maintained by one principal broker shall not be accessible to other principal brokers unless the other principal broker supervises and controls the same Brokers as the principal broker maintaining the files. Principal brokers shall maintain the security of active files by limiting access to the records in a manner calculated to assure confidentiality. Unlicensed office personnel may access client and transaction files on behalf of a principal broker or Broker authorized to access the file, but shall not distribute or disclose the contents of any file to anyone other than the person on whose behalf they accessed the file unless authorized to do so by that person.

Active client files shall be kept separate from transaction files. All confidential client information shall be kept in client files. A client file shall be opened for each client as soon as an agency relationship is established. Information, including but not limited to information regarding price, terms, financial qualifications or motivation to buy or sell, communicated to the Broker by a residential buyer or seller is confidential client information unless the Broker has been instructed to disclose the information or the failure to disclose would constitute fraudulent representation.

Client files may be kept in a central location by a principal broker or, with the principal broker's permission, kept by the Broker who establishes the agency relationship with the client. Client files shall be marked "confidential." Each file shall be identified by the client's name and the name of the Broker, or Brokers, with whom the client has established an agency relationship. Client files shall be contained and arranged in such a manner as to assure that a Broker accessing their own client files will not inadvertently access another client's file. Intentional unauthorized access of a client file is grounds for termination of a Broker's Independent Contractor Agreement under that Agreement. Inadvertent unauthorized access of a client file shall be reported to Broker's principal broker who shall immediately take the steps necessary to assure that the confidential information is not used to the detriment of the client.

If, with the permission of the Principal Broker, client files are kept by Broker, Principal Broker shall be notified in writing on an office form provided for that purpose of the opening of a client file. All client files shall be accessible to Principal Broker at all times. Client files kept by a Broker shall be kept in a manner consistent with these Confidential Information Policy and Procedures. No Broker shall access a client file kept by another Broker without the permission of the other Broker and Broker's principal broker. Unauthorized access of a client file kept by another Broker is grounds for termination of a Broker's Independent Contractor Agreement under that Agreement. A Broker keeping client files shall report any inadvertent unauthorized access of a client file to Principal Broker who shall immediately take the steps necessary to assure that the information is not used to the detriment of the client.

Each principal broker shall maintain a consecutively numbered transaction file for each offer or transaction that involves the actual sale, purchase, lease option or exchange of property. Only those Brokers who have established agency relationships with the parties to the transaction may access a transaction file. Intentional unauthorized access of a transaction file is grounds for termination of a Broker's Independent Contractor Agreement under that Agreement. Inadvertent unauthorized access of a transaction file shall be reported to Broker's principal broker who shall immediately take the steps necessary to assure that the information contained in the file is not used to the detriment of any client.

Transaction files shall not contain confidential client information. Information that has been provided the other party during a transaction is not confidential information with respect to that party and all such information shall be included in the transaction file. Brokers in doubt as to whether specific information is confidential client information shall check with their principal broker prior to placing such information in a transaction file. Transaction files shall be associated by reference with the appropriate client files. Upon completion, or failure, of the transaction, the transaction file and the appropriate client files, if inactive, may be stored together, but the contents of the client and transaction files shall not be combined into a single file. Except as otherwise required by law, access to confidential information contained in inactive files shall be limited to those who have acted, or are acting, on behalf of a client authorized to access that file.

Brokers shall not discuss confidential client information with anyone who does not have an agency relationship with the client. This includes other Brokers within the Company, including those supervised by Broker's principal broker. "Cooler talk," and other informal exchanges of information within the office, shall not include confidential client information. Violation of this policy is grounds for termination of a Broker's Independent Contractor Agreement under that Agreement. Brokers shall maintain the confidences of their clients at all times and Principal Broker will not tolerate violation of this policy. Brokers shall report any violation, by themselves or others, to their principal broker who shall immediately take the steps necessary to assure that the information is not used to the detriment of the client.

CHAPTER V – LISTING POLICY

Listing Agreements

Brokers may take listings only in the name of Principal Broker and on the approved Company form. Brokers may not vary, or promise to vary, the terms of the Company form without prior approval of Principal Broker or Principal Broker's authorized designee. Brokers shall make certain all owners, including spouses, sign the listing. The Broker should allow ample time for the owners to read and discuss privately the terms of the listing agreement. The Broker shall explain the terms of the listing agreement to the owners' satisfaction and leave a copy of the signed agreement with the owners. A personal listing follow-up letter in a form approved by Principal Broker shall be mailed by the Broker to owner(s) within three days of obtaining a new listing.

Agency Disclosure

Oregon law requires real estate licensees to provide the seller with a copy of the statutory Oregon Real Estate Initial Agency Disclosure Pamphlet upon first contact with the seller. All Brokers shall provide to the seller a standard Oregon Real Estate Agency Initial Agency Disclosure Pamphlet provided by Principal Broker. The Broker shall note by date the seller's receipt of the Pamphlet in the listing file. Brokers shall fully explain the Pamphlet and the agency relationships involved prior to the seller(s) signing the listing agreement. A copy of the appropriate Oregon Real Estate Agency Initial Agency Disclosure Pamphlet is included in "Approved Forms," Chapter X.

