



**STAR  
HOMES**

**POLICIES AND  
PROCEDURES MANUAL**

**FOR RESIDENTIAL INDEPENDENT  
CONTRACTOR BROKERS**

Created 4/25/2015  
Updated 8-30-2021

# Table of Contents

|   |    |
|---|----|
| Introduction .....                                      | 4  |
| Mission Statement: .....                                | 4  |
| Better Homes and Gardens® Real Estate: Star Homes ..... | 4  |
| Who are We? .....                                       | 4  |
| Congratulations On Joining .....                        | 6  |
| Statement of Business Principles .....                  | 6  |
| Required Items for Independent Contractor Status .....  | 7  |
| Independent/ Sub Contractor/ Employee Agreement .....   | 7  |
| Expenses: .....   | 9  |
| Equal Employment Opportunity Policy .....               | 9  |
| Policy Against Sexual Harassment .....                  | 10 |
| Agent Safety .....                                      | 11 |
| Office Basics .....                                     | 13 |
| Use of Personal Assistants .....                        | 14 |
| Marketing .....   | 19 |
| Professionalism .....                                   | 19 |
| ADVERTISING POLICY .....                                | 20 |
| Internet .....  | 22 |
| Setting Goals and Production .....                      | 24 |
| Expectations: .....                                     | 24 |
| Personal Production Goals .....                         | 25 |
| Production .....  | 25 |
| Commission Guidelines .....                             | 26 |
| Calculating Units and GCI .....                         | 26 |
| New Project/Development Sales .....                     | 27 |
| Agency .....  | 28 |
| Agency Policy (Client Services) .....                   | 28 |
| Agency Disclosure Policy .....                          | 29 |
| AGENCY AND CONFIDENTIALITY .....                        | 31 |

|  |     |
|--|-----|
| Risk Reduction Policy .....                    | 42  |
| Fair Housing Policy .....                      | 47  |
| Anti-Trust Policy .....                        | 49  |
| Listing and Sales Contracts.....               | 51  |
| Listing Procedures .....                       | 51  |
| Buyer Qualification Policy .....               | 58  |
| Sales Contract Policy .....                    | 59  |
| Mediation.....                                 | 66  |
| Code of Ethics and Standards of Practice ..... | 68  |
| Preamble.....                                  | 68  |
| Duties to Clients and Customers.....           | 69  |
| Duties to the Public.....                      | 80  |
| Duties to REALTORS® .....                      | 89  |
| Explanatory Notes.....                         | 99  |
| SIGNATURE PAGE.....                            | 101 |

# Introduction

Version 1 10-22-2021

## Mission Statement:

It is our mission and commitment at Better Homes and Gardens® Real Estate Star Homes to assist our Agents in meeting their goals and achieving their dreams. This will be attained through superior, professional real estate services being provided by the highest quality sales Agents who are committed to promoting our full range of Company services and building lasting client relationships.

## Better Homes and Gardens® Real Estate: Star Homes

Star Homes has been professionally representing homeowners in the Lake County area for over 23 years. What has emerged is a highly efficient organization equipped to help you generate maximum returns on your real estate career. We measure our success by the number of sales Agents we can help achieve their success. Our goal is to dominate our market area (Lake and McHenry Counties). We want a per agent market share of twice our nearest competitor. We can only achieve our goals if all our Agents have the same goals. By joining the professional team at Better Homes and Gardens® Real Estate Star Homes, you have taken the first step.

## Who are We?

*Who is Better Homes and Gardens® Real Estate LLC?*

Better Homes and Gardens® Real Estate LLC is a dynamic real estate brand that offers a full range of services to brokers, sales associates and home buyers and sellers. Using innovative technology, sophisticated business systems and the broad appeal of a lifestyle brand, Better Homes and Gardens® Real Estate LLC embodies the future of the real estate industry while remaining grounded in the tradition of home. Better Homes and Gardens® Real Estate LLC is a subsidiary of Realogy Corporation, a global provider of real estate and relocation services. *Better Homes and Gardens® is a registered trademark of Meredith Corporation licensed to Better Homes and Gardens® Real Estate LLC.*

*Who is Realogy Corporation?*

Realty is a franchisor of six of the most recognized brands in the real estate industry: **Better Homes and Gardens® Real Estate, CENTURY 21®, Coldwell Banker®, ERA®, and Sotheby's International Realty®, Coldwell Banker Commercial® and ONCOR International<sup>SM</sup>.**

Realty franchises its leading brands to residential and commercial real estate brokerages throughout the United States and around the world. The **Realty Franchise Group** provides its franchisees with the value of widely recognized and respected brands, powerful national marketing, training and general sales support systems, services and tools.

- In 2010, we were involved either through our franchise operations of our franchisees or our company owned brokerages, in approximately 23% of all existing home sale transaction volume (sides time average sales price) for domestic transactions involving a real estate brokerage firm.
- Realty-affiliated brands have approximately 14,300 offices and 253,000 sales associates doing business in 101 countries around the world, including approximately 730 company offices owned and operated by [NRT LLC](#).
- Including NRT, Realty franchisees handled 1.18 million real estate transaction sides in 2010.

#### *Who is Meredith Corporation?*

Meredith Corporation has been a staple in American life since 1924. Today Meredith Corporation is one of the largest media companies in the world. It is best known for the Better Homes and Gardens® Magazine. Other media properties under the Meredith umbrella include Ladies Home Journal, Parents, MORE Magazine among others, special interest publications, and books. It is also active in radio and TV with more than a dozen stations across the US. In addition, Meredith operates Web sites and offers integrated marketing services. The brand represents a true passion for the home with a deep commitment to homeownership that builds quality of life for individuals, families and communities.

Realty and the Meredith Corporations have entered into a long-term partnership whereby Realty has licensed the Better Homes and Gardens® Real Estate name for 100 years. This partnership is a winning combination of industry leaders bringing the best tools and systems to our brokers and agents to enhance their business.

Better Homes and Gardens® Real Estate combines the heritage of an iconic brand with leading edge innovation and technology to deliver a new, custom-built value proposition for real estate professionals, tailored for today's market and designed to help real estate professionals achieve a new level of business success. Our online technology, training and tools are the best in the industry in addition to top search engine placement and lead generation.

# Congratulations On Joining

Version 1 10-22-2021

Congratulations on joining Better Homes and Gardens Real Estate: Star Homes

We hope to have a long and prosperous business relationship with you and we want to help you achieve your professional and personal goals so you can live the life you want!

**Questions** will always arise, about many things; remember we are always available with answers. Any compliance or license law questions or complaints need to be directed to the managing broker(s). All others questions, suggestions or complaints need to be directed to the management team. Our door is always open.

## Statement of Business Principles

The following principles form the basis for executing the mission statement of this Company. Agents, management and staff of the Company work as a team to accomplish the mission statement and will abide by these principles.

1. **PROFESSIONALISM:** Professionalism at this Company means approaching the business with ethical conduct toward our customers and clients. Abiding by the REALTOR CODE OF ETHICS forms the basis of that standard. Secondly, constant training and education keep us informed and at the peak of awareness for customer and client. Each Agent and employee of this Company is pledged to these ideals.
2. **INTEGRITY:** Simply put, honesty in all business dealings is the best way to get and keep business over the long term. Simple honesty also forms the basis for the best business protection we can get. It is simple, effective, efficient and cost-effective risk reduction method.
3. **PROFITABILITY:** This Company is in business to make profits in the course of its ordinary activity. Each Agent and staff member has a responsibility to the Company to contribute to its profitability, whether it is in terms of direct production of revenue or careful expenditure of Company funds.

This Policy and Procedures Manual for this Company is designed to guide each Agent and staff member in the most important areas of Company activity. If a matter is not covered, bring it to the attention of the Management team for possible inclusion in future revisions.

If a matter is covered, the Agent or staff member is expected to act accordingly to this Manual. Failure to act in accord with Company policy will be taken into account in future evaluations of the Agent or staff member.

This Company welcomes each new Agent and employee to the business of professional, ethical, and profitable real estate sales.

## **Required Items for Independent Contractor Status**

In order to be an active agent with Star Homes you must have the following

For Illinois: An active real estate license issued by IDFPR

For Wisconsin: An active real estate license issued by DSPS

Membership on a realtor board (Heartland, Mainstreet, LARA, etc), which dues also pay your membership in the Illinois Association of Realtors, and the National Association of Realtors, and WRA (Wisconsin Realtor Association). It is a requirement to attend an orientation session with them.

Membership in the Multiple Listing Service, MRED in Illinois, Metro in Wisconsin, is also required. Includes going through the computer training class, rental of a lock box key, paying your dues and keeping them current gives you access to the MLS computer system. Ownership in lock boxes shall be the responsibility of each Agent. All listings shall have the Agents name and contact info as primary contact under showing instructions with the office as secondary.

Recommended daily usage of the BETTER HOMES AND GARDENS® REAL ESTATE GREENHOUSE.

## **Independent/ Sub Contractor/ Employee Agreement**

This Company has a policy of associating with its licensees as Independent/Sub Contractors. Each Agent will be required to sign an agreement setting out the relationship as an Independent/Sub Contractor. While the exact terms of the relationship are covered in the contract, a few reminders about being an Independent/Sub Contractor follow.

1. **Income Taxes:** All income taxes, federal and state, are the responsibility of the Agent. The Company does not withhold or pay Social Security taxes on commission earnings. The Agent must pay self-employment tax.
2. **Unemployment Taxes:** As an Independent/Sub Contractor, the Agent is not covered under state or federal and state, or federal unemployment laws. Independent/Sub Contractor real estate Agents acting under an agreement such as the Illinois Association of Realtors form are exempt from the unemployment laws by Illinois statute. Accordingly, this Company does not pay unemployment taxes on the earnings of its Agents.

#### *Worker's Compensation:*

An Independent/Sub Contractor Real Estate Agent is exempt and is not covered under the Company's worker's compensating insurance policy. An Agent should check that his/her insurance, particularly health and accident insurance, is adequate.

#### *Automobile insurance:*

Each Agent should carry adequate automobile insurance to protect not only the Agent but also the customer or client. In today's legal climate, liability coverage of \$300,000 per person/\$500,000 per accident should be obtained. Any lesser amounts could cause unnecessary exposure of personal assets. Consult carefully with your insurance Agent. The Agent must name this Company as an additional insured and provide the Company with a certificate reflecting that status.

Each Agent is reminded that state law requires each person in an automobile wear a seat belt. In addition, state law charges the driver with the responsibility of requiring each occupant over 6 and less than 17 years of age to wear a seat belt. State law also requires that any child age 6 or younger must be in an approved car seat when seated in the front seat. To reduce risk, we strongly recommend that you insist that all occupants of your vehicle wear seat belts and that all children age 6 or younger sit in an approved car seat regardless of where the car seat is located. You should also note that any infant's car seat, (children approximately 1 year or younger) should not face forward, but should face the rear of the vehicle. In cars equipped with passenger side airbags, a car seat should never be installed in the front passenger seat but always installed in the rear seat.



In addition, children and small adults should not sit in the front passenger seat. Airbags are known to release such force that injury or death is possible for children and small adults.

### *General Liability Insurance:*

Each Agent will be responsible for procuring at their expense, General Liability Insurance coverage in the minimum aggregate and per occurrence amount of one Million dollars (1,000,000). The Policy should cover bodily injury, property damage and personal injury. The Agent is advised to furnish a Certificate of Insurance at the execution of this contract and every policy renewal or material change in policy thereafter to Better Homes and Gardens® Real Estate Star Homes. You will see a "Sample" Certificate of Insurance you may provide to your Insurance Carrier to make sure the certificate is properly executed.

### *Expenses:*

As an Independent/Sub Contractor, each Agent is expected to be in business for herself/himself. Generally, the expenses of that business will be the responsibility of the Agent. The Agent will be expected to pay all expenses, including but not limited to, MLS fees, Board of Realtor fees and personal signage, as well as all other personal business conducted at Better Homes and Gardens® Real Estate Star Homes

This list of expenses paid by the Company or Agent may be amended by the Company from time to time by appropriate publication to all Agents.

## **Equal Employment Opportunity Policy**

It is the Company policy to provide equal employment opportunities without regard to race, color, religion, gender, age, national origin, marital status, disability, mental, physical and/or sensory handicaps unrelated to job performance, or citizenship, as well as other classifications protected by applicable federal, state, or local laws.

This policy applies to all areas of employment, job assignment, training, promotion, transfer, compensation, discipline and discharge. The Company abides by all federal and state laws regarding employment practices, including but not limited to the Americans with Disabilities Act.

## Policy Against Sexual Harassment

Any harassment of an Agent, whether Agent, employee or applicant, because of race, color, sex, religion, national origin, age, military status or handicap is clearly prohibited and will not be condoned. Sexual harassment is one particular form of discrimination that is illegal and violates the Company's longstanding equal employment opportunity policy. This Company maintains a strong policy prohibiting any form of sexual harassment.

No Agent, employee, staff member, customer or vendor, male or female, may sexually harass an employee, Agent or other person by:

1. Making unwelcome sexual advances or requests for sexual favors or other verbal or physical conduct of a sexually suggestive nature; or
2. Making submission to or rejection of such conduct the basis for employment, continued employment or any other employment decision affecting the employee; or
3. Creating an intimidating, hostile or offensive working environment by such conduct.

Any Agent or employee who has been found to have sexually harassed another Agent or employee will be subject to appropriate discipline including discharge from association or employment.

This policy applies equally to any work-related sexual harassment by or to both men and women employed by the Company or who deal with the Company in our business, and it is not limited to supervisor/employee or manager/Agent relation or to conduct occurring on premises or during working hours.

Any Agent or employee who believes that he/she is being or has been sexually harassed by another Agent or employee should promptly take one or more of the following steps:

1. If appropriate, discuss the situation directly with the person whom you feel is harassing you, and politely request that the person cease harassing you because you do not like or welcome his/her conduct. You might also add that if such conduct does not cease altogether, you will take further steps under this procedure. (If the person involved is a customer or client, please refer the complaint to the CEO.)
2. If you believe that some adverse employment consequence may result from your discussions with that person, or if the harassment continues, go to a higher level of supervision including any senior executive of the Company. You may be required to state in writing the specific details of the harassing behavior including date, time, place and witness, if any.
3. An investigation of any complaint will be undertaken immediately. All complaints will be handled in a prompt, confidential manner in so far as the investigation permits. There will be no adverse action directed toward any complaining Agent or employee or witness as a result of making or supporting the complaint, unless there clearly was good faith.

## Agent Safety

It is critically important that an Agent be aware of safety risks inherent in any business. The residential real estate business presents certain safety risks because of the time of day and week when much of the business is conducted. This Company has the following safety policies, guidelines and suggestions:

1. If the Agent does not know a customer, try to arrange a meeting at the office.
2. Never meet a prospect at a vacant house ALONE. ALWAYS take another person with you. DO NOT meet the prospect after dark.
3. ALWAYS let the office or someone at your home know where you will be when showing property, especially to prospects you are first meeting.

4. When on the showing, DO NOT go to dark area, basements, garages, or areas without multiple exits. Allow the prospect to view those areas on their own and stay in an area that allows quick exit.
5. ALWAYS drive your own car. DO NOT let a prospect you do not know drive your car. Preferably, meet the prospect at the office, tell the office of your destination and expected time of return and drive separate cars to the showing.
6. USE COMMON SENSE. If something doesn't feel right or look right, trust your instincts and remove yourself from the situation.
7. Whether to use self-defense techniques and how to handle a crisis if it occurs are personal decisions. Think about your choices in advance.
8. View safety videotapes and talk to your local police. The Company has a videotape available on Agent safety and urges each Agent to view it regularly. In addition, the videotape is regularly shown at a sales meeting periodically. Take advantage of these opportunities to be smart and safe. No commission is big enough to justify personal risk!

# Office Basics

Version 1 10-22-2021

## *Monthly Sales meetings*

Our Sales Meetings are monthly and times will be announced in advance. These meetings are informative and Agents are strongly encouraged to attend.

## *Agent Billing*

Agent Monthly Billing – you will receive a monthly Agent bill by the 10<sup>th</sup> of each month. On this bill, you will see advertising, office fees, fines, etc.

## *OFFICE OPENING AND CLOSING PROCEDURES*

All Agents are responsible for making sure the office lights and office machines are turned on at the opening of each day. Agents who are last to depart the office will be responsible for making sure all lights, office equipment, computers and coffee maker have been turned off as well as being responsible for checking all entrance doors to ensure they have been secured properly.

## *SMOKING POLICY*

Smoking is prohibited in any office of the Company including private offices, conference rooms, rest rooms and areas not normally accessible to the public.

## *FIREARM POLICY*

The possession of guns (concealed or otherwise) or other lethal weapons on Company premises is strictly prohibited.

## *Vacation or out of office time*

Alternates are required for all Agents. This is another Agent who is capable to cover for you with your clients/customers, should you be unreachable, on vacation, sick or unable to perform. Your alternate should be someone you feel comfortable with and have confidence in to efficiently and effectively work your transaction. You should also be this person's alternate. Choose your alternate carefully, as both your reputations are on the line. There

should be a written agreement as to the compensation paid on each transaction. Management needs a copy of this agreement, along with the dates it will be in effect.

#### *INQUIRES/VISITS BY GOVERNMENT OFFICIAL*

Any inquiry by a government official, whether by telephone, letter or in person, should immediately be forwarded to the CEO and managing broker. In the absence of the CEO and managing broker, the name of the official and agency or department he/she represents should be obtained. Then, the CEO or managing broker of the Company should be contacted. If none of these persons are available, the person receiving the inquiry should immediately contact the Company's attorney by phone and request that he/she come to the office. Unless presented with a valid search warrant signed by a federal judge or a judge of the county in which the office is located, the person receiving the inquiry should not allow any representative from a local, state or federal office to see any files or any information maintained in the office, nor should the person ever answer any questions of such a representative official unless the Company's attorney is present. The Illinois Real Estate Board and Illinois Department of Financial & Professional Regulation is an exception to this rule.

#### *SUBPOENAS*

If a process server appears in the office with a subpoena for the Company, any employee or Agent should accept it. Once accepted, it should immediately be turned over to the Management team. In the absence of any of these persons, the Agent should contact the Company attorney. If the process server asks for a specific person, only that specific person may accept the subpoena. If that person is not in the office, the person receiving the inquiry should not volunteer any information about the person requested and should not give out home phone numbers or home addresses, even if asked. Refer the inquiry to the management team immediately.

## **Use of Personal Assistants**

A growing trend in the real estate business is for high producing Agents to use specific persons as their assistants. This Company encourages the appropriate use of personal assistants as a tool for high earning Agents to be even more productive. Several caveats are in order from the perspective of the Company. Many of the distinctions are based on whether a licensed or unlicensed assistant is used. This Company's policies on the use of personal assistants are as follows:

1. **EMPLOYEE v. INDEPENDANT/SUB CONTRACTOR:** Whether licensed or unlicensed, the Agent must decide whether to Agent with the personal assistant. (Hereafter "PA") as an employee or Independent/Sub Contractor. Serious issues of the right of control, method of payment and direction of the work exist if the Agent chooses to have an Independent/Sub Contractor PA. This Company strongly urges the Agent to consult with her/his tax consultant to determine the proper procedures in making this choice. If Independent/Sub Contractor status is chosen, all of the issues mentioned above regarding withholding, unemployment taxes, worker's compensation and automobile insurance should be clear in the arrangement between the Agent and the PA.

If employee status is chosen, the Agent should be aware that all employment taxes, withholding reports, unemployment tax reports, worker's compensation insurance and reports, and W2 forms are the responsibility of the Agent. This Company is not a party to employment activities of the Agent.

2. **UNLICENSED PERSONAL ASSISTANTS:** this policy of this Company is that unlicensed personal assistants WILL NOT UNDER ANY CIRCUMSTANCES do the real estate business as defined in Illinois law. The Agent associating with the PA is strictly responsible for maintaining this policy. If an unlicensed PA does any acts that constitute real estate business, the Agent puts himself/herself in jeopardy of disassociation. Please review the section on "Functions of Unlicensed Office Personnel" to determine these items. The policy of this Company is that unlicensed personal assistants fall into the same category as unlicensed office personnel.

The Agent is further advised that unlicensed persons may not be paid any fees or commissions for any work done. The Company cannot and will not split commissions with an unlicensed person.

3. **LICENSED PERSONAL ASSISTANTS:** By definition, a licensed PA can do the real estate business. This Company must hold the license of the PA and any payments for the real estate business must come from the Company. The licensed PA will be in violation of the license law if any compensation for doing licensed activities is accepted from anyone other than the broker with whom the PA is employed.

Please review the section of “Functions of Unlicensed Office Personnel” to determine the difference between “clerical” functions and “real estate functions”.

The easiest and cleanest way to accomplish this end is for the Agent to split commissions as they are earned with the licensed PA in whatever proportion the two parties negotiate. The amount of the split between the PA and the Agent should be specific and regular and should not vary per transaction. The Company requires written agreements between the Company and both Agents to delineate the relationship and also requires the PA and Agent enter into a written agreement defining the relationship and specifying the compensation arrangement.

### **FUNCTIONS OF UNLICENSED OFFICE PERSONNEL**

The policy of this Company regarding the functions and use of unlicensed office personnel is to follow the IDFPR Rules and Regulations. The general policy is that unlicensed office personnel (secretaries, assistants, personal assistants, receptionists, accounting personnel, etc.) are to be used in a support role to the main real estate business function of the Company.

**UNDER NO CIRCUMSTANCES** will unlicensed office personnel be allowed to do the real estate business.

“Doing the real estate business” means doing any of the acts for which a license is required as defined in Illinois real estate license law.

A secretary or assistant CAN:

1. Answer the phone and forward call to a licensee
2. Submit listings and changes to a multiple listing service
3. Follow up on loan commitments after a contract has been negotiated
4. Assemble documents for closing



5. Secure documents (public information) from courthouse, sewer district, water district, etc.
6. Have keys made for Company listings.
7. Write ads for approval of licensee and supervising broker and place advertising (promotional information, newspaper ads, etc.)
8. Record and deposit earnest money, security deposits, and advance rents
9. Type contract forms for approval by licensee and supervising broker
10. Monitor licenses and personnel files
11. Compute commission checks
12. Place signs on property.
13. Order items of routine repair as directed by licensee
14. Prepare flyers and promotional information for approval by licensee and supervising broker
15. Act as a courier service to deliver documents, pick up keys, etc.
16. Place routine telephone calls on late rent payments
17. Schedule appointments for licensee to show listed property
18. Furnish published information
19. Provide applications and lease forms
20. Receive applications and leases for submission to the owner or the licensee for approval

A secretary or assistant CANNOT:

1. Host open houses, kiosks, home show booths or fairs, or hand out materials
2. Prepare promotional materials or ads without the review and approval of licensee and supervising broker
3. Show property
4. Answer any questions on listings, title, financing, closing, etc.
5. Discuss, negotiate, or explain a contract, listing, lease, agreement, or other real estate document with anyone outside another firm.
6. Work as a licensee/secretary in one firm and do real estate related activities with that firm, while licensed with another firm
7. Be paid on the basis of real estate activity, such as a percentage of commission, or any amount based on listing, sales, etc.
8. Negotiate or agree to any commission, commission split, management fee or referral fee on behalf of a licensee
9. Vary or deviate from the rental price or other terms and conditions previously established by the owner or licensee when supplying relevant information concerning the rental of property
10. Approve applications or leases or settle or arrange the terms and conditions of a lease.
11. Indicate to the public that unlicensed individual is in a position of authority that has the managerial responsibility of the rental property.

## **PAYMENTS TO UNLICENSED PERSONS**

This Company maintains a strong policy that no unlicensed person will be paid for any real estate activity requiring a license. The license law makes clear that an unlicensed person may not be paid for doing the real estate business. Therefore, the policy of this Company is that it will not split commissions or fees with any unlicensed persons such as attorneys at law, auctioneers, receivers, trustee in bankruptcy, personal representatives, managers of apartment buildings, officers or employees of federal agencies or state government, etc.

# Marketing

Version 1 11-2-2021

## Professionalism

In today's highly competitive real estate marketplace, it is crucial that you follow certain guidelines;

- a. Your **APPEARANCE-ATTIRE-WORK AREA and TRANSPORTATION** should always be neat, clean and well maintained. Your ability to look like a successful professional will open doors that will otherwise close and quite possibly, remain closed throughout your career as a result of only **ONE** chance to make a good **FIRST** impression.
- b. Maximizing consumer awareness can be accomplished by utilizing the following tools. Ordering and payment of these items will be the **Agent's** responsibility.
- c. **Business cards** are an important item and you should have a supply with you at all times. The office will provide you with your first 500 business cards. Your ability to have people remember you when real estate is the topic will only enhance your opportunity for success. Each Agent is encouraged to have a professional photo taken by the company's photographer for placement on business cards.
- d. **Magnetic and/or Static Cling Signs**, for your car are available and are designed not to scratch or damage in any way. Use them! Let people know that you are in the real estate business.
- e. **A Name Badge** clearly identifies you and our Company. ***Don't be a secret Agent!***
- f. **Professional designations** are highly encouraged and will set you apart from the average REALTOR.

Your attitude is as important to your appearance as your attire. **Remember – “The first impression is a lasting impression”! Always dress and act professionally!!**

## ADVERTISING POLICY

The specific procedures for advertising properties with this Company are found in other training materials. These procedures, such as where and when properties are advertised are subject to change. The policies stated here primarily regard the legal and risk reduction aspects of advertising.

The following policies apply to all property listed with this Company:

1. This Company adheres strictly to the REALTORS Code of Ethics regarding advertising. Agents shall be careful at all times to present a true picture in their advertising and representations to the public.
2. No property will be advertised in any way without a signed written listing agreement on file with the managing broker and company. The listing agreement in the hands of the Agent is not sufficient. If a listing Agent has a listing he/she wants to advertise, the original must be in the hands of the managing broker, in paper or electronic form.
3. One party listing agreements (also called “one-shots” or “one-time listing”) will not be discussed, orally or in writing, with any person outside of the Company’s Agents unless a signed one party listing agreement is obtained. To do otherwise is advertising the property in possible violation of the Rules and Regulations.
4. A listing which is due to expire by the publication date of a newspaper or magazine ad will not be inserted into the ad unless a written extension of the listing is received by the managing broker before the deadline for placing the ad.
5. No price changes or other substantive changes to the listing will be advertised unless a written change of the price or other appropriate information is received by the BIC before the deadline for placing the ad.
6. Information on features of the property will not be advertised as “new” unless sustained by written receipts or other evidence of payment from the owner showing the date the work was done. If the verification is received, it will be advertised with the appropriate date. If the verification is not received, the listing Agent must use other words such as “newer” or “recent” to describe the feature.

Agents should take special care to follow these same rules in the use of “special feature” sheets. If an Agent does not follow this policy regarding any information sheets or other documentation/advertising the Agent prepares, the Agent will be solely liable for errors or omissions that later cause any losses.

7. "For Sale" signs and lock boxes will be removed immediately upon expiration or withdrawal of a listing.
8. This Company's policy prior to closing is that only the sale pending sign of the listing broker is allowed on the listing, unless the listing Agent consents otherwise. After the closing has taken place, the cooperating broker may also post a sold sign. Either the listing broker or the cooperating broker may claim to have sold the property in advertising and representations to the public.
9. Personal advertising by individual Agents is strongly encouraged. The CEO/BIC must approve any personal advertising. Illinois law requires that the agent include the Company name and telephone number if the agent's name and/or telephone number is used. This policy covers all types of agent advertising, including personal sign riders, business cards, car signs, homes magazine ads, classified ads, direct mail solicitations, specialty items (key chains, pens, pads, etc.), newsletters, farming materials, neighborhood newsletters, billboards, etc. This list does not include all possible types of agent advertising. One possible problem may exist in the use of the agent's first name only in advertising. While the Rules and Regulations do not specifically address this issue, this Company believes that the use of the term the agent or licensee's "name" means the full name of the person and not just a first name, initials, or a first name with last initial. Without the full name, the public cannot identify the person doing the advertising. Without further clarification from the Real Estate Commission, use of first names, initials, or first name with last initial only in agent advertising is not allowed.
10. Any advertising containing financial terms of the offering must comply with federal Truth-in-Lending laws, also known as "Regulation Z". "Regulation Z" requires that all of the terms of the financing be stated if any of the "triggering terms" are used. "Triggering terms" are terms such as the amount of down payment ("10% down"), the amount of any payment ("Only \$4550 per month"), the period of repayment ("40 year loan available") or the number of payments ("only 48 monthly payments").

If any of these terms are used, the following disclosures are required:

- a. Amount or percentage of down payment.
- b. Terms of repayment
- c. Annual Percentage Rate stated and calculated as such.

Use of any interest rate in advertising is not allowed. Only the Annual Percentage Rate, stated and calculated as such is allowed. Therefore, a property cannot be advertised as having a "7% assumable VA loan."

Some examples of terms, which can be used without triggering “Regulation Z” disclosure, are “No down payment”, “Financing Available”, “Special Financing”, and “Assumable Loan”.

**Advertising** is a key to success! **ALL ADVERTISING AND MARKETING MUST BE APPROVED BY THE MANAGEMENT TEAM!** Agent is responsible for their own advertising. Remember, you are your own business and you need to create awareness, promote and brand yourself. The company will, at its discretion, split advertising/marketing cost with the agents. Agents are strongly encouraged to do additional personal marketing advertising to help build their business. Any additional advertising that you as an Agent want to do must be approved by the management team, must carry the correct and approved Trademarked Company name/logo. See administrative staff for official Company logo. Agent bills will be reviewed by the management team to make sure Agents are paid in full before adding any new charges. All agents are also required to use the official company signature on all outgoing emails. The company will pay for all company branded residential signs and it is the agent’s responsibility for any and all riders.

**Online Marketing** is the company’s preferred choice of marketing. The company has several websites that are optimized for top placement in Google. It our goal to be the top firm in our area and we are dedicated to create brand awareness and drive traffic to our site by utilizing SEO, backlinks, social networking, blogs, and e-mail blasts.

## Internet

Our Company provides state of the art website and Internet service. The Better Homes and Gardens® Real Estate Star Homes website provides the capability for each Agent to customize the content of their individual website domain for personal promotion, and advertising of specific listings. All content, links and graphics must be approved by the Managing Broker or Management team.

The following are requirements that **must** be met and adhered to by **ALL** Agents working for Better Homes and Gardens® Real Estate Star Homes.

- All inbound and outbound links and websites must be approved by the management team prior to being implemented on the Better Homes and Gardens® Real Estate Star Homes site.

- Agents will have the option to provide e-mail addresses for Internet blasts, broadcast newsletters and project advertising.
  
- Better Homes and Gardens® Real Estate provides each agent with access to the Better Homes and Gardens® Greenhouse ([www.mybhggreenhouse.com](http://www.mybhggreenhouse.com)). Through this website, agents have the industries best tools at their fingertips. PinPoint, a direct marketing tool for its brokers and agents that leverages Meredith Corporation's U.S. database of more than 175 million consumers who interact with the Better Homes and Gardens® brand through the magazine, Web site, and other Meredith brands. Using PinPoint, Better Homes and Gardens® Real Estate brokers and agents can identify potential clients through custom demographic and geographic segmentation, while creating targeted direct mail pieces through an online platform that links to a printing-and-postage fulfillment vendor. Segments include: first-time home buyers without children, first-time home buyers with children, move-up consumers, empty nesters, mature consumers, premier consumers and second-home buyers.
- Agents will also be encouraged to use other Better Homes and Gardens® endorsed products.

# Setting Goals and Production

Version 1 10-29-2021

## Expectations:

Our Company has established some expectations to establish and adhere to minimum Agent standards.

- All Agents will be encouraged to read, adhere, and sign.
- All Agents will be required to have a quarterly performance review with their Managing Broker
- Expectation Letter is below and becomes a part of this manual.

Welcome to the “Better Homes and Gardens® Real Estate Star Homes team!” As a Residential Agent with Better Homes and Gardens® Real Estate Star Homes you should be aware that our goals as a Company are very high. We realize that our goals cannot be reached unless we have knowledgeable, highly motivated, and goal oriented people as our Agents. To reach our office goals, we must continually attract new Agents. You have indicated to us that you have the desire to be the type of Agent whom we at Better Homes and Gardens® Real Estate Star Homes search for on a daily basis. We wish to officially welcome you to our team.

Although this is a form letter that is given to each Agent who joins our team, we would like you to know that it has been pre-written to communicate to you, as quickly as possible, a list of necessary items. Please understand that our level of excitement regarding your decision to join our team is very high and we are deeply appreciative.

Your primary point of contact is your designated managing broker and management team, and he/she will expect your full cooperation and attention. To be a truly successful real estate Agent you must understand that an important facet of your business will be prospecting for clients. These prospects can come from a variety of sources, to include: “For Sale by Owners”, expired listings, target marketing, farming, open houses, opportunity time, etc. We encourage both long term and short term prospecting to maximize your earning potential. The company highly recommends and in some cases requires Agents to use the BHG Greenhouse to target these prospects.

Many of the things, which we will share with you in this letter, may have already been discussed, but we feel you should have something in hand to look at to help you understand:



## Personal Production Goals

Personal production goals should be realistic and not be taken lightly. These goals should be written and reviewed daily. In order to make your goals become a reality, you must approach the task much like a trip from one destination to another. The smartest travelers have a map and your career in the real estate business should be pre-routed with a definite plan on how to get from Point A to Point B. Your Business Plan will help you with these goals, your map to those goals and commitment to achieve them. The management team will review your goals and production and assist you in keeping on track.

All agents at Better Homes and Gardens® Real Estate Star Homes should have a **minimum goal standard** of \$40,000 of Gross Commission Income during their first year, \$70,000 of Gross Commission Income the second year and \$100,000 of Gross Commission Income every year thereafter.

Our average sales price is \$225,000 and our average gross commission per transaction side is \$5,625 (2.5%). One closed transaction a month is possible by any of our sales Agents. In light of these numbers, our outlined minimum production level seems low, but our minimum production level exceeds the average production level in our marketplace. It is our expectation that *your* production should be higher than average.

Experienced Agents joining us from other companies are given credit from their previous Company.

## Production

When determining production, performance, and minimum standards, there are many facets to consider;

1. The requirement that the individual Agent with our company demonstrate the highest standards of professional Ethics and personal integrity.
2. The commitment to participate as a member of our team at all Better Homes and Gardens® Real Estate Star Homes sales meetings, functions and events is encouraged. We believe that individual efforts can be magnified when there is mutual support from the team. Participation in business meetings, caravans, marketing events and other Company functions enhances the office environment, builds team spirit and makes achieving individual goals easier.

All contracts and forms are provided online. Sources for these forms are The Agent Hub, Dotloop, IAR, the MLS, Mainstreet, Zip forms, and the BETTER HOMES AND GARDENS® GREENHOUSE ([www.mybhgreenhouse.com](http://www.mybhgreenhouse.com)).

## Commission Guidelines

Commission checks are usually distributed within 2 business days of paperwork being submitted. To receive a commission check, you must turn in a completed closing statement, commission check, agency disclosure, and any other required documentation

There will be a \$35.00 transaction fee deducted from every closing. This fee helps supplement the cost of Errors and Omissions Insurance. It will come off the Agents Net Income. If both sides of the sale are in house, the \$35.00 fee would be split evenly. If the sale was represented by the same in house agent, only one \$35.00 fee would be deducted.

Upon every closing, a 6% franchise fee to Better Homes and Gardens® Real Estate will be deducted from the GCI. Caps at \$6,250 per calendar year, then reduces to 0.5%.

Better Homes and Gardens® Real Estate Star Homes does accept Home Warranty Bonuses. In addition, any Home Warranties purchased by the Agent for their clients, needs to be paid for by the Agent, prior to closing. No closing checks will be accepted with the home warranty or any other deductions taken out from the gross commission due to the Company.

For commission splits, please refer to your Independent Contractor Agreement.

No deductions in GCI or reduced commission rates will be honored unless approved in writing by the designated managing broker.

Note: All outside referral fees to other Companies will be deducted from the GCI prior to the deduction of franchise fees. All in house referrals will be deducted from the Agents Gross Commission.

## Calculating Units and GCI

**Closed Units:** each closed, paid, side or end of a transaction is counted as 1 Unit. If an Better Homes and Gardens® Real Estate Star Homes Agent lists a property, and a competing Company or other In-house Agent sells the property, the Listing Agent is credited with 1 Closed Unit. If an In-House Agent sells a property listed by a competing Company or other In-House Agent, the Selling Agent is credited with 1 Closed Unit. If an In-House Agent both Lists and Sells a property, the Agent is credited with 2 Closed Units.

**GCI:** Gross Commission Income is the total commission received by the Company. For example: a home sells for \$100,000 @ 7% commission. If the property is listed and sold by our office (In-House): and the commission split is 50/50 between the Selling Agent and the Listing Agent, the Listing Agent would receive credit for \$3,500, and the Selling Agent would be credited \$3,500. If the property is Listed and Sold by the same Agent, the Agent receives credit for \$7,000. If the property is Listed/Sold by our office but Listed/Sold by a cooperating Broker, our Sales Agent receives credit for \$3,500 or the actual GCI earned by our Company.

Two or more individual Agents involved in a transaction together will each be given their proportionate credit for the transaction at their qualified plateau. Agents will not be permitted to place the entire commission in one person's name for the purpose of creating a self-serving and inequitable situation. Unless specified in your ICA or team agreement.

## New Project/Development Sales

New Project Sales will be handled on a unique case by case basis. Agents will be given in writing the commission schedule for each New Project/Development. Only the Agents that participate in duty time at said projects/developments will receive leads from specific marketing efforts.