Disclosed Limited Agency

Brokers shall seek the seller's signature on a Disclosed Limited Agency Agreement for Sellers at the time of listing. Brokers must fully explain disclosed limited agency relationships, including Broker's ability to represent both the seller and the buyer and the role of Broker's principal broker, prior to seeking such agreement. The signed Disclosed Limited Agency Agreement for Sellers shall be attached to the listing agreement as an addendum. A copy of a standard Disclosed Limited Agency Agreement for Sellers form is included in "Approved Forms," Chapter X of this Manual.

Designated Agency

In a transaction involving property listed by a Broker where the buyer is represented by another Broker who is supervised by the listing Broker's Principal Broker, the Principal Broker shall represent both the seller and the buyer, pursuant to a Disclosed Limited Agency Agreement. In such a situation, the listing Broker will continue to represent only the seller. Such representation must be agreed to by the seller in a Disclosed Limited Agency Agreement for Sellers and shall be consistent with the applicable duties and responsibilities set out in the Oregon Real Estate Agency Initial Agency Disclosure Pamphlet. All representation shall be consistent with Company policies and procedures established to ensure Brokers will not have access to, and will not obtain, confidential information concerning another client involved in the same transaction. Failure to follow these policies and procedures is grounds for termination of the Broker's Independent Contractor Agreement under that Agreement.

Lead-Based Paint Disclosure

Brokers shall determine at the time of listing whether the property was constructed before 1978. If the property was constructed before 1978, and is being sold as a residence, the listing Broker shall see to it the seller completes a Lead-Based Paint Disclosure Addendum. The Addendum shall be signed by the seller and provided to each buyer for their signature at the earliest possible time. The Addendum shall be made part of any sale agreement concerning the property.

Seller's Property Disclosure Statement

Brokers shall explain to sellers the sellers' duties with respect to property disclosure statements as set out in ORS 105.465 to 105.490. Unless excluded under ORS 105.470, each seller shall agree to deliver to each buyer who makes a written offer a seller's property disclosure statement in the statutory form. Brokers shall not list non-excluded residential property without the seller's agreement to provide all buyers with the document. Brokers shall obtain seller's acknowledgment that their duties under the property disclosure statute were explained and that they have agreed to provide buyer with a disclosure statement. Brokers shall not advise or assist the seller in filling out the disclosure form. The Broker, however, shall review the form and bring to the clients' attention any discrepancies reasonably apparent to the Broker after a non-invasive walk-through inspection of the property by the Broker.

Property Security

The listing Broker shall use reasonable care to assure that listed properties are as secure as practical under the circumstances. During the listing period, Brokers should check the property as required to insure the proper use of lock boxes and that all real estate agents accessing the property are duly authorized, conducting themselves in a professional manner and are maintaining reasonable security. Broker shall discuss the advantages and disadvantages of lock box use with sellers and abide by the seller's decision regarding lockbox use.

Listing Processing Procedures

Listing Brokers shall be responsible for completing all appropriate support forms concerning a new listing. All MLS documents and profile sheets shall be submitted to Principal Broker for review prior to the submission deadline established by MLS rule. Should the seller refuse MLS submission, it shall be the listing Broker's responsibility to see that the seller's wishes are honored. Timely dissemination of listing information is the policy of Principal Broker and in the best interest of the seller. All new listings shall be submitted to the MLS and made available to other Brokers in a timely manner and in no circumstances, later than required by MLS rule.

Cancellation of Listings

All listings are in the name of Principal Broker and cannot be canceled by the Broker. Should the listing Broker learn that the seller wishes to cancel the listing, the Broker shall not attempt to negotiate or otherwise compromise with the seller, but must report the matter to the Principal Broker immediately. The Principal Broker shall at his/her sole discretion determine how best to address a cancellation request or demand.

Cooperation with Other Companies

It is Principal Broker's policy to cooperate with other real estate professionals to the extent allowed by the seller. Unless otherwise instructed by the seller, all listings shall be made available to other Principal Brokers and Brokers. Principal Broker shall have sole authority to establish the terms of any offer of cooperation consistent with the seller's instructions. Brokers shall bring to Principal Broker's immediate attention any offer or request by another broker to "co-list" a property. Brokers shall not enter into, nor encourage, "co-listing" arrangements without the express authorization of Principal Broker.

CHAPTER VI – BUYER’S BROKER

Buyer Agency

An Oregon real estate licensee may represent a buyer exclusively. An Oregon real estate licensee may also legally represent both the buyer and seller, or two buyers competing for the same property, under a disclosed limited agency agreement with full disclosure of the relationship under the agreement. Brokers may represent buyers in any manner allowed under Oregon law. Such representation must be undertaken only after Broker has provided the buyer with a standard Oregon Real Estate Agency Initial Agency Disclosure Pamphlet. Brokers shall fully explain the Pamphlet and the agency relationships involved. The Broker shall note by date the buyer’s receipt of the Pamphlet in the client file. A copy of the appropriate Oregon Real Estate Agency Initial Agency Disclosure Pamphlet is included in “Approved Forms,” Chapter X.

Buyer’s Broker

Oregon law allows real estate licensees to represent buyers without benefit of a written representation agreement. Brokers working with buyers on this basis should be certain the buyer has not executed an exclusive representation agreement with another licensee and that the buyer has received and fully understands the Oregon Real Estate Agency Initial Agency Disclosure Pamphlet.