### *Recognition*

Although subject to change, BHGRE: Star Homes does give out recognition awards throughout the year for agents who exceed expectation and reach certain goals. We also do have year end office and corporate awards.

### *BETTER HOMES AND GARDENS® Real Estate Recognition Program Levels*

are given for residential production in both commission and units sold. Award levels may change year to year, but are listed in the Greenhouse along with awards rules.

# Agency

Version 1 10-29-2021

## Agency Policy (Client Services)

### SELLER/BUYER AGENCY – Disclosed Dual Agency

This Company adopts this written policy identifying and describing the relationships in which the licensees of this Company may engage with sellers, landlords, buyers or tenants. As used in this policy, the word “Company” means this Company and its affiliated licensees.

The Company acts as seller’s Agents (and/or landlord’s Agents) or as buyer’s Agents (and/or tenant’s Agents) through written listing agreements or written buyer (and/or tenant) agency agreements or other written agreements for brokerage services with sellers (and/or landlords) or buyers (and/or tenants).

In acting as seller’s Agents (and/or landlord’s Agents) or as buyer’s Agents (and/or tenant’s Agents), the Company acts as a limited Agent as that term is defined by the Statutes of Illinois and per the duties and obligations of a limited Agent of a seller (and/or landlord) or buyer (and/or tenant) as specified by the Statutes of the State of Illinois. The Company’s written agency agreements include the licensee’s duties and responsibilities as a limited Agent of the seller (and/or landlord) or as a limited Agent of the buyer) and/or tenant).

If a represented buyer desires to purchase a Company listing (in-house sale), the Company will act as a disclosed dual Agent in the transaction with the consent of all parties to the transaction. Written consent of all parties to the transaction is required before the Company will act as a disclosed dual Agent. The Company’s listing agreements and buyer agency agreements contain permission for the Company to act as a disclosed dual Agent.

If acting as a disclosed dual Agent, the Company will be a limited Agent for both the seller and buyer or the landlord and tenant as defined in the Statutes of the State of Illinois.

The Company will also work with unrepresentative buyers (and/or tenants) to sell its listings or will work with those buyers (and/or tenants) to sell listing of other brokers as sub-agents of those brokers when offers of cooperation and compensation are offered to sub-agents, either through written offers of sub-agents or through unilateral offers of sub agency made in any multiple listing services in which the Company participates. Licensees of the Company engaging in sub agency must comply with applicable law and regulations regarding disclosure of sub agency to the buyer (and/or tenant) when accepting a unilateral offer of sub agency.

## *COOPERATION AND COMPENSATION POLICY*

### COOPERATION/COMPENSATION OF SUB-AGENTS AND BUYER AGENTS:

This Company believes it is in the best interest of the Company's seller-clients to give property the widest possible exposure of possible showings. Because both sub-agents and buyer's Agents conduct showing in the market, this Company cooperates and compensates both sub-agents and buyer's Agents at, the same level of cooperative compensation.

In all cases, before entering into a listing agreement, the listing Agent must disclose to the seller.

1. The Company policy regarding cooperation with sub-agents and/or buyer's Agents.
2. If the Company cooperates with buyer's Agents, the disclosure must also state that buyer's Agents, even if compensated by this Company will represent the buyer, not the seller, and
3. Any potential for this Company to be a disclosed dual Agent, if Company policy allows disclosed dual agency.

REALTORS: These disclosures must be made under provisions of the Code of Ethics.

## **Agency Disclosure Policy**

Complementing the agency policy chosen by the Company are the Illinois Association of Realtors Rules and Regulations on Agency Disclosure. This Company maintains a policy promoting discussion on agency relationships at the first reasonable opportunity with a customer or a client. Each Agent is required to attend training and education on agency disclosure within the Company-training program.

Illinois law requires use of the Agency Disclosure Form as prescribed by the Illinois Association of Realtors. The Agency Disclosure Form must be given to any person who has not entered into an agreement to be represented. This includes prospective sellers, buyers, landlords and tenants. The form must be given to the person at the first substantial contact as defined by law.

The Rules and Regulations require the licensee to give disclosure of his/her agency relationship on the following terms:

1. **SELLERS AGENT:** A licensee who becomes a seller's Agent shall provide a completed agency/disclosure form to the seller at the time the listing is obtained and signed.

2. **BUYERS AGENT:** A licensee who becomes a buyer's Agent shall provide a completed agency disclosure form to the buyer at the time an agency agreement is signed. A licensee who begins working with a potential buyer shall provide to the potential buyer a completed agency disclosure form at the first substantive contact. At the time of contact, it must be established between licensee and potential buyer whether the buyer will be a 'customer' or 'client'. Substantive contact must be the earlier of:
  - (1) pre-qualifying by requesting specific financial information in order to determine ability to conclude a real estate transaction; or
  - (2) prior to showing real estate to a prospective buyer, other than at an open house.

If the first contact occurs over the telephone, a licensee shall provide a buyer with the completed agency disclosure form at the first meeting.

3. **DUAL AGENCY:** A licensee may act as a disclosed dual Agent only with the prior informed and written consent of all parties. Consent is presumed to be informed if a party signs a completed copy of the required agency disclosure form prescribed by the Illinois Association of Realtors. The form shall specify the transaction in which a licensee shall serve as dual Agent and shall state:
  - (1) that in acting as a dual Agent, a licensee represents clients whose interest may be adverse and that agency duties are limited;
  - (2) that the dual Agent may disclose any information gained from one party to another party if the information is relevant to the transaction, except if the information concerns:
    - (a) the willingness or ability of a seller to accept less than the asking price;
    - (b) the willingness or ability of a buyer to pay more than an offered price;
    - (c) confidential negotiating strategy not disclosed in an offer as terms of a sale;
    - (d) the motivation of a seller for selling property or the motivation of a buyer for buying property.
  - (3) that the clients may choose to consent to disclosed dual agency or may reject it;
  - (4) that the clients have read and understood the agency agreement and the agency disclosure form and acknowledge that their consent to dual agency is voluntary.

This Company prefers and urges that each Agent discuss agency relationships with customers and clients at the earliest possible time in the relationship to avoid later misunderstandings. All Agents must disclose not later than the time periods required by the law.

The Illinois Association of Realtors Rules and Regulations require that the disclosing licensee's broker retain a copy of the Agency Disclosure Form in each of the above cases. Completed Agency Disclosure Forms and written agency confirmation forms are to be sent to the branch sales manager for further processing and retention by the Company requires that the licensees set forth, sign and date a written explanation of the facts of the refusal and that the explanation must be retained by the licensee's broker. The Company must forward any written explanations of this type to the branch sales manager for further processing and retention. (NOTE: The Company should insert the appropriate procedure and place for retaining agency disclosure forms.)

### **MANDATORY BUYER AGENCY EVENTS**

It is the policy of this Company that any Agent working in any of the following circumstances MUST act as a buyer's Agent and may not act as a sub-agent of the seller.

1. The Agent is buying property for her or himself.
2. The Agent is working with the Agent's immediate family, that is, mother, father, brother, sister, children, any of their spouses or any business owned fully or partially by any of these persons.

### **STRONGLY RECOMMENDED BUYER AGENCY EVENTS**

It is the policy of this Company that any Agent working in any of the following circumstances is strongly urged to work as a buyer Agent.

1. The Agent is working with any relative by blood or marriage not in the Agent's immediate family as defined above.
2. The Agent is working with a close friend, business Agent or long term past customer or client.
3. The Agent is working with a seller of a currently or previously listed property to find property to buy. The Agent may be concurrently working with the seller to sell the property and also working to buy new property. This event also applies to a seller whose property is under contract or closed and is working to buy a new property.

## **AGENCY AND CONFIDENTIALITY**

One of the most important fiduciary duties of an Agent is to maintain the confidentiality of the client, whether the buyer or seller. Illinois statutes define confidential information. It includes information made confidential by written instruction from the client and information made confidential by the statute. An Agent should treat confidential information provided by the client that may reasonably be expected to have a negative impact on the client's real estate activity. Agents should pay particular attention not to make unauthorized or offhand comments about a client's situation or a client's property in a way that could be considered a violation of the duty of confidentiality.

In particular, four areas are considered of particular importance. They are:

1. The lowest price a seller is willing to accept.
2. The highest price a buyer is willing to pay.
3. The motivation of either party to enter into the transaction.
4. Confidential negotiating strategy not disclosed in an offer as terms of a sale.

If disclosed dual agency is offered, it is particularly important for each Agent to realize that she/he must hold confidential the information of both buyer and seller, regardless of which party the particular Agent is working with.

In offering disclosed dual agency, the Company and all of its Agents must be sensitive to confidential information within the office and among the Agents of the Company. The following procedures and policies are intended to protect the confidentiality of the Company's clients.

1. Agents should not discuss confidential information of the client between or among themselves.
2. Comments at sales meeting should not reveal confidential information of the client without the client's permission.
3. Office files of listings and pending sales are confidential and may not be accessed except for authorized staff and the particular Agent involved in the listing or transaction.
4. Fax transmissions are confidential. Office staff will distribute faxes in envelopes so as not to reveal contents to persons other than to whom the fax is addressed.
5. Telephone messages with confidential information will be distributed in an envelope.
6. Contracts, offers, counteroffers or other transactional documents will be delivered to the person addressed in envelopes. Persons other than addressee are not authorized to open any such envelope.



**Please refer to the “Buyer Agency Do’s and Don’ts, Sub agency Do’s and Don’ts, and “Disclosed Dual Agency Do’s and Don’ts” below.**

## **DO’S AND DON’TS FOR BUYER’S AGENTS**

### **Buyer’s Agent “DO’s”**

**DO** give the Agency Disclosure Form and explain the agency options the buyer has with your Company. Get the Agency Disclosure Form signed.

**DO** have a specific buyer interview session. Explain how buyer’s Agents are paid. Explain the buyer agency contract.

**DO** tell the buyer of any potential for dual agency.

**DO** disclose your agency status to the seller or seller’s Agent not later than first showing of property and confirm it in writing not later than the presentation of the offer-written confirmation can be in the contract.

**DO** ask the buyer whether they are subject to any existing agency agreements. If they are subject to an exclusive agreement, you should not interfere with the agency of another Realtor. You may enter into another agreement with them upon release from the other agreement. If non-exclusive, you may enter into another non-exclusive agreement, but do not enter into an exclusive agreement.

**DO** represent the buyer, acting according to your agreement with the buyer and the duties of the Illinois statutes. Represent the buyer with the utmost good faith, loyalty and fidelity.

**DO** exercise reasonable skill and care for the buyer.

**DO** seek a price and terms acceptable to the buyer.

**DO** present all written offers to and from the buyer in a timely manner, regardless of whether the buyer is presently under contract to buy a property.

**DO** disclose all adverse material facts to the buyer, which you know or should know.

**DO** advise the buyer’s to obtain the expert advice as to material matters about which you know but the specifics of which are beyond your expertise.

**DO** account in a timely manner for all money and property received on behalf of the buyer.

**DO** comply with all license laws, regulations, and civil rights, fair housing laws and any other applicable laws.

**DO** search for and present the buyer with the selection of properties specified in your buyer agency agreement. This could include MLS properties, FSBO'S, REO property and unlisted property.

**DO** recommend an appraisal and appropriate inspections such as building, termite, environmental, lead paint, etc.

**DO** work for the lowest amount of earnest money that is appropriate given the market type of house and type of offer the buyer wants to present.

**DO** point out good and bad features of a property, especially features affecting value such as poor floor plans or over-improvements for the neighborhood.

**DO** point out any relevant information you know about the area, such as proposed roads. Power lines, school changes, commercial developments, local tax increases, etc.

**DO** complete a Competitive Market Analysis using MLS before an offer is made on a property. Make sure it is a thorough comparison of all properties, active, sold and pending. Analyze the data with the buyer and assist the buyer in formulating an offer price.

**DO** prepare the offer with favorable and protective terms for the buyer, especially in inspections and title examination.

**DO** counsel with the buyer as to negotiating strategies on terms and price. Share your experience in negotiating with the buyer and give your recommendation, if appropriate.

**Do** keep information of the buyer confidential unless you have permission to disclose it. Go over with the buyer on the buyer interview this aspect of agency, making sure you and your client have a good idea of what is usually discussed with the seller or other Agents in a transaction.

**DO** treat the customer, the seller, honestly.

**DO** discuss to the seller any adverse material facts. These facts may include facts concerning the buyer's financial ability to perform the terms of the transaction.

**DO** disclose all information you receive from the listing Agent. This is especially helpful regarding the seller's negotiating position and intention.

**DO** disclose buyer paid fees to the seller if you are also getting commission form the seller and get the informed consent of your buyer to accept commission from the seller.

## **DO'S AND DON'TS FOR BUYER'S AGENTS**

### **Buyer's Agent "Don'ts"**

**DON'T** disclose confidential information of your client, the buyer. This is information made confidential by the agency law, other Illinois laws or written instructions from the buyer. The agency law refers to keeping confidential all information provided by the client that may reasonably be expected to have a negative impact on the client's real estate activity. This likely includes information such as the buyer's motivation to buy, the price or terms the buyer is willing to offer or that you and the buyer believe the property is under priced.

**DON'T** try to balance "fairness" between the seller and buyer. You represent the BUYER – your only obligation to the seller is to be honest and to disclose adverse material facts. If you learn important information about the seller's negotiating position, tell your buyer – don't make decisions about what to disclose in the interest of being "fair" to the seller.

**DON'T** accept a bonus, prize, trip or incentive from a seller or listing broker without disclosure to and informed consent of your client, the buyer.

## **DO'S AND DON'TS FOR SELLERS AGENTS**

### **Seller's Agent "DO's"**

**DO** give the Agency Disclosure Form and explain the agency options a buyer might have. Get the Agency Disclosure Form signed.

**DO** tell the seller of any potential for dual agency.

**DO** ask the seller whether they are subject to any existing agency agreements. If they are subject to an exclusive agreement, you should not interfere with the agency of another REALTOR. You may enter into another agreement with them upon release from the other agreement. If non-exclusive, you may enter into another non-exclusive agreement, but do not enter into an exclusive agreement.

**DO** represent the seller, acting according to your agreement with the seller and the duties of the Illinois statutes. Represent the seller with the utmost good faith, loyalty and fidelity.

**DO** exercise reasonable skill and care for the seller.

**DO** seek a price and terms acceptable to the seller.

**DO** present all written offers to and from the seller in a timely manner, regardless of whether the seller's property is presently under contract.

**DO** disclose all adverse material facts to the buyer or buyer's Agent, which you know or should know

**DO** advise the seller to obtain expert advice as to material matters about which you but the specifics of which are beyond your expertise.

**DO** account in a timely manner for all money and property received on behalf of the seller.

**DO** comply with all license laws, regulations, civil right laws, fair housing laws and any other applicable laws.

**DO** work for the highest amount of earnest money that is appropriate given the market, type of house and type of offer the buyer presents.

**DO** complete a Competitive Market Analysis using MLS before listing the property. All listings must have an MLS report attached with Subject Property Page and Picture, Price Adjusted CMA w/pics and Recommended Price Range. **Front desk staff/administrator must be notified of ALL changes to listings!**

**DO** negotiate the offer with favorable and protective terms for the seller, especially I inspections and title examination.

**DO** counsel with the seller as to negotiating strategies on terms and price. Share your experience in negotiating with the seller and give your recommendations, if appropriate.

**DO** keep information of the seller confidential unless you have permission to disclose it. Go over with the seller on the listing call this aspect of agency, making sure you and your client have a good idea of what is usually discussed with the buyer and other Agents in a transaction.

**DO** treat the customer, the buyer, honestly.

**DO** disclose all information you receive from the buyer's Agent. This is especially helpful regarding the buyer's negotiating position and intention.

#### *DO'S AND DON'TS FOR SELLER'S AGENTS*

#### **Seller's Agent "Don'ts"**

**DON'T** disclose confidential information of your client, the seller. This is information made confidential by the agency law, other Illinois laws or written instructions from the seller. The agency law refers to keeping confidential all information provided by the client that may reasonably be expected to have a negative impact on the client's real estate activity. This likely includes information such as the seller's motivation to buy, the price or terms the seller is willing to offer or prior offers and counter offers.

## **SUB-AGENCY DO's AND DON'TS**

### **Sub-Agent "DO's"**

**DO** give the Agency Disclosure Form to a buyer at the earliest practicable opportunity during or following the first substantial contact. Get the Agency Disclosure Form signed.

**DO** work under a written sub agency agreement with another broker or accept a unilateral offer of sub agency (MLS) AND disclose to the buyer that you are working as a sub-agent.

**DO** represent the seller, acting according to your status as a sub-agent of the seller and the duties of the Illinois statutes. Represent the seller with the utmost good faith, loyalty and fidelity.

**DO** exercise reasonable skill and care for the seller.

**DO** seek a price and terms acceptable to the seller.

**DO** present all written offers to and from the seller in a timely manner, regardless of whether the seller is presently under contract to buy a property. Present these from and to the listing Agent, who hired you.

**DO** disclose all adverse material facts to the buyer, which you know or should know.

**DO** advise the seller through the seller's Agent to obtain expert advice as to material matters about which you know but the specifics of which are beyond your expertise.

**DO** account in a timely manner for all money and property received on behalf of the seller.

**DO** comply with all license laws, regulations, civil rights laws, fair housing laws and any other applicable laws.

**DO** work for the highest amount of earnest money that is appropriate given the market type of house and type of offer the buyer represents.

**DO** negotiate the offer with favorable and protective terms for the seller, especially in inspections and title examination.

**DO** keep information of the seller confidential unless you have permission to disclose it.

**DO** treat the customer, the buyer, honestly.

**DO** disclose all information you receive from the buyer. This is especially helpful regarding the buyer's negotiating position and intention.

**DO** disclose the identity of the buyer to the seller. Never work with an undisclosed buyer as a sub-agent.

### **SUB-AGENCY DO's AND Don'ts**

#### **Sub-Agent "Don'ts"**

**DON'T** act like you represent the buyer. Using words or phrases like "I'll take care of you" or "I'll work hard for you" is an open invitation to an undisclosed dual agency.

**DON'T** suggest a price other than the listing price, even if the buyer asks.

**DON'T** suggest a price other than the listing price, even if the buyer asks.

**DON'T** complete a Competitive Market Analysis for a buyer. You can give the buyer information (especially if it is public information), but do not analyze the information or give an opinion on the information.

**DON'T** counsel with the buyer as to negotiations or terms.

**DON'T** recommend an appraisal, even if you think the buyer is overpaying for the property.

**DON'T** tell a buyer you think a listing is overpriced.

**DON'T** point out bad features of a property unless they involve adverse material facts that you have an obligation to disclose. Deficiencies such as poor traffic patterns, over – improvements for the neighborhood or other functional obsolescence should not be volunteered. Adverse material facts such as defective roofs, basements, plumbing, electrical, etc. must be disclosed.

**DON'T** disclose confidential information of the seller you may learn from the listing Agent, such as motivation to sell, material difficulties, possible financial difficulties (short of a filed bankruptcy, published foreclosure, material title defects or material limitation

on the seller's ability to sell the property or other adverse material facts), previous offers or counteroffers. Confidential information is information made confidential by the agency law, other Illinois laws or written instructions from the seller. The agency law refers to keeping confidential all information provided by the client that may reasonably be expected to have a negative impact on the client's real estate activity.

**DON'T** counsel with a buyer to stop negotiating on one piece of property and go to another. Your obligation to the seller means you must work diligently to sell that seller's property until negotiations fail.

**DON'T** work with a straw party or unidentified buyer when you are a sub-agent. Only a buyer's Agent can act for an undisclosed principal/straw party.

### *DISCLOSED DUAL AGENCY DO'S AND DON'TS*

#### **Disclosed Dual Agent "DO's"**

**DO** have a specific Company agency policy providing for disclosed dual agency.

**DO** discuss the possibility of Disclosed Dual Agency with BOTH buyer and seller at the earliest possible time in your relationship.

**DO** have a written agreement with both buyer and seller, allowing you to act as a dual Agent, securing both buyers and sellers consent to the dual agency.

**DO** specify in your written consent for dual agency the duties of a seller's Agent and the duties of a buyer's Agent.

**DO** give Agency Disclosure Forms to both the buyer and the seller, following the same procedures with the seller and with the buyer as explained in the DO'S and DON'TS for a seller and for a buyer. Get the Agency Disclosure Forms signed by the appropriate persons.

**DO** represent the seller and the buyer, acting accordingly to your agreements with the seller and the buyer and the duties of the Illinois statutes. Represent BOTH the seller and the buyer with the utmost good faith, loyalty and fidelity.

**DO** exercise reasonable skill and care for the seller and the buyer.

**DO** seek a price and terms acceptable to both the seller and the buyer.

**DO** present all written offers to and from both the seller and the buyer in a timely manner.

**DO** disclose all adverse material facts to both the buyer and the seller, which you know or should know.

**DO** advise both the seller and the buyer to obtain expert advice as to material matters about which you know but the specifics of which are beyond your expertise.

**DO** account in a timely manner for all money and property received on behalf of the seller and the buyer.

**DO** comply with all license laws, regulations, civil rights laws, fair housing laws and any other applicable laws.

**DO** keep information of both the seller and the buyer confidential unless you have permission to disclose it.

**DO** give written disclosure of your agency status no later than the presentation of the offer. In the written disclosure, disclose your agency status and the sources of the compensation, usually the seller.

**DO** conduct yourself with the knowledge that the brokerage (and therefore you) represent BOTH buyer and seller.

**DO**, if YOU are both a buyer's Agent and the listing Agent, act only to "facilitate" the negotiations and transaction. ALWAYS have Company management involved at this point.

**DO**, if YOU are both a buyer's Agent and the listing Agent, stay completely neutral.

## **DISCLOSED DUAL AGENCY DO's AND Don'ts**

### **Disclosed Dual Agent Don'ts**

**DON'T** disclose confidential information of either the buyer or the seller. This is information made confidential by the agency law, other Illinois Association of Realtors laws or written instructions from the seller. The agency law refers to keeping confidential all information provided by the client that may reasonably be expected to have a negative impact on the client's real estate activity. In a dual agency, the following MAY NOT be disclosed: (a) the willingness or ability of a seller to accept less than the asking price; (b) the willingness or ability of a buyer to pay more than an offered price; (c) confidential negotiating strategy not disclosed in an offer as terms of a sale; (d) the motivation of a seller for selling property or the motivation of a buyer property.

**DON'T** adopt a Disclosed Dual Agency policy until you or your broker have consulted with your Company legal counsel and understand the implications and ramifications of using the policy.



**DON'T** accept compensation from both parties unless disclosed to both parties and you get the informed consent of both parties. This includes nonrefundable retainer fees accepted from buyers.

**DON'T** accept a bonus, prize, trip or incentive from a seller or listing broker without disclosure to and informed consent of clients, buyer and seller.

**DON'T** act like you are the Agent of only one of the parties, even after having made disclosure and obtained consent to act as a dual Agent.

**DON'T** take the position of one or the other parties. Remain neutral as to advising either party about aspects of the transaction whether it be pricing or other terms.

### **CUSTOMER SERVICES**

Prospective buyers of real estate who do not choose to establish an agency relationship with an Agent of the Company, but who use the services of the Company are considered customers and shall receive the following services:

1. A meaningful explanation of agency relationships in real estate transactions including the customer's right to choose no representation by the Company.
2. An explanation of scope of services to be provided by the Company.
3. Fairness, honesty, and accurate information in all dealings.

# Risk Reduction Policy

Version 1 11-2-2021

This Company advocates and encourages the concept of risk reduction. The strong majority of claims filed against real estate Agents and brokers allege some misrepresentation of fraud. The trend of the law in the real estate industry is for more and more disclosure. Accordingly, this Company has the following policies regarding risk reduction and disclosure.

1. *COMPLIANCE WITH ALL LAWS, RULES AND REGULATIONS:* As an Agent of this Company, each person assumes the obligation of strict compliance with all laws, rules and regulations which govern real estate licensees in the State of Illinois.
2. *COMPLIANCE WITH THIS POLICY MANUAL:* As an Agent of this Company each person agrees to comply with all policies as stated in this manual and its additions, changes and amendments as from time to time published by management of the Company. Failure to comply with the policies herein subjects the Agent or staff member to disciplinary action, which may include termination of association with the Company.
3. *PHYSICAL CONDITION OF THE PROPERTY:* In accord with the REALTOR CODE of Ethics, Illinois Association of Realtors Rules and Regulations, Illinois law and Illinois common law, the policy of this Company is to disclose to all appropriate parties any known material physical conditions or defects of a property and any adverse material facts. This applies whether this Company is the listing Agent, sub-agent or buyer's Agent.

Physical conditions on the property may include water in the basement, foundation cracks, drainage problems, defects in any of the major systems of the property (electrical, plumbing, heating, cooling), environmental conditions on or near the property, roof problems, etc.

As previously stated, adverse material facts which are known or which the licensee should have known are required to be disclosed. Adverse material facts are defined as facts related to the physical condition of the property not reasonably ascertainable or known to a party, which affects the value of the property.

4. *PSYCHOLOGICAL "STIGMAS" ON THE PROPERTY:* These include whether homicide or other felony, or a suicide occurred on the premises of if an occupant or former occupant of the real property has or had AIDS or any HIV positive condition. Although this protects an Agent for failure to make a

disclosure, it does not prohibit disclosure. Likewise, the Code of Ethics does not require disclosure in situations where state law defines these factors as not material.

The 1988 amendment to the Fair Housing Act includes a person with AIDS, HIV, or other related illness as a handicapped person. The Act likely prohibits an Agent or broker from disclosing that the occupant or the former occupant of a dwelling suffered or suffers from AIDS. Therefore, it is the policy of this Company that an Agent should not make an unsolicited comment that the current or former occupant has or had AIDS. Further, if an inquiry is made the buyer as to whether the occupant has AIDS, the Agent shall not respond to such a question. The Agent should state to the effect **“it is the policy of this Company not to answer that type of question one way or the other since it is not material and may violate the Fair Housing Act.”** If the buyer persists, the Agent shall state. **“If that information is important to you, you must determine that information yourself.”**

Because of the practical problems of the inevitable “disclosure” of these factors (often by the neighbors), the policy of this Company is to discuss with the seller-client the inevitability of this disclosure and to recommend disclosure of psychological factors other than AIDS, HIV, or related illnesses that may have an impact on a purchaser’s decision to buy. Recent violent crimes of suicides are specific examples of such events. If, after this discussion, the seller-client instructs the Company not to discuss these factors, the Company will comply with such request and rely on the protection of the Illinois statute.

5. *DOCUMENTATION OF DISCLOSURE:* As is apparent, this Company advocates full disclosure in appropriate circumstance. However, all the disclosure in the world does no good if it cannot be proven. While it would be ideal to have every single disclosure as to every material item disclosed to the parties in writing with their acknowledgement of the disclosure, such is not usually possible.

The Company’s preferred policy is to have just such a written disclosure and acknowledgment as in the case of a Seller Property Disclosure Statement.

Recognizing that this ideal cannot be attained in every situation, the policy of this Company is that the Agent should document in his/her own personal notes and files each item that is disclosed in a transaction.

This simple policy can reduce risk and potentially save many thousands of dollars. It assumes that the Agent has a regular, systematized method of organizing and keeping files. This is vitally important to a good documentation procedure.

While the Company does not require an Agent to use any one method, it does provide standardized files/folders/envelopes for Agents to use in each transaction. Agents are strongly encouraged to use this organization system, as it has been developed to keep track of details, act as a transaction checklist and risk reduction method.

Disclosure is great, but documentation of the disclosure is the glue that seals the cracks.

6. *USE OF EXPERTS & "RECOMMENDATIONS"* This Company maintains a strong policy that Agents not go beyond his/her area of expertise regarding a transaction. The Company strongly recommends that an Agent advise the use of an expert in situations where appropriate. For example, if questions arise with a buyer about the adequacy of the electrical system, the Agent should advise that a building inspector, engineer or licensed electrician be consulted.

However, an equally strong policy exists in NOT recommending any particular inspector, engineer, electrician or other expert. While advising that AN expert be used is a good risk reduction technique, the benefits of this technique are lost if a specific expert is recommended. Recommendation of a specific expert could lead to liability if the expert fails to do his/her job and the Agent was negligent in recommending that person.

The policy of this Company is to give the names of three experts in each field whenever asked for a recommendation. Do not fall into the trap of responding to a customer/client saying "yeah, but which one do you really recommend?" The Agent should be firm in having the customer/client make the choice. Some Agents have found a helpful tool in keeping several sample reports from various building/mechanical inspectors, engineers, roofers, etc. When the customer/client asks for a recommendation, the Agent gives the customer/client the samples and suggests that they choose the style and cost of the expert, which fits their style and needs the best.

A related issue is ordering the report. The policy of this Company is that the Agent should not order the report if at all possible. The Company recognizes that certain situations require the Agent to place the order, but, in general, the Agent should have the customer/client place the order. This removes the Company and Agent from any involvement in the selection process and reduces the liability of possible negligence in "recommendation" of an expert.

7. *TRAINING:* As stated in other parts of this manual, training and education are integral parts of any risk reduction professionalism program. All Agents are expected to complete the Company's initial onboarding program and are strongly encouraged to take advantage of Company, board and association education programs.

8. *USE OF LEGAL COUNSEL:* Whenever an Agent believes he/she requires legal assistance, the BIC and CEO should be contacted. The Company has legal counsel for appropriate legal questions and problems. In addition, the Illinois Association of Realtors provides a free Legal Assistance Hotline (**FOR MEMBERS ONLY**) for legal educational information for the designated broker of the Company. The earlier a legal question or problem is brought to the attention of management, the earlier the problem can be solved. The Company's position is that wisely spent legal fees early in a problem can save many thousands of dollars if a formal complaint or lawsuit arises.

9. *ERRORS AND OMISSIONS INSURANCE:* The Company does carry errors and omissions coverage.

Errors and omission insurance generally covers the negligent acts of the insured; it does not cover all possible damages for which the Agent could be liable. For example, no errors and omissions insurance covers punitive damages.

Errors and omissions insurance do not cover defense costs, that is, the legal fees involved in defending a claim against the Company or Agent.

The policy of this Company is that each Agent must notify the BIC and CEO as soon as the Agent is aware of a possible claim against the Agent/broker. "Possible claim" means the potential of a disagreement that could lead to a lawsuit against the Company or Agent. Only in this way can the Company properly defend itself against the possible claim.

10. *COMPLAINT HANDLING PROCEDURES:* One of the simplest and most cost effective risk reduction methods is a good complaint handling process. Accordingly, this Company established the following procedures for handling complaints.

a. If a complaint comes to an Agent involved in a transaction, the Agent will be the primary contact person to handle the complaint with whatever management assistance the Agent requires. At a minimum, the Agent should notify the CEO and BIC of the complaint and the Agent's progress with the complaint.

a) If the complaint comes in without specifying an Agent, the CEO/BIC will handle the complaint. If a specific management person is requested (such as "I want to speak to the Owner"), the person answering the call should courteously direct the call to the CEO/BIC. The caller should ALWAYS be assisted in some way. The person taking the call should not say, "Oh, he isn't here right now," or "You'll have to call him later", or "You can call him

on his cell phone.” It is very important to handle an aggravated or upset caller with the utmost courtesy and care. If the person they need to speak to is NOT in the office, listen, and then offer to call the managing broker or management team.

- b) Whoever takes the complaint, the key factor in handling the call is to LISTEN to what the caller’s complaint is. The most appropriate and helpful thing the call handler can do is giving the person filing the complaint a full and fair airing of his/her grievance. Many times, simply listening to the complaint does much to alleviate the caller’s frustration. Sometimes, being listened to is all the person really wants. ACTIVE LISTENING is critical.
- c) Usually, the most successful way to handle the initial complaint call is to validate the caller’s concerns. In general, it is best not to challenge the caller or become defensive. GET THE FACTS!! Simply try to get all necessary information from the caller’s perspective, even if the complaint handler knows it may not be 100% accurate. Remember to document the conversation in writing. Make notes or write memo about the conversation as soon as possible.
- d) Usually the call can be ended by assuring the caller that the matter will be investigated. The complaint handler should tell the caller what he/she could expect. For example, “Mr. Smith, I would hope you understand that I need to do some research, I will look in to the matter, discuss it with Suzie and get back to you by Tuesday.” The caller should always be told what the complaint handler will do and by when. THEN DO IT!

# Fair Housing Policy

Version 1 11-2-2021

This Company believes that fair housing policies are not just the law of the land but simply the right thing to do. This Company maintains a strong policy upholding all federal and state fair housing laws and Article 10 of the Realtor Code of Ethics (REALTOR ONLY) and NAR Code of Fair Housing Practices (REALTORS ONLY). In addition, this Company requires each Agent and staff member to participate in fair housing education.

Accordingly, this Company prohibits any Agent or staff member from discriminating against any person in the provision of any of the Company's services on the basis of race, color, religion, sex, handicap, familial status or national origin.

Among the prohibited practices, which are against this, policy and the law are:

1. Refusing to show, sell or rent based on a person being a member of a protected class.
2. Different treatment/disparate treatment to persons of a protected class.
3. Steering: A person shall not encourage or discourage another from moving in to any area because of race, color, religion's, handicap, familial status or nationally origin of the present residents.
4. Discriminatory advertising that "express" a preference for buyers or tenants of a particular race, color, religion, sex, handicap, familial status or national origin.
5. Harassment (i.e., coercion, intimidation, threats or interface with a person's fair housing rights or because a party is abiding by fair housing law).
6. Applying more burdensome criteria to applicants of protected classes.
7. Blockbusting: A person is prohibited from including or attempting to include another to sell or rent a property by making any express or implied representations regarding the entry or prospective entry into a neighborhood of a person or persons of a particular race, color, religion, sex, handicap, familial status or national origin.

Agents and staff should be aware that persons with AIDS are considered handicapped and "familial status" means families with children.

This Company and the Illinois Association of Realtors have agreed to and adopted the Fair Housing Partnerships as adopted by the National Association of Realtors and the Department of Housing and Urban Development. Each Agent and staff member of this Company is required to participate in Board and/or Company education regarding Partnership.

### *Fair Housing Declaration*

As an Agent of this Company, you agree to:

- Provide equal professional service without regard to the race, color, religion, sex, handicap, familial status, sexual orientation, or national origin of any prospective client, customer, or of the residents of any community.
- Keep informed about fair housing law and practices, improving my clients' and customers' opportunities and my business.
- Develop advertising that indicates that everyone is welcome and no one is excluded; expanding my client's and customer's opportunities to see, buy, or lease property.
- Inform my clients and customers about their rights and responsibilities under the fair housing laws by providing brochures and other information.
- Document my efforts to provide professional service, which will assist me in becoming a more responsive and successful (REALTOR) (real estate licensee).
- Refuse to tolerate non-compliance.
- Learn about those who are different from me and celebrate those differences.
- Take a positive approach to fair housing practices and aspire to follow the spirit as well as the letter of the law.
- Develop and implement fair housing practices for my firm to carry out the spirit of this declaration.



# Anti-Trust Policy

Version 1 11-2-2021

This Company maintains a strong policy against any antitrust involvement by the Company, its Agents or employees. Few obligations can be taken more seriously than this area. This Company requires each Agent with the Company to participate in antitrust education and acknowledge his/her understanding of these principles. Two areas are the primary antitrust focus.

1. **PRICE FIXING:** Price fixing means any agreement, setting, consent to, suggestion or implication with a competitor regarding a fee to charge. This includes fees charged to the public, fees split among brokers and fees paid to Agents. "Agreement" can be overt, covert, express or implied. It is very broad based and can even be suggested or implied by casual conversation with any competitor. Accordingly, this Company its Agents and staff are prohibited from discussing with any competitor, including an individual Agent, any aspect of the fees the Company charges or how total fees are split. This Company determines its charges based on the Company's own independent internal analysis of its expenses, its revenue, its desired profit level and its choice of the type and level of service it desires to provide.

In any discussion with a member of the public about our charges (such as a listing appointment), the only acceptable answer about why the Company charges what it does is the foregoing explanation. Do not be drawn into a discussion about Company fees as "the standard rate," "the Board rate," "the typical rare" or the like. If questions arise about the Company's fees, suggest that the potential client call several competitors and ask about their rates.

2. **BOYCOTTING COMPETITION:** It is also a violation of federal law to make any agreement, express or implied, with a competitor to boycott or otherwise not deal with a third competitor. For example, assume Discount Realty opens up an office. Then assume Bob Broker, an Agent with Big Bucks Broker, and Alice

Alice, an Agent with Just As Big Broker are having lunch one day and discuss the competitive impact of Discount Realty. Bob and Alice agree that Discount is a danger to their large listing portfolios and further agree that individually they will not show Discount's listing because "Something has got to be done about that price-cutting monger." This simple agreement with two Agents is an illegal boycott. Even if it were implicit and not overt, it could be constructed an illegal boycott.

This Company prohibits any Agent or staff member from making any agreement or suggestion with a competitor, including an individual Agent, that he/she or the Company will not deal with a third broker or Agent, whether it be a listing Company, buyer's brokerage, discount broker or any other broker or Agent whatever.

Each Agent and staff member of this Company is required to view the NAR videotape on antitrust, read the NAR guidebook "Antitrust Compliance Program," execute the acknowledgment in the guide book and participate in training on antitrust.