If an Broker intends to act as the buyers agent exclusively, the Broker is encouraged to complete, and have the buyer sign, a standard Exclusive Buyers Service Agreement. Such agreements shall be in the name of Principal Broker or the Company. A copy of the standard Exclusive Buyers Service Agreement form is included in “Approved Forms,” Chapter X.

If Broker intends to act as a buyer’s agent on a non-exclusive basis, the Broker is encouraged to complete, and have the buyer sign, a standard Nonexclusive Buyers Service Agreement. Such agreements shall be in the name of Principal Broker or the Company. A copy of the standard Nonexclusive Buyers Service Agreement form is included in Chapter X of this Manual.

Disclosed Limited Agency

An Broker who intends to act in a transaction as the agent of both the buyer and the seller, or two buyers competing for the same property, must obtain a Disclosed Limited Agency Agreement from both parties prior to undertaking such representation. Brokers shall fully

explain disclosed limited agency relationships, including the role of the principal broker, prior to seeking such agreement. The signed Disclosed Limited Agency Agreement shall be attached as an addendum to any written agency agreement between the buyer and the Broker. The Broker shall carefully honor the duties imposed on disclosed limited agents. In particular, Brokers acting under any disclosed limited agency agreement shall preserve the lawful confidences of each party. A copy of the standard Disclosed Limited Agency Agreement for Buyers is provided in Chapter X, "Approved Forms."

Designated Agency

In a transaction involving property listed by another Broker who is supervised by Broker's principal broker, the principal broker, pursuant to a Disclosed Limited Agency Agreement, shall represent both the seller and the buyer. In such a situation, the Broker will continue to represent only the buyer. Such representation must be agreed to by the buyer in a Disclosed Limited Agency Agreement for Buyers. All representation shall be consistent with Company policies and procedures established to ensure Brokers will not have access to, and will not obtain, confidential information concerning another client involved in the same transaction. Failure to follow these policies and procedures is grounds for termination of the Broker's Independent Contractor Agreement under that Agreement.

Procedures When Representing Buyers

Brokers representing buyers must carefully distinguish between acting exclusively for the buyer, acting as a disclosed limited agent and acting as a designated agent. It is imperative that Brokers use the proper forms, obtain the necessary agreements and conduct their activities in a manner appropriate to the agency relationship created. The Broker should anticipate potential conflicts resulting from representation of the buyer and bring any potential conflicts to the attention of Principal Broker in a timely manner. Brokers must strictly adhere to Company policies and procedures to assure that Brokers who represent one client do not have access to, and will not obtain, confidential information concerning another client involved in the same transaction. When undertaking dual representation in a transaction, the Broker should routinely remind the parties of the dual nature of their representation and the limits that representation places on the Broker. Breach of such policies and procedures may be considered a material breach of the Broker's Independent Contractor Agreement.

Brokers acting as a buyer's broker shall, as soon as practical, notify the listing agent that they are representing only the buyer. Brokers should avoid showing property when the owner is present

unless accompanied by the listing agent. All communication with a seller should be through the listing Broker. If the owner has no agent, the Broker may provide the owner with an Oregon Real Estate Agency Initial Agency Disclosure Pamphlet before showing the property or engaging in any discussions or negotiations with the owner. If the Broker intends to seek a commission from the seller without undertaking a listing, or establishing an agency relationship with the seller, the Broker must seek the Principal Broker's approval. Brokers may enter into fee agreements with unrepresented sellers only in the manner authorized by the Principal Broker.

CHAPTER VII – SELLING PROCEDURES

Handling Prospects

Providing Information

Only licensed Brokers may provide information, beyond that advertised to the public, on listings to prospective clients or customers. Brokers with unlicensed personal assistants shall be responsible for seeing to it that their assistants do not engage in professional real estate activity by providing specific property information to prospective clients or customers. Potential customers or clients shall not be referred to Principal Broker's unlicensed employees if they are seeking specific information on properties or wish to discuss specific real estate needs. All calls to the office shall be logged by the person taking the call.

Screening

Brokers providing information to prospects should screen the caller to determine their needs, motive, possible down payment and ability to buy. Responses to screening questions shall be recorded on a Prospective Purchaser Work Sheet. The Broker is responsible at a minimum for recording the prospect's name, telephone number and the date of the call in order to give other Brokers notice of the prospect and preserve the Broker's chance to work exclusively with that prospect in the future.

Working with Prospects

In order for a Broker to have the right to work exclusively with a prospect, it must appear that the Broker has established a relationship with the prospect and that the prospect desires an exclusive relationship. To avoid misunderstandings between Brokers, and to make sure the needs of all clients and customers are promptly served, Brokers should impress upon their prospects the importance of asking for the Broker by name. Although Brokers shall respect each other's prospects, it is the individual Broker's responsibility to establish a strong relationship with the prospect. Under no circumstances shall a prospect's real estate needs be placed behind, or held hostage to, a Broker's claim to the prospect. Any dispute between Brokers regarding

working with prospects shall be brought to Principal Broker's attention and resolved by Principal Broker. Under no circumstance may a Broker involve a client or customer in such a dispute.