# Listing and Sales Contracts

Version 1 11-2-2021

## Listing Procedures

This Company accepts listings and seeks to build an inventory of available merchandise for sale to buyers of homes and investment real estate. It offers the merchandise directly to the public and by cooperating with other licensed Agents, whether they are sub-agents or buyer's Agents. Listings not only represent "the merchandise on the shelf" but also present a significant area of risk. Statistically, at least two-thirds of all claims filed against real estate Agents involved claims of misrepresentation, fraud and/or breach of fiduciary duty. It is at the listing level that many of these claims originate. As a listing Company, it is imperative that this Company develops clear policies to reduce the risk of later claims from oversights and exposures at the time of the listing. The following policies apply to all listings taken by this Company.

### *TYPES OF LISTINGS:*

In accord with the REALTOR Code of Ethics this Company urges the exclusive listing of property, unless it is contrary to the best interests of the owner. Open listings and exclusive agency listings may be accepted only with consent of the designated managing broker. Net listings are not accepted. A net listing is one in which the owner agrees to let the Agent keep any sale proceeds over a "net" price the owner wants for the property.

### *COMMISSION POLICIES:*

All commissions paid to licensed Agents of this Company will be made in accordance with the current commission rate schedule, which is hereby attached to an incorporated into the office policy manual. The standard commission rate of the company for a listing is 6% (3-1/2% List Side, 2-1/2% Sale Side). No change of the commission is allowed unless approved by the managing broker unless it is greater than 5%.

### *DISCLOSURE OF ADVERSE MATERIAL FACTS:*

Illinois Association of Realtors statutes require the disclosure to any customer all adverse material facts actually known or which the licensee should have known.

### *For a Seller's Agent:*

A licensee who represents a seller shall treat all prospective buyers honestly and may not knowingly give them false or misleading information about the condition of the property, which is known to the licensee. A seller's Agent is not obligated to discover latent defects in property or to advise the Agent's clients on matters outside the scope of the Agent's real estate expertise.

*For a Buyer's Agent:*

A licensee who represents a buyer shall treat all prospective sellers honestly and may not knowingly give them false or misleading information about the buyer's ability to perform the terms of a transaction. A buyer's Agent is not obligated to discover latent defects in property or to advise his clients on matters outside the scope of his real estate expertise.

*SELLER PROPERTY DISCLOSURE STATEMENTS*

Seller Property Disclosure Statements are a detailed statement by the seller of his/her knowledge of the condition and features of the property. This Company has a policy of requiring the use of seller disclosure statements, as it is a Illinois law required of all owners on both listed and unlisted properties.

In addition, it is a valuable risk reduction tool this Company and assists the Company in complying with its obligations to disclose adverse material facts. By the seller making accurate, factual statements as to his/her knowledge of the property, later controversies as to "who said what" can be minimized.

A listing Agent should be careful to keep the seller disclosure statement current. If the information becomes inaccurate because the property's condition has changed, a seller (and Agent) could have liability for allowing known inaccurate information to be given to buyers,

Particular note should be paid to lead based paint disclosures. Current FHA regulations require that a special lead based paint disclosure form be signed by the all parties to a contract with FHA financing BEFORE entering into the contract if the transaction involves a property built prior to 1978. Also, a new federal law took effect late in 1996 which requires certain disclosures on properties built prior to 1978 about the hazards of lead based paint and requires that the buyer be given the opportunity for inspections for lead based paint in the sale contract.

In certain situation, "representatives," such as personal representatives of estates, trustees and corporate owners may not be willing to complete a disclosure statement in that the representative may have not occupied the premises and thus have no personal knowledge of the property. In that event, the Agent should have an uncompleted disclosure statement form signed by the representative clearly indicating the lack of personal knowledge by the signer.

In completing the disclosure statement, the seller MUST fill in the form. An Agent of this Company MAY NOT complete the form on behalf of the seller. If an Agent completes the form, much of the benefit of this risk reduction technique is lost.

In general, the Agent may rely on the statements of the seller. The Illinois Association of Realtors agency statute states that the Agent owes no duty to conduct an independent inspection of the property for the benefit of the customer and owes not duty to independently verify the accuracy or completeness of any statement made by the client or any independent inspector.

However, an Agent may not ignore the suspect items on the seller disclosure statement just because the seller completed it. If an Agent, in his/her reasonable judgment and expertise, suspects that a statement is not accurate, the Agent should seek further information from the seller. An example might be a seller who states that there has been no water in a basement in which there are obvious water stains and cracks. An Agent's best course is to seek further information from the seller as to the exact nature of their statements and then accurately convey this information to any prospective customer, in accord with the obligation to disclose adverse material facts.

In addition, an Agent should pay particular attention to inclusions and exclusions in the sale of the property and verify the seller's intention. For example, if an owner check off that the master bedroom draperies will not be sold with the house, the Agent should verify that this is the seller's intent and then make clear in any promotional material mentioning drapes that the master bedroom draperies that the master bedroom draperies are excluded.

Also, it is very important to make sure the exclusion is expressly specified in the contract. The seller disclosure statement is not usually incorporated into the terms of the contract. Thus, an Agent should not rely on the seller disclosure statement to control the contract but must make sure that the exact understanding of the parties is reflected in the sale contract.

Another example of proper Agent procedure involves using reasonable diligence to check the seller disclosure statement. If an owner states in the disclosure statement that there has never been any water in the basement and the Agent notices brown water stains in one corner of the basement, the Agent must question the owner about the accuracy of the statement. Again, an Agent may not ignore his/her reasonable, normal, real estate Agent knowledge and information because an owner represents otherwise.

#### *ACCURACY OF LISTING INFORMATION:*

Several "traps" of liability exist in taking a listing. These are covered below. Each Agent should take careful note of these hazard areas and be particularly diligent in handling these issues.

- a) **ROOM COUNTS:** Agents must be careful to accurately represent the number of rooms, bedrooms and bathrooms in a property. Generally, questions of whether an area constitutes a room, bedroom or bathroom is resolved by determining whether an appraiser would count the area as such. For example, basement rooms that are below grade are not generally considered rooms, bedrooms or bathrooms for appraisal purposes. Also, "walk-through" rooms are not usually considered separate bedrooms. These ambiguous areas can be denoted by a symbol such as "+" sign after the room count (e.g. 8 + rooms, 4+ bedrooms) or highlighted in remarks for the property or other descriptive information.

- b. **ROOM SIZES:** The Agent should personally measure each room. **DO NOT** take room size from a former listing Company's form. Be cautious about taking room sizes from plans. There may have been construction changes not reflected on the plans. Measure room sizes to feet and inches. (NOTE: Many MLS systems do not allow input of room sizes to feet and inches. In such case, round inches to the nearest foot, e.g., 7 feet 7 inches rounds to 8 feet but 7 feet 5 inches rounds to 7 feet.
- c. **LOT SIZE:** Lot size and acreage should only be determined from an accurate survey, the owner's real estate bill or the county tax records. The Agent should **NOT** attempt to measure lot size on her/his own.
- d. **TAXES:** Taxes should be determined from county tax records or the owner's tax bill. The Agent should not rely on the statements of the owner as to tax amounts.
- e. **MODERNIZATION INFORMATION:** Often, good selling features about a property are the updates or upgrades made by the owner. In order to accurately advertise these items, this Company requires that the owner verify any information given to us before it can be used in any promotional material on the listing.

Items such as "new" roof, "new" air conditioner, "new" furnace, "new" bathroom, "new" kitchen, etc., are misnomers because of the difficulty in defining what "new" means. Substantiation of the information means the owner must supply this Company with receipts, cancelled checks or other proof of payment of upgraded or rehabbed items. Once provided, then this Company will accurately advertise and promote these good selling features with language line "New roof," 2019 "New furnace, 2021", "Kitchen remodeled, 2020".

If it is not possible to substantiate modernized features, they can be advertised or promoted as "Newer" or "Recent", as in "Newer furnace" or "Recently remodeled bathroom".

#### *SIGNATURES:*

Illinois law requires written listing agreements signed by all sellers. In addition, this Company desires that listing agreements be enforceable in every possible situation to ensure that the Company and Agent will be paid under the terms of the listing agreement. Because of these factors, Agents must secure listing agreements with proper signatures before the listing will be promoted or advertised in any way. Agents should be especially aware in the several situations below.

- a. **SPOUSAL SIGNATURES:** A spouse must **ALWAYS** sign a listing agreement unless certain conditions exist, as follows:

- i. A waiver of marital rights given by the non-signing spouse exists and a copy is provided to this Company.
- ii. A quick claim deed made to the signing spouse has been executed and recorded by the spouse not signing and a copy is provided to this Company.
- iii. A prenuptial agreement waiving the non-signing spouse's rights exists, a copy of the prenuptial has been given to this Company and legal counsel for the Company has consulted with a title Company to determine the validity of the prenuptial agreement.

Most often, these questions come up when the property is titled only in the "selling" spouse's name and the "non-selling" spouse claims that he/she has no interest in the property. Typical situations are a widowed person who has remarried or a divorced person who has remarried. The spouse not on the title may have a marital interest under the Probate Code of the State of Illinois and should sign the listing agreement unless one of the three exceptions noted above exists.

- b. **PROPERTY IN ESTATE:** When property is in an estate, ALL heirs AND spouses must sign. If a Personal Representative (Executor) has been named, it is possible that the Personal Representative has authority to sell the property. The Agent must secure a copy of the part of the will or court decree that empowers the Personal Representative to sell property. The power of sale granted the Personal Representative by a will may not be acceptable to a title Company until the time to file a will contest has expired, which is six months after the first publication of notice of Letters of Administration being issued. Management or legal counsel of this Company will consult with a title Company to determine if the power to sell in the will is acceptable.
- c. **TRUSTEES:** If a property is held by a trust, the trustee will normally be empowered to sell. However, the Agent must secure a copy of the part of the trust which empowers the trustee to sell because some trusts require the signatures of more than one trustee to sell as in the case of an individual and corporate trustee (bank). The trustee's spouse does not sign the listing agreement because the trustee is acting in a representative capacity.
- d. **SELLER INCAPACITATED:** If a seller is not mentally competent to sell, a guardian must be appointed by the Probate Court and the guardian must obtain a court order to sell the property. Until such time, the property cannot be sold even if a child, sister, niece, nephew, etc. is also on the title. Also, if a property is jointly owned in this fashion, the spouse of the "second signer" (child, sister, niece, nephew, etc.) must also sign the listing contract.

It is possible that a property drawn Durable Power of Attorney may provide a means to sell this type of property. However, before relying on the Durable

Power of Attorney, a title Company should be consulted to determine whether the Company would insure the title based on the existing Durable Power of Attorney. Also, refer to the paragraph on Powers of Attorney, below.

- e. **DIVORCES:** A person is NOT legally divorced until a court so orders. A person “in the process of divorce” cannot sign the listing agreement alone. The spouse must also sign, regardless of whether the spouse is living on the premises or the couple has a “legal separation.” Once divorced, the person may  
  
sign alone. However, if the county records continue to show the property in both names, the Agent must secure a copy of the part of the divorce decree, which awards the property to the signing spouse for his Company files.
- f. **POWERS-OF-ATTORNEY:** A power-of-attorney is acceptable for signature on a listing contract. However, not all powers-of-attorney authorize the sale of real estate. A copy of the recorded power-of-attorney authorizing the sale of real estate must be secured for the files of this Company.

#### *TERMINATION:*

It is acknowledged that occasionally an Agent may terminate association with the Company. At that time the Agent no longer represents the Company completely. A loyalty will hopefully remain for the Company, but the decision to depart will interfere with the day-to-day operation and rapport with both CEO/BIC and other Agents. In the event of an Agent’s termination with the Company, that Agent will pay a prorated percentage of any fees due.

**No commissions will be paid on a listing contract NOT CURRENTLY under a purchase and sales agreement.**

Listing contracts that were given to the Independent Contractor from the company ie: COMPANY referrals are the personal property of the Company. The Company will assign listing of terminated Agent to another Agent. The renewal or re-listing of expired or canceled Listing Contracts by another Agent shall not be a basis of a commission due and owing if the property did not sell during the association of the terminated Agent.

#### *ASSIGNMENT OF LISTING CONTRACTS:*

When an Agent leaves this Company; the CEO/BIC will re-assign all COMPANY referred listings. The departing Agent may not assign or promise these listings to another Agent – it is the prerogative of the CEO/BIC.

Personal Referral Listings will be allowed to move with the Agent.

#### *SELLER NET PROCEEDS CALCULATIONS:*



It is the policy of this Company to calculate estimated net proceeds for sellers as often as appropriate. The first estimate should be given on the listing call or as soon as possible after listing the property. Even prepayment penalties, the Agent should use all existing information to prepare as accurate an estimate as possible and note any missing information.

When information becomes available, estimated net proceeds should be recalculated. This is particularly appropriate when an offer is presented and when each new offer or counteroffer is received.

Many reasons exist for using seller net calculations. First, it is an important service to a client. Secondly, it is important for this Company to know whether it is likely that there are sufficient proceeds to pay of the indebtedness on the property and the real estate commission. Finally, the Company must know whether the seller of the property can deliver marketable title. If the indebtedness exceeds the listed price, immediate discussions must occur with the seller and the lenders to determine whether the property can be sold with clear title given the level of indebtedness.

Note also that, as a possible material limitation on the client's ability to perform the transaction, this condition may be considered an adverse material fact to be disclosed to the customer.

Estimated Seller Net Proceeds Calculation forms are available in each office.

#### *LOCK BOX PROCEDURES:*

This Company as part of the local Board of Realtors common lock box system encourages the use of lock boxes on all listings as a safe, secure, efficient tool in marketing property. Specific permission from the owner must be obtained on each listing before installing a lock box.

#### *OPEN HOUSE PROCEDURES:*

This Company must maintain a policy that adequately informs owners of their responsibilities in consenting to open houses. Agents must strongly recommend to owners that they take common sense precautions with any valuables in the house during the time of the open house. This includes removal of all jewelry boxes, collectibles of value, (sentimental or dollar value), small audio or video equipment or other items, which may be of value. Owners should also be informed that their homeowner's insurance Company is the responsible party for any losses during an open house.

ALL visitors must sign in with proof of ID shown to enter.

As in all other areas, an Agent may not act carelessly or recklessly. If for no other reason, an Agent must be diligent in conducting an open house to maintain good business relations and rapport with the owner.

#### *INTERNAL VERIFICATION PROCEDURES:*

This Company maintains a system of checking and verifying both listing contracts and documents and sale contracts and documents for accuracy, enforceability and compliance with Illinois Rules and Regulations. The Broker in Charge or a contract coordinator shall be responsible for verifying all the files. Each Agent is expected to cooperate fully and promptly with any requests for verification, further information or correction of any oversights in the documents.

## Buyer Qualification Policy

Whether acting as an Agent of the seller or buyer, qualifying the buyer is a critical step in completing a property transaction. This Company strongly recommends that each Agent become knowledgeable through training and offered continuing education programs about properly qualifying a buyer as to her/his financial ability to purchase a property. Financial qualification has two major parts, as follows.

***LOAN QUALIFICATION:*** If working as an Agent of the seller dealing with a buyer, the Agent has a duty to act diligently for his/her client, the seller. Determining whether a buyer is financially able to purchase any property (and ultimately the seller's property) is part of that duty to act diligently. While there may be times financial qualification information is difficult to obtain, such as in the case of a luxury home, the Agent must take diligent steps to determine financial qualification. Some of these steps may include:

- a. Completion of a financial qualification form.
- b. Setting up a meeting with a lender and buyer to discuss financial ability to qualify for a loan.
- c. Providing necessary information to a buyer so that he/she can respond as to whether he/she can get a loan.

If working as an Agent of the buyer, the Agent of the buyer, the Agent has the same duty to act diligently for his/her client. In this case, however, the client is the buyer, not the seller. This approach changes the perspective of the seller's Agent in that the buyer client has a right to expect that the Agent will diligently determine whether a buyer can qualify to purchase a certain type of property. Again, steps may include:

- a. Completion of a financial qualification form. This form should be in sufficient detail and sufficiently accurate that the buyer is reasonably sure of qualification. If an Agent is not sure of his/her level of skill to complete such a form, the Agent should get further education and training and immediately call the CEO/BIC or lender to assist.
- b. Consultation with the buyer and a lender to determine financial ability to qualify for a loan.

The difference in the approaches between a seller's Agent and buyer's Agent is probably one of degree, with the buyer's Agent being required by fiduciary obligations to conduct a more "in-depth" analysis of the buyer and the buyer's circumstances.

2. ***ESTIMATED CLOSING COSTS:*** The second type of financial qualification that accompanies loan qualification (and in many cases is a part of loan qualification) is estimating closing costs. As in loan qualification, duties exist to the buyer and/or seller to diligently and accurately estimate closing costs. This Company has a policy of strongly encouraging its Agents to become educated through Company and/or board/association training and education about estimating closing costs.

Do not use rules of thumb such as 2-5% of the purchase price. The spread of costs is too great in such estimates to be sufficiently accurate. For a first time buyer with little cash, a one-half percent difference in closing costs can mean the difference between purchasing and not purchasing.

Do not use computerized closing cost estimating programs unless previously approved and authorized by this Company. The programs may or may not take local costs and variation into account. In addition, the programs, that allow for local costs may require that the Agent input the costs. If the Agent desires to use such a program, management of this Company will approve its use and review the local costs being input.

Lender closing cost is generally reviewed in loan qualification procedures. Some lenders unbundle services and charge for each service. These so-called "extra" costs are in addition to origination fees and points. They may include charges for "processing fee", "underwriting fee", "lenders closing fee", (apart from title Company closing fee), "notary fees", "document preparation fee", "courier fee", etc., totaling 4500.00 or more on a single closing.

Whether representing a buyer or a seller, a lender should be asked what his/her "extra" fees are at the time closing costs are estimated and not at time of commitment or closing.

## Sales Contract Policy

### SALES CONTRACT COMPLETION:

No earnest money that Better Homes and Gardens® Real Estate Star Homes is holding in escrow will be refunded on cancelled contracts until the "Sales Contract Cancellation Form" has been fully executed by Seller and Buyer. The Broker in Charge must sign, date and give approval. This Company adheres strictly to these provisions. If a situation is not covered, an Agent is not authorized to alter a form or add language without prior approval from Company legal counsel, which can be obtained through Company management. Company

management maintains a file of pre-approved clauses for situations not covered by the form book. You are required to consult the BIC with any and all compliant issues and questions!

Likewise, any amendments or supplements to sale contracts must be written on Amendment to Sale Contract forms. These forms provide for most typical amendments and changes to sale contracts such as changes to closing dates, possession dates, loan commitment dates, loan terms, waivers of financing, building, structural or mechanical inspections, etc. If an Agent requires unusual language, he/she must consult Company management who will consult with legal counsel to determine whether the appropriate language can be approved.

If a customer or client asks us to prepare one of the forms, the Agent should ask the customer or client to seek the advice of his/her own legal counsel.