Offers

Confidentiality

Brokers shall abide by Company policies and procedures established to ensure Brokers will not have access to and will not obtain confidential information concerning another client involved in the same transaction. Brokers should avoid discussing possible offers with other Brokers. The details of an offer cannot be discussed with anyone other than the listing Broker. Each buyer must be made aware that the terms and conditions of their offer will not be disclosed to other buyers represented by Principal Broker, but the fact that an offer has been made may be disclosed by the seller's Broker. Brokers representing competing buyers shall not attempt to discover the terms or conditions of the other offer. No Broker shall represent more than one buyer at a time seeking a particular property without the express permission of Principal Broker and having a signed disclosed limited agency agreement with each buyer.

Standard Forms

Brokers shall use only those standard offer, counter offer, addendum and other transaction forms approved for use by Principal Broker. Brokers shall not themselves select any form for use, propose any contract language or advise clients on the legal effect of any particular clause or term. Brokers shall not suggest, draft or select any title documents, draft or recommend language for any easement, profit or other ancillary agreement between the buyer and seller. No Broker shall draft or recommend language for any land sale contract, deed or trust, note, mortgage or other legal instrument involving financing in seller carry transactions. Brokers may assist the buyer in filling out the standard promissory note form used for earnest money. Brokers shall be familiar with and able to explain generally the terms of all forms in use by Principal Broker. Any blanks to be filled in on standard forms must be done only at the direction of the client and in the manner dictated by the client.

Presentation of Offers

All offers must be presented to the seller by the listing Broker in a timely manner. The Broker must record, for the transaction file, the time and date of presentation. Unless timely presentation would be unreasonably delayed, all offers should be presented to Principal Broker for his review prior to presentation to the seller. The Broker presenting the offer must make a full, fair, complete and understandable explanation of the offer to the seller.

Brokers shall not favor one offer over another or fail to present an offer or neglect to inform the seller of any potential offer known to the Broker. The buyer's agent may be present at the presentation if the agent makes such a request and the seller approves. No offer shall be presented without a final agency disclosure as required by Oregon law.

Brokers shall endeavor to have the seller make a counter offer to, or reject in writing, any unacceptable offer. If the seller wishes to allow an offer to lapse by its own terms without making a written rejection or counter offer, the Broker shall document that occurrence in the transaction file. A copy of any rejected offer will be provided the buyer and the date and time it is provided shall be recorded in the transaction file. If an offer lapses without written rejection, the listing Broker shall notify the buyer and make a record of the date and time of notification.

Counter Offers

All counter offers shall be on the standard form provided by Principal Broker for that purpose. Brokers shall make a record of the date and time of the presentation of any counter offer. Brokers shall encourage the buyer to make a counter offer to, or reject in writing, any unacceptable counter offer. If the buyer wishes to allow a counter offer to lapse by its own terms without making further counter offer, or written rejection, the Broker shall document that occurrence in the transaction file. A copy of any rejected counter offer will be provided the seller and the date and time it is provided recorded in the transaction file. If a counter offer lapses without written rejection, the listing Broker shall notify the seller and make a record of the date and time of notification. This procedure shall be repeated for each and every counter offer made and presented during the negotiation of a transaction.

Referral Fees

All fees and commissions paid for professional real estate activity must approved by and in the name of Principal Broker. Brokers may not themselves pay or receive a referral fee directly. Any

offer by a Broker to share a portion of the Broker's commission must be approved by Principal Broker. Under no circumstances may a Broker agree to pay, directly or indirectly, any portion of a real estate commission to an unlicensed person.

CHAPTER VIII – CLOSING EFFORTS

Listing Broker (Seller's Agent)

All real estate transactions conducted through Principal Broker shall be closed in escrow unless the parties specifically agree otherwise in writing. It shall be the listing Broker's responsibility to assist the parties and the escrow company in successfully completing the closing. Upon acceptance of an offer to purchase, the listing Broker shall open escrow with the escrow company designated in the earnest money agreement by transmitting to the escrow company a copy of the fully executed sale agreement. The listing Broker shall thereafter assist the parties as required in fulfilling the escrow instructions. The listing Broker shall keep the seller fully informed as the escrow progresses and plan to attend the closing with the seller's approval.

Selling Broker (Buyer's Agent)

The selling Broker shall make certain that the listing agent opens escrow as provided in the sale agreement. The selling Broker shall be responsible for seeing that any earnest money held by Principal Broker is properly transferred to the closing officer pursuant to the escrow instructions. The selling Broker shall maintain contact with the listing Broker and keep the buyer informed as escrow progresses. The selling Broker may attend the closing at the buyer's invitation.

Failed Transactions

Brokers shall immediately notify Principal Broker of any sale that does not close as provided in the sale agreement, or if it appears at any time during escrow that the sale may not close as provided in the sale agreement. If one or the other parties to an escrow refuses to proceed with a transaction for any reason after escrow is opened, Brokers involved in the transaction shall report the matter to Principal Broker immediately, along with any explanation of the cause. Brokers shall not counsel parties on whether agreements are enforceable nor make any representation regarding distribution of earnest money without the express consent of Principal Broker.

CHAPTER IX – EDUCATION

State Mandated

Oregon law mandates continuing education requirements for all real estate licensees. Brokers have agreed in their individual independent contractor agreements to meet the minimum state requirements. Principal Broker shall assist Brokers to the degree practical in meeting their continuing education responsibility. Principal Broker shall from time to time arrange for education opportunities at no cost to Brokers. Brokers shall, however, remain responsible for meeting all continuing education requirements. Brokers shall report for Principal Broker's verification and recording any education the Broker intends to count toward the state requirement.

Professional Development

Principal Broker shall assist Brokers in their professional development by maintaining a library of real estate educational materials. Brokers are encouraged to pursue professional development in addition to meeting state mandated continuing education requirements. Principal Broker shall cooperate with Brokers to the extent practical in arranging for or accommodating advanced professional training. Brokers are encouraged to attend trade association conventions and seminars and pursue advanced designations through REALTOR® education programs. Unless agreed otherwise between Principal Broker and Broker, all costs associated with Professional Development (including courses to obtain Continuing Education) are the sole responsibility of the Broker.

CHAPTER X – APPROVED FORMS

SEXUAL HARASSMENT POLICY

Generally

Principal Broker has a strict policy prohibiting all forms of sexual harassment. The policy applies to all Brokers or employees when they are acting within the scope of their employment or pursuant to an Independent Contractor Agreement.

No employee or Broker shall engage in any conduct constituting sexual harassment. No employee or Broker against whom a charge of sexual harassment has been made shall in any manner seek reprisal against the person making the charge.

An employee or Broker who observes an act of sexual harassment shall report the act to Principal Broker or supervisor.

Definitions

"Sexual Harassment" is defined for purposes of this policy as any unwelcome sexual advance, request for sexual favors or other verbal or physical conduct of a sexual nature or with sexual overtones. It includes, but is not limited to:

1. Offensive comments;
2. Jokes or suggestions about the gender or gender-related physical attributes of another;
3. Sexually suggestive jokes, profanity or euphemisms;
4. Obscene or lewd gestures;
5. Unwanted physical contact;
6. The display of sexually explicit or suggestive pictures, drawings or written materials; or
7. A social invitation accompanied by a discussion of performance reviews, evaluation or merit considerations.

Enforcement

All charges that an employee or Broker has sexually harassed another employee or Broker shall be referred to Principal Broker, or a supervisor, for investigation and appropriate action. Principal Broker, or a supervisor, shall promptly resolve the matter taking into account privacy and confidentiality concerns consistent with a full and fair investigation. Brokers working as independent contractors understand that violation of Principal Broker's sexual harassment policy is grounds for termination of the Broker's Independent Contractor Agreement under that Agreement. No employee shall, under any circumstance, be subjected to retaliation of any kind on account of having complained of sexual harassment. Principal Broker, or the supervisor, shall take all necessary steps to prevent any recurrence of the harassment and assure that the situation is promptly remedied.

NOTE: This Independent Contractor Agreement exemplar is intended for use as a working model only. This exemplar should not be used without consulting legal counsel. The laws and rules governing independent contractor status are subject to change and vary depending on the legal context within which the status is tested. In addition, the existence of a written independent contractor agreement may not be sufficient to establish the status of independent contractor if the actions of the parties are not consistent with independent contractor status. Significant tax penalties and other monetary consequences may result from failing to properly establish and maintain an independent contractor relationship. The Oregon Association of REALTORS® cannot and does not guarantee or imply that use of this exemplar will prevent an adverse finding or ruling with respect to the status of any party.

INDEPENDENT CONTRACTOR AGREEMENT

THIS IS A LEGALLY BINDING CONTRACT - READ CAREFULLY BEFORE SIGNING

THIS AGREEMENT is made this _____ day of _____, _____, by and between _____ (“PRINCIPAL BROKER”) and _____ (“BROKER”)

RECITALS

PRINCIPAL BROKER is licensed as a real estate broker by the State of Oregon and maintains an office for the purpose of conducting real estate activity properly furnished and equipped as necessary to that purpose and suitably staffed to serve the public as a real estate broker, and

BROKER is presently engaged in business as a real estate broker properly licensed by the State of Oregon,

THEREFORE, in consideration of the mutual promises and covenants contained herein, it is agreed as follows:

AGREEMENT

1. **Independent Contractor Relationship:** PRINCIPAL BROKER and BROKER intend that the relationship established by this Agreement be one of independent contractor and not that of employee, servant, joint venturer or partnership. BROKER will exercise their own judgment and discretion in the manner in which BROKER carries out listing and selling activities subject to compliance with Oregon state statutes, Real Estate Agency rules and the terms and conditions of this Agreement. BROKER will maintain their status as a properly licensed real estate broker during the term of this Agreement. It is expressly understood that BROKER will not be subject to

PRINCIPAL BROKER'S control as to the manner and means of conducting listing and sales activity and is bound only by applicable laws and regulations and the terms of this Agreement in procuring the results stated herein.

2. **Listing and Sales Activity:** PRINCIPAL BROKER agrees to make all current listings not otherwise temporarily assigned exclusively to another broker available to BROKER and provide BROKER with other information regarding prospective purchasers, lessees and renters. PRINCIPAL BROKER will provide BROKER with a copy of suggested office policies and otherwise cooperate with BROKER in obtaining the results stated in this Agreement. However, nothing in this Agreement shall be construed to require BROKER to follow any recommended office policy or accept any particular listing or sales assignment, nor will PRINCIPAL BROKER have any right to require BROKER to represent or otherwise provide services to any particular person or restrict BROKER'S efforts to particular parties or areas. PRINCIPAL BROKER shall exercise no control, unless required by law, over BROKER'S floor time, sales techniques, client or customer services, schedule, hours, inventory, time off, training or vacations.