#### *SALES CONTRACT TERMS:*

Several areas of contract terms are traps of risk for the unsuspecting Agent. This Company maintains policies regarding these areas to reduce risk and heighten awareness. These are covered below:

- a. **Earnest Money:** Several concerns regarding earnest money are involved. First is the “how much” issue. The Company cannot maintain a policy that requires any specific amount of earnest money, as the Company and Agent are not parties to the contract. However, if the Company represents the seller, the advice to the seller will be that sufficient earnest money is very important in that it shows how “earnest” a buyer is. The Company has seen many cases where low earnest money (1-2% of offer price or less) has resulted in a buyer simply defaulting on the contract and forfeiting the low amount of earnest money, banking on the fact that it is unlikely that a seller would sue. It has also seen many cases where sufficient earnest money (5% - 10% or more of the offer price) has kept an anxious buyer in a contract to closing because of the prospect of losing a substantial amount of earnest money.
- b. If the Company represents the buyer, the classic approach to buyer representation might suggest providing the lowest possible earnest money in every case. However, the Agent is cautioned that this may not serve the best interests of the buyer in all cases. For example, because earnest money indicates how “earnest” a buyer is, or how “strong” an offer is, a buyer may be put at a competitive disadvantage if low earnest money is offered in a situation where the buyer’s offer is competing with one or more other offers. As in all other situations, if the Company represents the buyer, its job is to give the buyer the best of the Agent’s and Company’s expertise, advice and talent which may include advice which on first impression does not follow the “typical” rules.

A second earnest money issue deals with what can be accepted as earnest money. The policy of this Company is that only checks, certified checks, and electronic deposits are accepted as earnest money without further permission from the seller. The Company’s policy regarding the rule is that items such as

post-dated checks are not acceptable. The Company will not hold checks even if not post-dated. Any money given this Company in a real estate sales or exchange transaction must be deposited as follows in a separate real estate trust account so designated:

- c. Certified funds must be deposited within twenty-four hours of receipt, excluding Saturday, Sunday and bank holidays.
- d. Checks must be deposited within twenty-four hours, excluding Saturday, Sunday and bank holidays, after acceptance of an offer by the parties to the transaction. Agents must promptly have funds to the broker for deposit.

A corollary issue occasionally arises regarding acceptance of a credit card or line of credit check (Visa, MasterCard, American Express, home equity loan). While it is arguable that these “checks” are negotiable, given this Company takes a conservative position regarding these instruments and will not accept their use. The primary reason for this policy regards the difficulty in determining whether this instrument has “cleared”. There is no easy way to determine whether the line of credit has been exhausted or overdrawn and upon presentation, will be rejected. In addition, a lender may require that such balances be paid off before loan approval or closing.

- e. Inclusions and Exclusions: As covered in the section on Seller Disclosure Statements, the contract is the primary method to determine what is being sold with the property. Do not rely on the Seller Disclosure Statement as to the inclusions and exclusions in a contract. It is not normally made a part of the contract.

This area is of great importance for risk reduction purposes. Personal property inclusions and exclusions cause a great number of the disputes in a sale contract and can be expensive for an unwary Agent. As a general rule, try to keep the contract free from personal matters. Not only do these matters “clutter” the real estate aspects of the transaction, but also they may affect the maximum loan amount depending on the loan-to-value ratio.

- f. We do not hold earnest money for Wisconsin transactions

Some common problem areas the Company is familiar with are as follows:

- (1) Loose laid carpet that resembles tacked down carpeting.
- (2) Draperies, curtains, window treatments, etc., especially as to which may be excluded (e.g. master bedroom draperies which match the bedspreads).
- (3) Stoves/ranges (check contract for inclusion in printed matter).
- (4) Portable dishwasher.
- (5) Refrigerator (Even if built-in).

- (6) Security systems / Burglar alarms (Be sure to determine whether leased or owned and whether any continuing service fees apply.)
- (7) Outside mailbox and post. (Typically “fancy” or ornate mailboxes and posts, which a seller may want to remove.)
- (8) Swimming pool equipment and pool equipment.
- (9) Porch swing
- (10) Bathroom mirrors
- (11) Farm equipment
- (12) Riding lawn mower
- (13) Fireplace equipment and/or screen
- (14) Gas lights or BBQ’s (Be sure to check whether these are paid off.)
- (15) Above ground pool
- (16) Hot tub or spa
- (17) Swag lights
- (18) Book shelves (Watch shelves where brackets are attached and wood shelves are not)
- (19) Special showerheads.
- (20) Playhouses/tree house
- (21) Special or ornate door knockers
- (22) Water softener (Check whether leased or owned.)
- (23) Central vacuum equipment (hoses, nozzles, etc.)
- (24) Stained glass (Even though usually attached, can sometimes have sentimental value to seller who intends to remove)
- (25) LP gas tanks (Check whether leased or owned.)
- (26) Fireplace logs
- (27) Ben Franklin stove
- (28) Fireplace inserts (may or may not be attached.)
- (29) Satellite dish and converter boxes/units.
- (30) Under counter appliances (microwave, coffee maker, can opener, radio)
- (31) Basketball hoop
- (32) Garage door opener controls
- (33) Wall mounted brackets and hardware (TV and other)
- (34) Speaker / audio systems
- (35) Hardscape
- (36) Smart home features

This list certainly does not address all of the possible problems. For example, the Company is also aware of a seller who removed a flagstone walk that was obviously attached to the property. Be aware of the potential hazards in this area and act with caution, making sure inclusions and exclusions are clear in the contract. Agents are cautioned not to use simple statements in the address section of the contracts stating “per MLS sheet” or “per MLS #XXX.” These create confusion as to what MLS sheet a contract is referencing.)

*“AS-IS” CONTRACTS:*

Often, listing may be offered in “as-is” condition. This term is unclear, at best. The policy of this Company is to clarify the meaning of this term so that the parties have a clearer understanding of the intentions of the other.

Accordingly, a form is available in the office that the Agent should use in any “as-is” contract. The parties must initial one of the three options and sign the form. The three options are explained below.

- g. The property is sold exactly as seen. Any building, mechanical or structural inspection is waived by the buyer. The seller will make no repairs or corrections.
- h. While property is being sold “as-is”, the buyer is entitled to a building, mechanical or structural inspection to determine status of the property. This option includes a right of the buyer to cancel the contract if the results of the inspections are unsatisfactory.
- i. While the contract states the property is being sold “as-is”, the buyer is entitled to all rights allowed in the building, mechanical or structural inspection clauses of the contracts, including the right to ask for repairs. Typically, this option may be selected if the seller’s statement of “as-is” is simply intended to convey the seller’s position that it is unlikely the seller will repair any requested items.

In addition, Illinois law is clear that an “as-is” sale does not relieve the licensee of the obligation to disclose all material facts of which he/she has knowledge or which are readily available to him/her relating to the condition of the property.

#### *SALE CONTRACT NEGOTIATION:*

The techniques and principles of sale contract negotiation (the “how-to”) are covered in Board training programs. Each Agent is encouraged to take full advantage of these resources to improve her/his skill in this area vital to success in the business.

Aside from sale contract negotiation techniques given, the Company maintains policies that are directed to the legal and ethical aspects of contract negotiation. These are listed below.

- a. **PRESENTATION OF OFFERS:** This Company requires the Agent to present all offers to the seller until closing and all counter offers to the buyer, regardless of how many offers received and regardless of the order in which the offers were received. This Company urges any Agent involved in a multiple offer situation to contact the Broker in Charge to review the proper procedures.

The Company will always be guided by lawful instructions of the client in any multiple offer situations. The Agent should discuss with the client, whether seller or buyer, the customary procedures for handling multiple

offers so that the client may determine whether the client wishes to give the Agent or Company different instructions.

In the event of multiple offers on one property, this Company follows a policy of notifying buyers that his/her offer is in competition with other offers as well as giving the opportunity to change the offer. The notification shall take place only after multiple offers actually exist and not when the listing Agent may have knowledge of other offers being written or possibly being written, but only with the consent of the seller to disclose the status of multiple offers to other parties.

An exception to this policy exists if the seller has a current counter offer in possession of a buyer. In the event the Agent will not disclose the competition to the second or later offer or until the seller has the opportunity to examine the second offer. This gives the seller the ability to determine whether he/she desires to revoke her/his counter offer to the first offer or to negotiate with the second offer.

The Agent should not reveal any terms of the offer to any other party including expiration time of the offer, price, closing dates, earnest money amounts, financing types, amounts or dates or other terms without written consent of the seller.

If another Agent, whether from this Company or another Company, asks the listing Agent to "let me know if another offer comes in", this Company has a general policy of not acknowledging such requests. If other offers come in, the Agent should advise the client that inquiries of this nature have been made and ask the client whether those requests would be followed up.

If multiple offers exist and the listing Agent has written one of those offers, the policy of this Company in such circumstance is that the listing Agent may not present any of the offers. In this case, the CEO, BIC or a Better Homes and Gardens® Real Estate Star Homes Associate, (if management is not available) must be asked to present the multiple offers.

If a listing Agent has already presented an offer from another Agent and a customer of the listing Agent asks to write a competitive offer, the policy of this Company is that the listing Agent must ask the CEO, BIC or one of Better Homes and Gardens® Real Estate Star Homes Associate to write the offer for the listing Agent's customer. The listing Agent's prior knowledge of the first offer could be seen as influential or biased if the listing Agent's customer should be successful in negotiation.

In general, whenever the listing Agent has knowledge of an offer presented, or could use information he/she has to the detriment of one of the



competing parties, this Company strongly recommends that a third party Agent, such as a manager, broker or other Agent, become involved to assist in the negotiations.

A final issue regarding presentation of offers regards whether an oral offer must be presented. Illinois Association of Realtors Rules and Regulations speak to presentation of all written offers. However, the REALTOR Code of Ethics speaks only of submitting all offers to the seller. Therefore, it is the policy of this Company that all offers must be in written form. This policy is based on the fact that under the laws of the State of Illinois, oral offers are typically determined to be unenforceable.

- b. TIMING OF PRESENTATION: This Company also strongly supports and maintains a policy to present all offers and counter offers as quickly as possible. The REALTOR Code of Ethics, Illinois law provides the standards in this area. Illinois law uses the term **“time is of the essence”** as to tendering offers and counter offers and the Code states offers must be submitted “as quickly as possible.”

The policy of this Company is that these terms are to be interpreted to mean “immediately” or “as soon as humanly possible”. As an example, a listing Agent’s receipt of an offer should immediately generate a telephone call to the owner to determine when the seller is available for presentation of the offer. Once contacted, the seller can then instruct the listing Agent as to when to present the offer. The critical point is that this Company believes that the listing Agent MUST make a diligent effort to contact the seller immediately upon receipt of the offer – not an hour later, not when the Agent finishes lunch, not after the Agent shows property.

In the case of a buyer agency, the same principles apply with equal weight. The buyer is the client and must be treated with the same high levels of fiduciary duty as a seller who is a client. These same principles should be adhered to even in the case of a buyer who is a customer and not a client. Illinois Association of Realtors Rules and Regulations and the Code speak to “promptly” tendering any counter offer to the buyer with no reference of client-Agent relationship.

This is an extremely simple yet very important risk reduction technique. Every Agent should consider this of prime importance. The obvious danger in not taking this issue seriously is that the offeree can revoke/withdraw his/her offer at any time prior to a valid acceptance. This Company does not want to be in a position of defending an action where an offer was withdrawn before a seller was contacted or diligent efforts to contact the seller were not made.

These issues are common, daily events that the Agent should learn to handle with skill and ease. The Agent's ability to understand and deal with these issues will act as a significant risk reduction method and contribute to an Agent's successful practice of the real estate business.

## Mediation

What is Mediation?

Mediation is an alternative form of dispute resolution using the services of a trained facilitator who works to bring the parties together in a meeting of minds where they write their own settlement agreement.

Other forms of dispute resolution include:

1. Conciliation, or
2. Negotiation – Usually, the first step in resolving any dispute.
3. Arbitration – A formal process where an Arbitrator hears evidence from both parties and issues a binding decision. (Usual time frame 6-12 months.)
4. Litigation - Through State or Federal courts. (Usual time frame 18 months – 2 years)

Advantages of Mediation:

- Lower cost than arbitration or litigation
- Win-Win. Parties work out an agreement acceptable to everyone
- Quick. Average mediation conducted between 30 and 60 days
- Great PR. REALTORS ARE NOT THE BAD GUYS. Buyer and Seller back in the market
- Do not give up your legal rights in event mediation is unsuccessful
- 85%-90% of disputes are successfully resolved through mediation

Mediation of Disputes with other REALTOR FIRMS: Our policy is that if we are involved in a dispute with another REALTOR firm we will first try to conciliate or negotiate a settlement with the involvement of all Brokers. If this is not possible, we will seek mediation using the services of our local REALTOR Board/Association or the Illinois Association of Realtors. Only, in the event that mediation is unsuccessful, or the other parties decline mediation, will we pursue arbitration to resolve any dispute.

Mediation of Disputes between Buyers and Sellers using DRS: Inclusion of a mandatory mediation clause in any sales contract protects the Agents, the firm, and also all parties to the transaction. The increased cost of litigation directly impacts our bottom-line. The damage to our firm image when a dispute is unresolved is unacceptable today. Our firm

policy is to make every effort to resolve disputes between buyers and sellers as quickly as possible, get the property back on the market or get the buyer back into a purchasing position. For that reason, all Agents are required to use sales and rental contracts that include a mandatory mediation clause.

Buyers and sellers, lessors and lessees are to be advised of the advantages of mediation and the fact that the average dispute through the courts costs \$3,500 and take two years to resolve. In the event of a dispute, the broker-in-charge is to be notified immediately and steps taken to seek mediation using the DRS procedures developed by the NATIONAL ASSOCIATION OF REALTORS and available through our local Board/Association of the MRED or Illinois Association of Realtors. The costs of DRS mediation are usually around \$100 to \$200 and these fees are usually split between the parties. In the event mediation is unsuccessful then the parties may move forward to arbitration or litigation. DRS mediation is particularly valuable in resolving earnest money deposit disputes. An explanation of the DRS mediation process is available from your Local Board/Association.

The basic risk reduction techniques in this manual can contribute significantly to the safe and successful practice of the real estate business for this Company and each Agent. The Company appreciates each Agent's and staff member's enthusiastic endorsement of these concepts.

# **Code of Ethics and Standards of Practice**

**of the National Association of REALTORS®**

Effective January 1, 2021

Where the word REALTORS® is used in this Code and Preamble, it shall be deemed to include REALTOR-ASSOCIATE®s.

While the Code of Ethics establishes obligations that may be higher than those mandated by law, in any instance where the Code of Ethics and the law conflict, the obligations of the law must take precedence.

## **Preamble**

Under all is the land. Upon its wise utilization and widely allocated ownership depend the survival and growth of free institutions and of our civilization. REALTORS® should recognize that the interests of the nation and its citizens require the highest and best use of the land and the widest distribution of land ownership. They require the creation of adequate housing, the building of functioning cities, the development of productive industries and farms, and the preservation of a healthful environment.

Such interests impose obligations beyond those of ordinary commerce. They impose grave social responsibility and a patriotic duty to which REALTORS® should dedicate themselves, and for which they should be diligent in preparing themselves. REALTORS®, therefore, are zealous to maintain and improve the standards of their calling and share with their fellow REALTORS® a common responsibility for its integrity and honor.

In recognition and appreciation of their obligations to clients, customers, the public, and each other, REALTORS® continuously strive to become and remain informed on issues affecting real estate and, as knowledgeable professionals, they willingly share the fruit of their experience and study with others. They identify and take steps, through enforcement of this Code of Ethics and by assisting appropriate regulatory bodies, to eliminate practices

which may damage the public or which might discredit or bring dishonor to the real estate profession. REALTORS® having direct personal knowledge of conduct that may violate the Code of Ethics involving misappropriation of client or customer funds or property, willful discrimination, or fraud resulting in substantial economic harm, bring such matters to the attention of the appropriate Board or Association of REALTORS®. *(Amended 1/00)*

Realizing that cooperation with other real estate professionals promotes the best interests of those who utilize their services, REALTORS® urge exclusive representation of clients; do not attempt to gain any unfair advantage over their competitors; and they refrain from making unsolicited comments about other practitioners. In instances where their opinion is sought, or where REALTORS® believe that comment is necessary, their opinion is offered in an objective, professional manner, uninfluenced by any personal motivation or potential advantage or gain.

The term REALTOR® has come to connote competency, fairness, and high integrity resulting from adherence to a lofty ideal of moral conduct in business relations. No inducement of profit and no instruction from clients ever can justify departure from this ideal.

In the interpretation of this obligation, REALTORS® can take no safer guide than that which has been handed down through the centuries, embodied in the Golden Rule, “Whatsoever ye would that others should do to you, do ye even so to them.”

Accepting this standard as their own, REALTORS® pledge to observe its spirit in all of their activities whether conducted personally, through associates or others, or via technological means, and to conduct their business in accordance with the tenets set forth below. *(Amended 1/07)*

## **Duties to Clients and Customers**

### ***Article 1***

When representing a buyer, seller, landlord, tenant, or other client as an agent, REALTORS® pledge themselves to protect and promote the interests of their client. This obligation to the client is primary, but it does not relieve REALTORS® of their obligation to

treat all parties honestly. When serving a buyer, seller, landlord, tenant or other party in a non-agency capacity, REALTORS® remain obligated to treat all parties honestly. *(Amended 1/01)*

- Standard of Practice 1-1

REALTORS®, when acting as principals in a real estate transaction, remain obligated by the duties imposed by the Code of Ethics. *(Amended 1/93)*

- Standard of Practice 1-2

The duties imposed by the Code of Ethics encompass all real estate-related activities and transactions whether conducted in person, electronically, or through any other means.

The duties the Code of Ethics imposes are applicable whether REALTORS® are acting as agents or in legally recognized non-agency capacities except that any duty imposed exclusively on agents by law or regulation shall not be imposed by this Code of Ethics on REALTORS® acting in non-agency capacities.

As used in this Code of Ethics, “client” means the person(s) or entity(ies) with whom a REALTOR® or a REALTOR®’s firm has an agency or legally recognized non-agency relationship; “customer” means a party to a real estate transaction who receives information, services, or benefits but has no contractual relationship with the REALTOR® or the REALTOR®’s firm; “prospect” means a purchaser, seller, tenant, or landlord who is not subject to a representation relationship with the REALTOR® or REALTOR®’s firm; “agent” means a real estate licensee (including brokers and sales associates) acting in an agency relationship as defined by state law or regulation; and “broker” means a real estate licensee (including brokers and sales associates) acting as an agent or in a legally recognized non-agency capacity. *(Adopted 1/95, Amended 1/07)*

- Standard of Practice 1-3

REALTORS®, in attempting to secure a listing, shall not deliberately mislead the owner as to market value.