3. **Best Efforts:** BROKER agrees to use their best efforts and work diligently to solicit additional listings and customers on behalf of PRINCIPAL BROKER, to sell, exchange, lease or rent properties listed by PRINCIPAL BROKER or cooperating principal brokers and promote the real estate transaction business to the mutual benefit of both parties. BROKER shall assume full responsibility and discretion regarding the means and methods used in this regard and it is expressly understood that PRINCIPAL BROKER, subject to the real estate laws of the State of Oregon and rules of the Oregon Real Estate Agency, does not hereby gain any right to direct or control BROKER in the means and methods by which BROKER obtains additional listings and customers, sells, leases or rents properties or otherwise promotes the real estate transaction business.

4. **Office Facilities:** PRINCIPAL BROKER shall make available for BROKER'S use, equally with other licensees, office facilities maintained by PRINCIPAL BROKER for the conduct of real estate transactions. Such facilities are provided by PRINCIPAL BROKER as part of the negotiated commission sharing agreement memorialized by EXHIBIT A, attached hereto. BROKER shall be responsible for providing all other equipment, tools, supplies, service and other items necessary to obtain the results specified by this Agreement. PRINCIPAL BROKER shall make no advance on commissions to defray BROKER'S expenses.

5. **Personal Assistants:** BROKER, subject to the laws of the State of Oregon and rules of the Oregon Real Estate Agency, may hire others to assist them in performance of their obligations under this Agreement provided, however, BROKER has entered into a separate written agreement with PRINCIPAL BROKER regarding assistants. Other than supervision by PRINCIPAL BROKER to the extent required by real estate statute and rule, or pursuant to a separate Control and Supervision Agreement, BROKER shall supervise and be responsible for any personal assistant hired or engaged by BROKER. BROKER shall enter into such written agreements with their assistants as are required by law. BROKER agrees to perform all the duties of an employer

should BROKER establish such a relationship with a personal assistant. BROKER shall indemnify, defend and hold harmless PRINCIPAL BROKER from any claim or liability resulting from BROKER'S hiring of a personal assistant.

6. Authority, Liability, Costs and Expenses: BROKER shall have no authority to bind PRINCIPAL BROKER by any promise or representation except by operation of law or when specifically authorized by PRINCIPAL BROKER. Other than as provided in this Agreement, BROKER shall bear all costs and expenses necessary to obtain the results specified in this Agreement including, but not limited to, all business license fees, professional dues and license fees, insurance, business cards, taxes and similar expenses. All advertising of any kind, including on-line communications, shall be consistent with PRINCIPAL BROKER'S Office Manual advertising policy. BROKER shall carry, and provide PRINCIPAL BROKER with proof of automobile and other insurance suitable to the risks created by BROKER'S business activities. As an independent contractor, BROKER acknowledges that PRINCIPAL BROKER is not BROKER'S employer and will not be responsible for withholding state or federal taxes, providing workers' compensation insurance, unemployment insurance or other state, federal or local employer/employee requirements. BROKER warrants that as an independent business entity they will comply with all state, federal and local regulations regarding the operation of BROKER'S business and defend, indemnify and hold harmless BROKER from any liability arising from BROKER'S business activities unless otherwise provided for under law or the terms of this Agreement.

7. Compensation: When BROKER performs any services under this Agreement for which a commission is earned and collected, the commission shall be divided between PRINCIPAL BROKER and BROKER as set out in Exhibit A attached hereto and expressly incorporated by this reference. Commissions to be charged clients for any services performed under this Agreement shall be those determined by PRINCIPAL BROKER unless it is first expressly agreed otherwise in writing. In the event of special arrangements with clients regarding commissions, PRINCIPAL BROKER and BROKER may agree in advance, and in writing, to a division other than that set out in Exhibit A. Should two or more brokers participate in services for which a commission is paid, or claim to have done so, the commission, over and above that accruing to PRINCIPAL BROKER, shall be divided between the participating broker associates according any agreement between them. If no agreement is made regarding the division between or among participating broker associates, the matter shall be decided pursuant to the Dispute Resolution Clause of this Agreement. Any distribution of commissions earned and collected by PRINCIPAL BROKER shall take place as soon as practical after collection of such commissions. Neither PRINCIPAL BROKER nor BROKER shall be liable to the other for any commission, or portion thereof, not collected. BROKER is not entitled to any advance payment for future commissions and any action against third-parties for collection of any commission can be maintained only in the name of PRINCIPAL BROKER.