- Standard of Practice 1-4

REALTORS®, when seeking to become a buyer/tenant representative, shall not mislead buyers or tenants as to savings or other benefits that might be realized through use of the REALTOR®'s services. *(Amended 1/93)*

- Standard of Practice 1-5

REALTORS® may represent the seller/landlord and buyer/tenant in the same transaction only after full disclosure to and with informed consent of both parties. *(Adopted 1/93)*

- Standard of Practice 1-6

REALTORS® shall submit offers and counter-offers objectively and as quickly as possible. *(Adopted 1/93, Amended 1/95)*

- Standard of Practice 1-7

When acting as listing brokers, REALTORS® shall continue to submit to the seller/landlord all offers and counter-offers until closing or execution of a lease unless the seller/landlord has waived this obligation in writing. Upon the written request of a cooperating broker who submits an offer to the listing broker, the listing broker shall provide, as soon as practical, a written affirmation to the cooperating broker stating that the offer has been submitted to the seller/landlord, or a written notification that the seller/landlord has waived the obligation to have the offer presented. REALTORS® shall not be obligated to continue to market the property after an offer has been accepted by the seller/landlord. REALTORS® shall recommend that sellers/landlords obtain the advice of legal counsel prior to acceptance of a subsequent offer

except where the acceptance is contingent on the termination of the pre-existing purchase contract or lease. *(Amended 1/20)*

- Standard of Practice 1-8

REALTORS® , acting as agents or brokers of buyers/tenants, shall submit to buyers/tenants all offers and counter-offers until acceptance but have no obligation to continue to show properties to their clients after an offer has been accepted unless otherwise agreed in writing. REALTORS®, acting as agents or brokers of buyers/tenants, shall recommend that buyers/tenants obtain the advice of legal counsel if there is a question as to whether a pre-existing contract has been terminated. *(Adopted 1/93, Amended 1/99)*

- Standard of Practice 1-9

The obligation of REALTORS® to preserve confidential information (as defined by state law) provided by their clients in the course of any agency relationship or non-agency relationship recognized by law continues after termination of agency relationships or any non-agency relationships recognized by law. REALTORS® shall not knowingly, during or following the termination of professional relationships with their clients:

1. reveal confidential information of clients; or
2. use confidential information of clients to the disadvantage of clients; or
3. use confidential information of clients for the REALTOR®'s advantage or the advantage of third parties unless:
  - a) clients consent after full disclosure; or
  - b) REALTORS® are required by court order; or
  - c) it is the intention of a client to commit a crime and the information is necessary to prevent the crime; or



- d) it is necessary to defend a REALTOR® or the REALTOR®'s employees or associates against an accusation of wrongful conduct.

Information concerning latent material defects is not considered confidential information under this Code of Ethics. *(Adopted 1/93, Amended 1/01)*

- Standard of Practice 1-10

REALTORS® shall, consistent with the terms and conditions of their real estate licensure and their property management agreement, competently manage the property of clients with due regard for the rights, safety and health of tenants and others lawfully on the premises. *(Adopted 1/95, Amended 1/00)*

- Standard of Practice 1-11

REALTORS® who are employed to maintain or manage a client's property shall exercise due diligence and make reasonable efforts to protect it against reasonably foreseeable contingencies and losses. *(Adopted 1/95)*

- Standard of Practice 1-12

When entering into listing contracts, REALTORS® must advise sellers/landlords of:

1. the REALTOR®'s company policies regarding cooperation and the amount(s) of any compensation that will be offered to subagents, buyer/tenant agents, and/or brokers acting in legally recognized non-agency capacities;
2. the fact that buyer/tenant agents or brokers, even if compensated by listing brokers, or by sellers/landlords may represent the interests of buyers/tenants; and
3. any potential for listing brokers to act as disclosed dual agents, e.g. buyer/tenant agents. *(Adopted 1/93, Renumbered 1/98, Amended 1/03)*

- Standard of Practice 1-13

When entering into buyer/tenant agreements, REALTORS® must advise potential clients of:

1. the REALTOR®'s company policies regarding cooperation;
2. the amount of compensation to be paid by the client;
3. the potential for additional or offsetting compensation from other brokers, from the seller or landlord, or from other parties;
4. any potential for the buyer/tenant representative to act as a disclosed dual agent, e.g. listing broker, subagent, landlord's agent, etc., and
5. the possibility that sellers or sellers' representatives may not treat the existence, terms, or conditions of offers as confidential unless confidentiality is required by law, regulation, or by any confidentiality agreement between the parties. *(Adopted 1/93, Renumbered 1/98, Amended 1/06)*

- Standard of Practice 1-14

Fees for preparing appraisals or other valuations shall not be contingent upon the amount of the appraisal or valuation. *(Adopted 1/02)*

- Standard of Practice 1-15

REALTORS®, in response to inquiries from buyers or cooperating brokers shall, with the sellers' approval, disclose the existence of offers on the property. Where disclosure is authorized, REALTORS® shall also disclose, if asked, whether offers were obtained by the listing licensee, another licensee in the listing firm, or by a cooperating broker. *(Adopted 1/03, Amended 1/09)*

- Standard of Practice 1-16

REALTORS® shall not access or use, or permit or enable others to access or use, listed or managed property on terms or conditions other than those authorized by the owner or seller. *(Adopted 1/12)*

## *Article 2*

REALTORS® shall avoid exaggeration, misrepresentation, or concealment of pertinent facts relating to the property or the transaction. REALTORS® shall not, however, be obligated to discover latent defects in the property, to advise on matters outside the scope of their real estate license, or to disclose facts which are confidential under the scope of agency or non-agency relationships as defined by state law. *(Amended 1/00)* [[listen](#)]

- Standard of Practice 2-1

REALTORS® shall only be obligated to discover and disclose adverse factors reasonably apparent to someone with expertise in those areas required by their real estate licensing authority. Article 2 does not impose upon the REALTOR® the obligation of expertise in other professional or technical disciplines. *(Amended 1/96)*

- Standard of Practice 2-2

*(Renumbered as Standard of Practice 1-12 1/98)*

- Standard of Practice 2-3

*(Renumbered as Standard of Practice 1-13 1/98)*

- Standard of Practice 2-4

REALTORS® shall not be parties to the naming of a false consideration in any document, unless it be the naming of an obviously nominal consideration.

- Standard of Practice 2-5

Factors defined as “non-material” by law or regulation or which are expressly referenced in law or regulation as not being subject to disclosure are considered not “pertinent” for purposes of Article 2. *(Adopted 1/93)*

### **Article 3**

REALTORS® shall cooperate with other brokers except when cooperation is not in the client’s best interest. The obligation to cooperate does not include the obligation to share commissions, fees, or to otherwise compensate another broker. *(Amended 1/95)*

- Standard of Practice 3-1

REALTORS®, acting as exclusive agents or brokers of sellers/ landlords, establish the terms and conditions of offers to cooperate. Unless expressly indicated in offers to cooperate, cooperating brokers may not assume that the offer of cooperation includes an offer of compensation. Terms of compensation, if any, shall be ascertained by cooperating brokers before beginning efforts to accept the offer of cooperation. *(Amended 1/99)*

- Standard of Practice 3-2

Any change in compensation offered for cooperative services must be communicated to the other REALTOR® prior to the time that REALTOR® submits an offer to purchase/lease the property. After a REALTOR® has submitted an offer to purchase or lease property, the listing broker may not attempt to unilaterally modify the offered compensation with respect to that cooperative transaction. *(Amended 1/14)*

- Standard of Practice 3-3

Standard of Practice 3-2 does not preclude the listing broker and cooperating broker from entering into an agreement to change cooperative compensation. *(Adopted 1/94)*

- Standard of Practice 3-4

REALTORS®, acting as listing brokers, have an affirmative obligation to disclose the existence of dual or variable rate commission arrangements (i.e., listings where one amount of commission is payable if the listing broker's firm is the procuring cause of sale/lease and a different amount of commission is payable if the sale/lease results through the efforts of the seller/ landlord or a cooperating broker). The listing broker shall, as soon as practical, disclose the existence of such arrangements to potential cooperating brokers and shall, in response to inquiries from cooperating brokers, disclose the differential that would result in a cooperative transaction or in a sale/lease that results through the efforts of the seller/landlord. If the cooperating broker is a buyer/tenant representative, the buyer/tenant representative must disclose such information to their client before the client makes an offer to purchase or lease. *(Amended 1/02)*

- Standard of Practice 3-5

It is the obligation of subagents to promptly disclose all pertinent facts to the principal's agent prior to as well as after a purchase or lease agreement is executed. *(Amended 1/93)*

- Standard of Practice 3-6

REALTORS® shall disclose the existence of accepted offers, including offers with unresolved contingencies, to any broker seeking cooperation. *(Adopted 5/86, Amended 1/04)*

- Standard of Practice 3-7

When seeking information from another REALTOR® concerning property under a management or listing agreement, REALTORS® shall disclose their REALTOR® status and whether their interest is personal or on behalf of a client and, if on behalf of a client, their relationship with the client. *(Amended 1/11)*

- Standard of Practice 3-8

REALTORS® shall not misrepresent the availability of access to show or inspect a listed property. *(Amended 11/87)*

- Standard of Practice 3-9

REALTORS® shall not provide access to listed property on terms other than those established by the owner or the listing broker. *(Adopted 1/10)*

- Standard of Practice 3-10

The duty to cooperate established in Article 3 relates to the obligation to share information on listed property, and to make property available to other brokers for showing to prospective purchasers/tenants when it is in the best interests of sellers/landlords. *(Adopted 1/11)*

- Standard of Practice 3-11

REALTORS® may not refuse to cooperate on the basis of a broker's race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. *(Adopted 1/20)*

#### **Article 4**

REALTORS® shall not acquire an interest in or buy or present offers from themselves, any member of their immediate families, their firms or any member thereof, or any entities in which they have any ownership interest, any real property without making their true position known to the owner or the owner's agent or broker. In selling property they own, or in which they have any interest, REALTORS® shall reveal their ownership or interest in writing to the purchaser or the purchaser's representative. *(Amended 1/00)* [[listen](#)]

- Standard of Practice 4-1

For the protection of all parties, the disclosures required by Article 4 shall be in writing and provided by REALTORS® prior to the signing of any contract. *(Adopted 2/86)*

### ***Article 5***

REALTORS® shall not undertake to provide professional services concerning a property or its value where they have a present or contemplated interest unless such interest is specifically disclosed to all affected parties.

### ***Article 6***

REALTORS® shall not accept any commission, rebate, or profit on expenditures made for their client, without the client's knowledge and consent.

When recommending real estate products or services (e.g., homeowner's insurance, warranty programs, mortgage financing, title insurance, etc.), REALTORS® shall disclose to the client or customer to whom the recommendation is made any financial benefits or fees, other than real estate referral fees, the REALTOR® or REALTOR®'s firm may receive as a direct result of such recommendation. *(Amended 1/99)*

- Standard of Practice 6-1

REALTORS® shall not recommend or suggest to a client or a customer the use of services of another organization or business entity in which they have a direct interest without disclosing such interest at the time of the recommendation or suggestion. *(Amended 5/88)*

### ***Article 7***

In a transaction, REALTORS® shall not accept compensation from more than one party, even if permitted by law, without disclosure to all parties and the informed consent of the REALTOR®'s client or clients. *(Amended 1/93)*

### ***Article 8***

REALTORS® shall keep in a special account in an appropriate financial institution, separated from their own funds, monies coming into their possession in trust for other persons, such as escrows, trust funds, clients' monies, and other like items.

## **Article 9**

REALTORS®, for the protection of all parties, shall assure whenever possible that all agreements related to real estate transactions including, but not limited to, listing and representation agreements, purchase contracts, and leases are in writing in clear and understandable language expressing the specific terms, conditions, obligations and commitments of the parties. A copy of each agreement shall be furnished to each party to such agreements upon their signing or initialing. *(Amended 1/04)*

- Standard of Practice 9-1

For the protection of all parties, REALTORS® shall use reasonable care to ensure that documents pertaining to the purchase, sale, or lease of real estate are kept current through the use of written extensions or amendments. *(Amended 1/93)*

- Standard of Practice 9-2

When assisting or enabling a client or customer in establishing a contractual relationship (e.g., listing and representation agreements, purchase agreements, leases, etc.) electronically, REALTORS® shall make reasonable efforts to explain the nature and disclose the specific terms of the contractual relationship being established prior to it being agreed to by a contracting party. *(Adopted 1/07)*

# **Duties to the Public**

## **Article 10**

REALTORS® shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. REALTORS® shall not be parties to any plan or agreement to discriminate against a person or persons on the basis of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. *(Amended 1/14)*



REALTORS®, in their real estate employment practices, shall not discriminate against any person or persons on the basis of race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. *(Amended 1/14)*

- Standard of Practice 10-1

When involved in the sale or lease of a residence, REALTORS® shall not volunteer information regarding the racial, religious or ethnic composition of any neighborhood nor shall they engage in any activity which may result in panic selling, however, REALTORS® may provide other demographic information. *(Adopted 1/94, Amended 1/06)*

- Standard of Practice 10-2

When not involved in the sale or lease of a residence, REALTORS® may provide demographic information related to a property, transaction or professional assignment to a party if such demographic information is (a) deemed by the REALTOR® to be needed to assist with or complete, in a manner consistent with Article 10, a real estate transaction or professional assignment and (b) is obtained or derived from a recognized, reliable, independent, and impartial source. The source of such information and any additions, deletions, modifications, interpretations, or other changes shall be disclosed in reasonable detail. *(Adopted 1/05, Renumbered 1/06)*

- Standard of Practice 10-3

REALTORS® shall not print, display or circulate any statement or advertisement with respect to selling or renting of a property that indicates any preference, limitations or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. *(Adopted 1/94, Renumbered 1/05 and 1/06, Amended 1/14)*

- Standard of Practice 10-4

As used in Article 10 “real estate employment practices” relates to employees and independent contractors providing real estate-related services and the administrative and clerical staff directly supporting those individuals. *(Adopted 1/00, Renumbered 1/05 and 1/06)*

- Standard of Practice 10-5

REALTORS® must not use harassing speech, hate speech, epithets, or slurs based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, or gender identity. *(Adopted and Effective 11/2020)*

### **Article 11**

The services which REALTORS® provide to their clients and customers shall conform to the standards of practice and competence which are reasonably expected in the specific real estate disciplines in which they engage; specifically, residential real estate brokerage, real property management, commercial and industrial real estate brokerage, land brokerage, real estate appraisal, real estate counseling, real estate syndication, real estate auction, and international real estate.

REALTORS® shall not undertake to provide specialized professional services concerning a type of property or service that is outside their field of competence unless they engage the assistance of one who is competent on such types of property or service, or unless the facts are fully disclosed to the client. Any persons engaged to provide such assistance shall be so identified to the client and their contribution to the assignment should be set forth. *(Amended 1/10)*

- Standard of Practice 11-1

When REALTORS® prepare opinions of real property value or price they must:

1. be knowledgeable about the type of property being valued,
2. have access to the information and resources necessary to formulate an accurate opinion, and

3. be familiar with the area where the subject property is located

unless lack of any of these is disclosed to the party requesting the opinion in advance.

When an opinion of value or price is prepared other than in pursuit of a listing or to assist a potential purchaser in formulating a purchase offer, the opinion shall include the following unless the party requesting the opinion requires a specific type of report or different data set:

1. identification of the subject property
2. date prepared
3. defined value or price
4. limiting conditions, including statements of purpose(s) and intended user(s)
5. any present or contemplated interest, including the possibility of representing the seller/landlord or buyers/tenants
6. basis for the opinion, including applicable market data
7. if the opinion is not an appraisal, a statement to that effect
8. disclosure of whether and when a physical inspection of the property's exterior was conducted
9. disclosure of whether and when a physical inspection of the property's interior was conducted
10. disclosure of whether the REALTOR® has any conflicts of interest (*Amended 1/14*)

• Standard of Practice 11-2

The obligations of the Code of Ethics in respect of real estate disciplines other than appraisal shall be interpreted and applied in accordance with the standards of competence and practice which clients and the public reasonably

require to protect their rights and interests considering the complexity of the transaction, the availability of expert assistance, and, where the REALTOR® is an agent or subagent, the obligations of a fiduciary. *(Adopted 1/95)*

- Standard of Practice 11-3

When REALTORS® provide consultive services to clients which involve advice or counsel for a fee (not a commission), such advice shall be rendered in an objective manner and the fee shall not be contingent on the substance of the advice or counsel given. If brokerage or transaction services are to be provided in addition to consultive services, a separate compensation may be paid with prior agreement between the client and REALTOR®. *(Adopted 1/96)*

- Standard of Practice 11-4

The competency required by Article 11 relates to services contracted for between REALTORS® and their clients or customers; the duties expressly imposed by the Code of Ethics; and the duties imposed by law or regulation. *(Adopted 1/02)*

## ***Article 12***

REALTORS® shall be honest and truthful in their real estate communications and shall present a true picture in their advertising, marketing, and other representations. REALTORS® shall ensure that their status as real estate professionals is readily apparent in their advertising, marketing, and other representations, and that the recipients of all real estate communications are, or have been, notified that those communications are from a real estate professional. *(Amended 1/08)*

- Standard of Practice 12-1

Unless they are receiving no compensation from any source for their time and services, REALTORS® may use the term “free” and similar terms in their advertising and in other representations only if they clearly and conspicuously disclose:

- 1) by whom they are being, or expect to be, paid;
- 2) the amount of the payment or anticipated payment;
- 3) any conditions associated with the payment, offered product or service, and;
- 4) any other terms relating to their compensation. *(Amended 1/20)*

- Standard of Practice 12-2

*Deleted (1/20)*

- Standard of Practice 12-3

The offering of premiums, prizes, merchandise discounts or other inducements to list, sell, purchase, or lease is not, in itself, unethical even if receipt of the benefit is contingent on listing, selling, purchasing, or leasing through the REALTOR® making the offer. However, REALTORS® must exercise care and candor in any such advertising or other public or private representations so that any party interested in receiving or otherwise benefiting from the REALTOR®'s offer will have clear, thorough, advance understanding of all the terms and conditions of the offer. The offering of any inducements to do business is subject to the limitations and restrictions of state law and the ethical obligations established by any applicable Standard of Practice. *(Amended 1/95)*

- Standard of Practice 12-4

REALTORS® shall not offer for sale/lease or advertise property without authority. When acting as listing brokers or as subagents, REALTORS® shall not quote a price different from that agreed upon with the seller/landlord. *(Amended 1/93)*

- Standard of Practice 12-5

Realtors® shall not advertise nor permit any person employed by or affiliated with them to advertise real estate services or listed property in any medium

(e.g., electronically, print, radio, television, etc.) without disclosing the name of that Realtor®'s firm in a reasonable and readily apparent manner either in the advertisement or in electronic advertising via a link to a display with all required disclosures. *(Adopted 11/86, Amended 1/16)*

- Standard of Practice 12-6

REALTORS®, when advertising unlisted real property for sale/lease in which they have an ownership interest, shall disclose their status as both owners/landlords and as REALTORS® or real estate licensees. *(Amended 1/93)*

- Standard of Practice 12-7

Only REALTORS® who participated in the transaction as the listing broker or cooperating broker (selling broker) may claim to have “sold” the property. Prior to closing, a cooperating broker may post a “sold” sign only with the consent of the listing broker. *(Amended 1/96)*

- Standard of Practice 12-8

The obligation to present a true picture in representations to the public includes information presented, provided, or displayed on REALTORS®' websites. REALTORS® shall use reasonable efforts to ensure that information on their websites is current. When it becomes apparent that information on a REALTOR®'s website is no longer current or accurate, REALTORS® shall promptly take corrective action. *(Adopted 1/07)*

- Standard of Practice 12-9

REALTOR® firm websites shall disclose the firm's name and state(s) of licensure in a reasonable and readily apparent manner.

Websites of REALTORS® and non-member licensees affiliated with a REALTOR® firm shall disclose the firm's name and that REALTOR®'s or non-

member licensee's state(s) of licensure in a reasonable and readily apparent manner. *(Adopted 1/07)*

- Standard of Practice 12-10

REALTORS®' obligation to present a true picture in their advertising and representations to the public includes Internet content, images, and the URLs and domain names they use, and prohibits REALTORS® from:

1. engaging in deceptive or unauthorized framing of real estate brokerage websites;
2. manipulating (e.g., presenting content developed by others) listing and other content in any way that produces a deceptive or misleading result;
3. deceptively using metatags, keywords or other devices/methods to direct, drive, or divert Internet traffic; or
4. presenting content developed by others without either attribution or without permission, or
5. otherwise misleading consumers, including use of misleading images. *(Adopted 1/07, Amended 1/18)*

- Standard of Practice 12-11

REALTORS® intending to share or sell consumer information gathered via the Internet shall disclose that possibility in a reasonable and readily apparent manner. *(Adopted 1/07)*

- Standard of Practice 12-12

REALTORS® shall not:

1. use URLs or domain names that present less than a true picture, or

2. register URLs or domain names which, if used, would present less than a true picture. *(Adopted 1/08)*

- Standard of Practice 12-13

The obligation to present a true picture in advertising, marketing, and representations allows REALTORS® to use and display only professional designations, certifications, and other credentials to which they are legitimately entitled. *(Adopted 1/08)*

### ***Article 13***

REALTORS® shall not engage in activities that constitute the unauthorized practice of law and shall recommend that legal counsel be obtained when the interest of any party to the transaction requires it.

### ***Article 14***

If charged with unethical practice or asked to present evidence or to cooperate in any other way, in any professional standards proceeding or investigation, REALTORS® shall place all pertinent facts before the proper tribunals of the Member Board or affiliated institute, society, or council in which membership is held and shall take no action to disrupt or obstruct such processes. *(Amended 1/99)*

- Standard of Practice 14-1

REALTORS® shall not be subject to disciplinary proceedings in more than one Board of REALTORS® or affiliated institute, society or council in which they hold membership with respect to alleged violations of the Code of Ethics relating to the same transaction or event. *(Amended 1/95)*

- Standard of Practice 14-2

REALTORS® shall not make any unauthorized disclosure or dissemination of the allegations, findings, or decision developed in connection with an ethics



hearing or appeal or in connection with an arbitration hearing or procedural review. *(Amended 1/92)*

- Standard of Practice 14-3

REALTORS® shall not obstruct the Board's investigative or professional standards proceedings by instituting or threatening to institute actions for libel, slander or defamation against any party to a professional standards proceeding or their witnesses based on the filing of an arbitration request, an ethics complaint, or testimony given before any tribunal. *(Adopted 11/87, Amended 1/99)*

- Standard of Practice 14-4

REALTORS® shall not intentionally impede the Board's investigative or disciplinary proceedings by filing multiple ethics complaints based on the same event or transaction. *(Adopted 11/88)*

## **Duties to REALTORS®**

### *Article 15*

REALTORS® shall not knowingly or recklessly make false or misleading statements about other real estate professionals, their businesses, or their business practices. *(Amended 1/12)*

- Standard of Practice 15-1

REALTORS® shall not knowingly or recklessly file false or unfounded ethics complaints. *(Adopted 1/00)*

- Standard of Practice 15-2

The obligation to refrain from making false or misleading statements about other real estate professionals, their businesses and their business practices includes the duty to not knowingly or recklessly publish, repeat, retransmit, or republish false or misleading statements made by others. This duty applies

whether false or misleading statements are repeated in person, in writing, by technological means (e.g., the Internet), or by any other means. *(Adopted 1/07, Amended 1/12)*

- Standard of Practice 15-3

The obligation to refrain from making false or misleading statements about other real estate professionals, their businesses, and their business practices includes the duty to publish a clarification about or to remove statements made by others on electronic media the REALTOR® controls once the REALTOR® knows the statement is false or misleading. *(Adopted 1/10, Amended 1/12)*

#### *Article 16*

REALTORS® shall not engage in any practice or take any action inconsistent with exclusive representation or exclusive brokerage relationship agreements that other REALTORS® have with clients. *(Amended 1/04)*

- Standard of Practice 16-1

Article 16 is not intended to prohibit aggressive or innovative business practices which are otherwise ethical and does not prohibit disagreements with other REALTORS® involving commission, fees, compensation or other forms of payment or expenses. *(Adopted 1/93, Amended 1/95)*

- Standard of Practice 16-2

Article 16 does not preclude REALTORS® from making general announcements to prospects describing their services and the terms of their availability even though some recipients may have entered into agency agreements or other exclusive relationships with another REALTOR®. A general telephone canvass, general mailing or distribution addressed to all prospects in a given geographical area or in a given profession, business, club, or organization, or other classification or group is deemed “general” for purposes of this standard. *(Amended 1/04)*

Article 16 is intended to recognize as unethical two basic types of solicitations:

First, telephone or personal solicitations of property owners who have been identified by a real estate sign, multiple listing compilation, or other information service as having exclusively listed their property with another REALTOR®, and

Second, mail or other forms of written solicitations of prospects whose properties are exclusively listed with another REALTOR® when such solicitations are not part of a general mailing but are directed specifically to property owners identified through compilations of current listings, “for sale” or “for rent” signs, or other sources of information required by Article 3 and Multiple Listing Service rules to be made available to other REALTORS® under offers of subagency or cooperation. *(Amended 1/04)*

- Standard of Practice 16-3

Article 16 does not preclude REALTORS® from contacting the client of another broker for the purpose of offering to provide, or entering into a contract to provide, a different type of real estate service unrelated to the type of service currently being provided (e.g., property management as opposed to brokerage) or from offering the same type of service for property not subject to other brokers’ exclusive agreements. However, information received through a Multiple Listing Service or any other offer of cooperation may not be used to target clients of other REALTORS® to whom such offers to provide services may be made. *(Amended 1/04)*

- Standard of Practice 16-4

REALTORS® shall not solicit a listing which is currently listed exclusively with another broker. However, if the listing broker, when asked by the REALTOR®, refuses to disclose the expiration date and nature of such listing; i.e., an exclusive right to sell, an exclusive agency, open listing, or other form of

contractual agreement between the listing broker and the client, the REALTOR® may contact the owner to secure such information and may discuss the terms upon which the REALTOR® might take a future listing or, alternatively, may take a listing to become effective upon expiration of any existing exclusive listing. *(Amended 1/94)*

- Standard of Practice 16-5

REALTORS® shall not solicit buyer/tenant agreements from buyers/ tenants who are subject to exclusive buyer/tenant agreements. However, if asked by a REALTOR®, the broker refuses to disclose the expiration date of the exclusive buyer/tenant agreement, the REALTOR® may contact the buyer/tenant to secure such information and may discuss the terms upon which the REALTOR® might enter into a future buyer/tenant agreement or, alternatively, may enter into a buyer/tenant agreement to become effective upon the expiration of any existing exclusive buyer/tenant agreement. *(Adopted 1/94, Amended 1/98)*

- Standard of Practice 16-6

When REALTORS® are contacted by the client of another REALTOR® regarding the creation of an exclusive relationship to provide the same type of service, and REALTORS® have not directly or indirectly initiated such discussions, they may discuss the terms upon which they might enter into a future agreement or, alternatively, may enter into an agreement which becomes effective upon expiration of any existing exclusive agreement. *(Amended 1/98)*

- Standard of Practice 16-7

The fact that a prospect has retained a REALTOR® as an exclusive representative or exclusive broker in one or more past transactions does not preclude other REALTORS® from seeking such prospect's future business. *(Amended 1/04)*

- Standard of Practice 16-8

The fact that an exclusive agreement has been entered into with a REALTOR® shall not preclude or inhibit any other REALTOR® from entering into a similar agreement after the expiration of the prior agreement. *(Amended 1/98)*

- Standard of Practice 16-9

REALTORS®, prior to entering into a representation agreement, have an affirmative obligation to make reasonable efforts to determine whether the prospect is subject to a current, valid exclusive agreement to provide the same type of real estate service. *(Amended 1/04)*

- Standard of Practice 16-10

REALTORS®, acting as buyer or tenant representatives or brokers, shall disclose that relationship to the seller/landlord's representative or broker at first contact and shall provide written confirmation of that disclosure to the seller/landlord's representative or broker not later than execution of a purchase agreement or lease. *(Amended 1/04)*

- Standard of Practice 16-11

On unlisted property, REALTORS® acting as buyer/tenant representatives or brokers shall disclose that relationship to the seller/landlord at first contact for that buyer/tenant and shall provide written confirmation of such disclosure to the seller/landlord not later than execution of any purchase or lease agreement. *(Amended 1/04)*

REALTORS® shall make any request for anticipated compensation from the seller/ landlord at first contact. *(Amended 1/98)*

- Standard of Practice 16-12

REALTORS®, acting as representatives or brokers of sellers/landlords or as subagents of listing brokers, shall disclose that relationship to buyers/tenants as soon as practicable and shall provide written confirmation of such disclosure to buyers/tenants not later than execution of any purchase or lease agreement. *(Amended 1/04)*

- Standard of Practice 16-13

All dealings concerning property exclusively listed, or with buyer/tenants who are subject to an exclusive agreement shall be carried on with the client's representative or broker, and not with the client, except with the consent of the client's representative or broker or except where such dealings are initiated by the client.

Before providing substantive services (such as writing a purchase offer or presenting a CMA) to prospects, REALTORS® shall ask prospects whether they are a party to any exclusive representation agreement. REALTORS® shall not knowingly provide substantive services concerning a prospective transaction to prospects who are parties to exclusive representation agreements, except with the consent of the prospects' exclusive representatives or at the direction of prospects. *(Adopted 1/93, Amended 1/04)*

- Standard of Practice 16-14

REALTORS® are free to enter into contractual relationships or to negotiate with sellers/ landlords, buyers/tenants or others who are not subject to an exclusive agreement but shall not knowingly obligate them to pay more than one commission except with their informed consent. *(Amended 1/98)*

- Standard of Practice 16-15

In cooperative transactions REALTORS® shall compensate cooperating REALTORS® (principal brokers) and shall not compensate nor offer to compensate, directly or indirectly, any of the sales licensees employed by or

affiliated with other REALTORS® without the prior express knowledge and consent of the cooperating broker.

- Standard of Practice 16-16

REALTORS®, acting as subagents or buyer/tenant representatives or brokers, shall not use the terms of an offer to purchase/lease to attempt to modify the listing broker's offer of compensation to subagents or buyer/tenant representatives or brokers nor make the submission of an executed offer to purchase/lease contingent on the listing broker's agreement to modify the offer of compensation. *(Amended 1/04)*

- Standard of Practice 16-17

REALTORS®, acting as subagents or as buyer/tenant representatives or brokers, shall not attempt to extend a listing broker's offer of cooperation and/or compensation to other brokers without the consent of the listing broker. *(Amended 1/04)*

- Standard of Practice 16-18

REALTORS® shall not use information obtained from listing brokers through offers to cooperate made through multiple listing services or through other offers of cooperation to refer listing brokers' clients to other brokers or to create buyer/tenant relationships with listing brokers' clients, unless such use is authorized by listing brokers. *(Amended 1/02)*

- Standard of Practice 16-19

Signs giving notice of property for sale, rent, lease, or exchange shall not be placed on property without consent of the seller/landlord. *(Amended 1/93)*

- Standard of Practice 16-20

REALTORS®, prior to or after their relationship with their current firm is terminated, shall not induce clients of their current firm to cancel exclusive contractual agreements between the client and that firm. This does not preclude REALTORS® (principals) from establishing agreements with their associated licensees governing assignability of exclusive agreements. *(Adopted 1/98, Amended 1/10)*

#### *Article 17*

In the event of contractual disputes or specific non-contractual disputes as defined in Standard of Practice 17-4 between REALTORS® (principals) associated with different firms, arising out of their relationship as REALTORS®, the REALTORS® shall mediate the dispute if the Board requires its members to mediate. If the dispute is not resolved through mediation, or if mediation is not required, REALTORS® shall submit the dispute to arbitration in accordance with the policies of their Board rather than litigate the matter.

In the event clients of REALTORS® wish to mediate or arbitrate contractual disputes arising out of real estate transactions, REALTORS® shall mediate or arbitrate those disputes in accordance with the policies of the Board, provided the clients agree to be bound by any resulting agreement or award.

The obligation to participate in mediation or arbitration contemplated by this Article includes the obligation of REALTORS® (principals) to cause their firms to mediate or arbitrate and be bound by any resulting agreement or award. *(Amended 1/12)*

- Standard of Practice 17-1

The filing of litigation and refusal to withdraw from it by REALTORS® in an arbitrable matter constitutes a refusal to arbitrate. *(Adopted 2/86)*

- Standard of Practice 17-2

Article 17 does not require REALTORS® to mediate in those circumstances when all parties to the dispute advise the Board in writing that they choose not



to mediate through the Board's facilities. The fact that all parties decline to participate in mediation does not relieve REALTORS® of the duty to arbitrate.

Article 17 does not require REALTORS® to arbitrate in those circumstances when all parties to the dispute advise the Board in writing that they choose not to arbitrate before the Board. *(Amended 1/12)*

- Standard of Practice 17-3

REALTORS®, when acting solely as principals in a real estate transaction, are not obligated to arbitrate disputes with other REALTORS® absent a specific written agreement to the contrary. *(Adopted 1/96)*

- Standard of Practice 17-4

Specific non-contractual disputes that are subject to arbitration pursuant to Article 17 are:

1. Where a listing broker has compensated a cooperating broker and another cooperating broker subsequently claims to be the procuring cause of the sale or lease. In such cases the complainant may name the first cooperating broker as respondent and arbitration may proceed without the listing broker being named as a respondent. When arbitration occurs between two (or more) cooperating brokers and where the listing broker is not a party, the amount in dispute and the amount of any potential resulting award is limited to the amount paid to the respondent by the listing broker and any amount credited or paid to a party to the transaction at the direction of the respondent. Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance the decision of the hearing panel as to procuring cause shall be conclusive with respect to all current or subsequent claims of the parties for compensation arising out of the underlying cooperative transaction. *(Adopted 1/97, Amended 1/07)*
2. Where a buyer or tenant representative is compensated by the seller or landlord, and not by the listing broker, and the listing broker, as a result, reduces the commission owed by the seller or

landlord and, subsequent to such actions, another cooperating broker claims to be the procuring cause of sale or lease. In such cases the complainant may name the first cooperating broker as respondent and arbitration may proceed without the listing broker being named as a respondent. When arbitration occurs between two (or more) cooperating brokers and where the listing broker is not a party, the amount in dispute and the amount of any potential resulting award is limited to the amount paid to the respondent by the seller or landlord and any amount credited or paid to a party to the transaction at the direction of the respondent. Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance the decision of the hearing panel as to procuring cause shall be conclusive with respect to all current or subsequent claims of the parties for compensation arising out of the underlying cooperative transaction. *(Adopted 1/97, Amended 1/07)*

3. Where a buyer or tenant representative is compensated by the buyer or tenant and, as a result, the listing broker reduces the commission owed by the seller or landlord and, subsequent to such actions, another cooperating broker claims to be the procuring cause of sale or lease. In such cases the complainant may name the first cooperating broker as respondent and arbitration may proceed without the listing broker being named as a respondent. Alternatively, if the complaint is brought against the listing broker, the listing broker may name the first cooperating broker as a third-party respondent. In either instance the decision of the hearing panel as to procuring cause shall be conclusive with respect to all current or subsequent claims of the parties for compensation arising out of the underlying cooperative transaction. *(Adopted 1/97)*
4. Where two or more listing brokers claim entitlement to compensation pursuant to open listings with a seller or landlord who agrees to participate in arbitration (or who requests arbitration) and who agrees to be bound by the decision. In cases where one of the listing brokers has been compensated by the seller or landlord, the other listing broker, as complainant, may name the first listing broker as respondent and arbitration may proceed between the brokers. *(Adopted 1/97)*
5. Where a buyer or tenant representative is compensated by the seller or landlord, and not by the listing broker, and the listing broker, as a result, reduces the commission owed by the seller or

landlord and, subsequent to such actions, claims to be the procuring cause of sale or lease. In such cases arbitration shall be between the listing broker and the buyer or tenant representative and the amount in dispute is limited to the amount of the reduction of commission to which the listing broker agreed. *(Adopted 1/05)*

- Standard of Practice 17-5

The obligation to arbitrate established in Article 17 includes disputes between REALTORS® (principals) in different states in instances where, absent an established inter-association arbitration agreement, the REALTOR® (principal) requesting arbitration agrees to submit to the jurisdiction of, travel to, participate in, and be bound by any resulting award rendered in arbitration conducted by the respondent(s) REALTOR®'s association, in instances where the respondent(s) REALTOR®'s association determines that an arbitrable issue exists. *(Adopted 1/07)*

## **Explanatory Notes**

The reader should be aware of the following policies which have been approved by the Board of Directors of the National Association:

In filing a charge of an alleged violation of the Code of Ethics by a REALTOR®, the charge must read as an alleged violation of one or more Articles of the Code. Standards of Practice may be cited in support of the charge.

The Standards of Practice serve to clarify the ethical obligations imposed by the various Articles and supplement, and do not substitute for, the Case Interpretations in Interpretations of the Code of Ethics.

Modifications to existing Standards of Practice and additional new Standards of Practice are approved from time to time. Readers are cautioned to ensure that the most recent publications are utilized.

Copyright 2021, National Association of REALTORS®, All rights reserved. Form No. 166-288-21 (01/21 VG)

# SIGNATURE PAGE

Version 1 11-2-2021

## BETTER HOMES AND GARDENS® REAL ESTATE STAR HOMES POLICY & PROCEDURE MANUAL

### ACKNOWLEDGMENT AND AGREEMENT

The undersigned Agent of this Company acknowledges receipt of a copy of the Company's Office Policy & Procedure Manual.

As a condition of his/her association or employment with this Company the Agent agrees to abide by all Illinois and by the terms of this Manual as presently adopted and as amended in the future by publication from management of any changes.

Failure to abide by the terms of this Manual as adopted and amended will be grounds for disciplinary action of the Agent, including termination of association or employment.

\_\_\_\_\_

Agent Signature

\_\_\_\_\_

Date

\_\_\_\_\_

Agent Printed Name

\_\_\_\_\_

License #