8. Termination of Agreement: This Agreement may be terminated in writing by either party upon notice of _____ days. BROKER agrees to conduct all professional real estate activity in accord with PRINCIPAL BROKER'S Office Policies concerning professional real estate activity. BROKER

shall be entitled to any commissions earned under the Agreement which accrued prior to termination. BROKER acknowledges that all listings and prospects are those of PRINCIPAL BROKER as its sole property and no commission or other compensation will be paid by PRINCIPAL BROKER for any services rendered for which the right to a commission has not already accrued except as provided under Exhibit A. BROKER shall return all listings, manuals, materials, forms, and other property of PRINCIPAL BROKER immediately upon termination of this Agreement. BROKER shall not use to their advantage, or the advantage of others, any proprietary or confidential information gained as a result of BROKER'S business association with PRINCIPAL BROKER. It is expressly agreed that, following termination, this Agreement shall continue to govern all disputes and claims between PRINCIPAL BROKER and BROKER arising from or connected with the business relationship created by this Agreement.

9. **Dispute Resolution:** All disputes or claims of any kind between PRINCIPAL BROKER and BROKER, or between BROKER and other BROKER licensed with BROKER, connected with or arising from this Agreement, shall be submitted to binding arbitration unless otherwise adjusted by mutual agreement of the parties. If the dispute is covered by the Bylaws of a Board of REALTORS® of which all disputants are members, the matter shall be submitted to the Board for resolution pursuant to the Bylaws of that Board. If no Board of REALTORS® has jurisdiction, or will accept jurisdiction, the dispute shall be submitted to arbitration under the rules of the American Arbitration Association, or to such other arbitration rules as the parties shall mutually agree. Arbitration shall be final and binding. The prevailing party in any dispute shall, in the discretion of the arbitrator, be entitled to attorney fees in addition to other relief.

10. **Entire Agreement:** This Agreement is the entire Agreement between PRINCIPAL BROKER and BROKER. The terms of this Agreement are the complete, final expression of the Agreement between PRINCIPAL BROKER and BROKER and cannot be contradicted by evidence of any prior agreement or contemporaneous oral agreement. This Agreement cannot be modified, altered or amended other than by further written agreement signed by both PRINCIPAL BROKER and BROKER.

PRINCIPAL BROKER (Signature)

BROKER (Signature)

(Printed Name)

(Printed Name)

(Address)

(Address)

(City, State, Zip)

(City, State, Zip)

(Phone)

(Phone)

DATED THIS _____ day of _____, _____

EXHIBIT A

This EXHIBIT shall be part of the Agreement between _____ (“ PRINCIPAL BROKER”) and _____ (“BROKER”), dated _____, _____. This EXHIBIT may be revised or amended only in writing and if so revised or amended, a signed and dated copy of the revisions or amendments shall be attached hereto.

PRINCIPAL BROKER and BROKER AGREE:

1. Any listing commission collected by PRINCIPAL BROKER as a result of BROKER’S efforts under the Agreement noted above shall be divided as follows:

PRINCIPAL BROKER _____%

BROKER _____%

2. Any sales commission collected by PRINCIPAL BROKER as a result of BROKER’S efforts under the Agreement noted above shall be divided as follows:

PRINCIPAL BROKER _____%

BROKER _____%

3. Any rental or lease commission collected by PRINCIPAL BROKER as a result of BROKER’S efforts under the Agreement noted above shall be divided as follows:

PRINCIPAL BROKER..... _____%

BROKER _____%

4. Any commission(s) collected by PRINCIPAL BROKER on listings, sales, rentals or leases resulting from BROKER’S efforts prior to termination of their Agreement shall be divided in accordance with the above provisions. PRINCIPAL BROKER may, however, offset BROKER’S share by an amount necessary to reasonably compensate PRINCIPAL BROKER, or another BROKER, if they provide services necessary to complete the transaction. Any dispute regarding this provision shall be subject to the Dispute Resolution Clause of the Agreement noted above.

(PRINCIPAL BROKER Signature)

(BROKER Signature)

(Printed Name)

(Printed Name)

DATED THIS _____ day of _____, _____.

Company _____, Branch _____

PRINCIPAL BROKER DIVIDED CONTROL AND SUPERVISION AGREEMENT

The Parties to this Divided Control and Supervision Agreement (Agreement) are:

Registered Principal Broker: _____

Associated Principal Broker: _____

The Parties to this Agreement understand that Oregon law allows a licensed principal broker who has registered a business name to divide control and supervision of associated real estate brokers with other principal brokers. Registered Principal Broker, having registered the above Company business name with the Oregon Real Estate Agency, wishes to divide with Associated Principal Broker the control and supervision of certain real estate brokers associated with Company.

In consideration of the above understanding, and the mutual promises and benefits exchanged here, the Parties now agree as follows:

1. Associated Principal Broker acknowledges his or her status as an independent contractor. This Agreement is not intended to and shall not be construed as evidence of the establishment of any status other than that of independent contractor. Associated Principal Broker shall remain completely responsible for his or her own business affairs. Under no circumstances shall this Agreement be construed to be, or be used as, evidence of any intent to change the legal relationship, or civil responsibilities, of the Company or either Party. This Agreement is for the sole purpose of dividing control and supervision of professional real estate activities under Oregon real estate law. Neither Party to this Agreement shall have any right or duty to control or supervise the business affairs of the other party or those of any associated real estate broker operating under an independent contractor agreement.
2. Pursuant to ORS 696.026, Registered Principal Broker agrees to divide control and supervision responsibilities with Associated Principal Broker. Associated Principal Broker agrees to assume control and supervision responsibilities for their own professional real estate activity. If the Associated Principal Broker will supervise the real estate activity of other real estate brokers engaged by Company, those real estate brokers shall be listed on an Assigned Agent Exhibit to this Agreement. Unless an Assigned Agent Exhibit is attached and signed by the Associated Principal Broker, the Associated Principal Broker shall supervise only their own real estate activities and shall have no responsibility for supervision or control of real estate brokers engaged by Company. Associated Principal Brokers with Assigned Agents shall supervise and control the professional real estate activity of the Assigned Agents to the extent required by real estate license law. Assigned Agents may be identified by name, location or any other identifying characteristic. Associated Principal Broker understands and acknowledges Associated Principal

Broker shall be solely responsible to the Oregon Real Estate Agency for Associated Principal Broker's own professional real estate activity and, if applicable, that of Assigned Agents. All control and supervision shall be in accord with applicable laws and the policies and procedures set forth in the Company Office Policies and Procedure Manual. A copy of the Manual is hereby incorporated by reference.

3. Associated Principal Broker shall be responsible for establishing a record keeping system consistent with the Confidential Information Policy and Procedures section of the Company Office Policies and Procedures Manual. Associated Principal Broker agrees to maintain records of professional real estate activity and, if applicable, control and supervise the professional real estate activities of Assigned Agents in compliance with real estate licensing rules and regulations, the Company Office Policies and Procedures Manual and this Agreement.

4. Either Party may terminate this Agreement upon ten (10) days written notice. Any modification to this Agreement, or Exhibit A, shall be in writing and signed by the Parties. This Agreement represents the entire agreement of the Parties.

Registered Principal Broker _____ Date _____

Associated Principal Broker _____ Date _____

Company _____
Branch _____

ASSOCIATED PRINCIPAL BROKER/LICENSED PERSONAL ASSISTANT AGREEMENT

The Parties to this Associated Principal Broker/Licensed Personal Assistant Agreement (Agreement) are:

Associated Principal Broker _____

Assistant _____

The Parties to this Agreement understand that a real estate broker who is eligible for, and has obtained, a principal broker's license may enter into written agreements with licensed personal assistants. Associated Principal Broker and Assistant wish to enter into such an agreement for the benefit of their respective business interests.

In consideration of the above, and the mutual promises and benefits exchanged herein, the Parties agree as follows:

1. Assistant is properly licensed to engage in professional real estate activity in Oregon. Associated Principal Broker is eligible for, and has obtained, a principal broker's license under OAR 863-015-040. Assistant and Associated Principal Broker mutually agree to maintain their license status and any necessary professional designation(s) during the term of this Agreement.
2. Assistant understands+ that under Oregon law the professional real estate activity of a licensed personal assistant must be under the control and supervision of a principal broker. Associated Principal Broker has entered into a separate Principal Broker Divided Control and Supervision Agreement regarding control and supervision of Assistant. A copy of that agreement is attached hereto and its terms incorporated by reference. Assistant shall at all times conduct his or her professional real estate activity in accord with Company Office Policies and Procedures, a copy of which Assistant hereby acknowledges having received.
3. Assistant agrees to use his or her best efforts and work diligently to assist Associated Principal Broker and promote the real estate transaction business for Assistant's and Associated Principal Broker's benefit. Assistant shall at all times act as Associated Principal Broker's agent and shall have the same agency relationships with clients as does Associated Principal Broker. Assistant shall not act on behalf of anyone other than Associated Principal Broker. If Assistant intends to act as an independent contractor, Assistant and Associated Principal Broker shall enter into an independent contractor agreement, a copy of which shall be attached to this Agreement and its terms incorporated herein. If not, Assistant shall be considered Associated Principal Broker's employee. Under no circumstances shall Assistant be considered an employee of the Company or of Associated Principal Broker's principal broker.
4. Associated Principal Broker is authorized to compensate Assistant directly, in accord with the compensation schedule attached hereto or attached to Assistant's independent contractor

agreement with Associated Principal Broker. Associated Principal Broker shall be solely responsible for any compensation to Assistant and Assistant shall have no claim for compensation against the Company or Associated Principal Broker's principal broker. Associated Principal Broker shall be solely responsible to third-parties for any employer/employee duties or responsibilities, civil or criminal actions, judgments or awards, or other expense or liability that arise as a result of this Agreement.

5. This Agreement may be terminated by either Party upon ten (10) days written notice. This Agreement may only be modified in writing and represents the entire agreement of the Parties.

Associated Principal Broker _____ Date _____

Assistant _____ Date _____

Company _____

Branch _____

VIRTUAL TOUR PERMISSION

Seller hereby gives permission for Seller's agent(s) to develop and use for advertising purposes a virtual tour of the inside of Seller's home. The virtual tour shall consist of images, video and associated text or audio necessary to fairly represent the features of the home to potential buyers. All virtual tours shall be developed and used in a manner consistent with the company's Virtual Tour Policy. Unless otherwise agreed, agents shall provide Seller with a copy of the virtual tour prior to using it to advertise the property.

Seller _____

Date _____

Seller _____

Date _____

The following forms should be obtained from the Oregon Real Estate Agency:

Oregon Real Estate Agency Disclosure Pamphlet

Disclosed Limited Agency Agreement for Sellers

Disclosed Limited Agency Agreement for Buyers

(BROKER TO INSERT APPROVED FORMS IN THIS SECTION)