

KALE REALTY

Office Policy Manual 2024 Edition

Office Policy Manual (2024 ed.) TABLE OF CONTENTS

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Additions

Agents give Kale the opportunity to utilize their photos for marketing purposes.

MISSION STATEMENT

It is the mission of Kale Realty to provide all Kale Realty Agents full support and a meaningful relationship with their brokerage as well as to provide clients with the best possible service.

STATEMENT OF BUSINESS PRINCIPLES

The following principles form the basis for executing the mission statement of Kale Realty. 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 Kale Realty 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, continuing coaching and education keeps us informed and at the peak of awareness for customers and clients. Each agent and employee of Kale Realty 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 a simple, effective, efficient and cost effective risk reduction method.
3. **PROFITABILITY:** Kale Realty 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 be in terms of direct production of revenue or careful expenditure of company funds.

This Office Policy Manual for Kale Realty 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 Owner for possible inclusion in future revisions. If a matter is covered, the agent or staff member is expected to act according 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.

Kale Realty welcomes each new agent and employee to the business of professional, ethical and profitable real estate transactions.

EQUAL EMPLOYMENT OPPORTUNITY POLICY

It is Kale Realty's policy to provide equal employment opportunities without regard to race, color, national origin, ancestry, religion, sex, sexual orientation, gender identity, marital status, parental status, disability, age, source of income, or military discharge status to all qualified employees and applicants for employment. This policy applies to all areas of employment, job assignment, training, promotion, transfer, compensation, discipline and discharge. The company abides by all federal, state and local laws regarding employment practices, including, but not limited to the Americans with Disabilities Act.

POLICY AGAINST SEXUAL HARASSMENT

Any harassment of an associate, whether agent, employee or applicant, because of race, color, national origin, ancestry, religion, sex, sexual orientation, gender identity, marital status, parental status, disability, age, source of income, or military discharge status is clearly prohibited and will not be condoned. Sexual harassment is one particular form of discrimination which is illegal and violates the company's longstanding equal employment opportunity policy. Kale Realty 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 associated with the company 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 up to and 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 or associated with the company or who deal with the company in our business, and it is not limited to supervisor/employee or manager/agent relations 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 senior management instead.)
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 witnesses, if any.
3. An investigation of any complaint will be undertaken immediately. All complaints will be handled in a prompt, confidential manner insofar 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 bad faith.

ONBOARDING POLICY DOCUMENT/MANUAL

All Kale brokers are provided with this policies and procedures document when they affiliate to Kale Realty. This document contains important information about company policies and procedures. It is the responsibility of each independent contractor to read through the document thoroughly.

All onboarding paperwork must be completed using the broker's legal name. A valid form of identification may be required.

Any broker who joins Kale, whether brand new or transferring from another firm, **is required to meet with a member of leadership about the affiliation process, within fourteen (14) days of signing up with the company.** This may be in person or by phone. Failure to go through affiliation process orientation may result in termination of the new broker.

All Kale Agents are required to be a member of a local association of Realtors and be a member of NAR.

INDEPENDENT CONTRACTOR/EMPLOYMENT AGREEMENT

You can find a copy of Kale Realty's agreement on our website www.KaleTraining.com by searching for "Independent Contractor Agreement"

Kale Realty has a policy of associating with its licensees as independent contractors. Each agent will be required to sign the Sponsoring Broker-Salesperson Contract agreement setting out the relationship as an independent contractor. While the exact terms of the relationship are covered in the contract, a few reminders about being an independent 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. Self-employment tax must be paid by the agent.

2. **Unemployment Taxes:** As an independent contractor, the agent is not covered under state or federal unemployment laws. Independent contractor real estate agents acting under an agreement such as the Sponsoring Broker-Salesperson Contract are exempt from the unemployment laws by Illinois statute. Accordingly, Kale Realty does not pay unemployment taxes on the earnings of its agents.

3. **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. If you are using your vehicle to transport clients, Kale Realty must be named 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 the front seat of an automobile to wear a seat belt. In addition, state law requires that any child age four or younger must be in an approved child restraint system when seated in a vehicle. To reduce risk, we strongly recommend that you insist that all occupants of your vehicle wear safety belts and that all children age four or younger sit in an approved child restraint system. You should also note that any infant's car seat, (children approximately one 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(s). In addition, children and small adults should not sit in the front passenger seat. Airbags are known to release with such force that injury or death is possible for children and small adults.

5. **Expenses:** As an independent contractor, each agent is expected to be in business for herself/himself/themselves. Generally, the expenses of that business will be the responsibility of the agent. Kale Realty will provide the following items: office space, including computers with

internet access, as well as limited office supplies. The agent will be expected to pay for all other expenses, including but not limited to marketing, licensure, and continuing education expenses

Fees: Kale Realty charges brokers a monthly fee of \$54 for access to technology tools, training programs, and ongoing support. This fee is designed to help brokers stay updated with the latest industry trends and provide them with the necessary tools to succeed in the real estate market. The cost of E&O insurance/technology through Kale Realty is \$250 per year. Buyer or Seller Transactions: When working with a buyer or seller, brokers pay a transaction fee of \$400 (or 10% if that is lower than \$350). The remainder of the commission earned from the transaction goes to the broker. Residential Rental Transactions: For residential rental transactions, brokers pay Kale Realty a fee of 20% of the commission plus an additional \$15. This fee is deducted from the commission earned on the rental transaction.

If an agent is sued and Kale Realty is named, they will owe Kale Realty the amount of the claim and or insurance deductible amount.

This list of expenses paid by company or agent may be amended by the company from time to time by appropriate publication to all agents.

6. Kale Realty may, at any time and without prior notification, sever its relationship with any of its independent contractors. While the company prefers to maintain its association with its independent contractors, it is necessary for Kale Realty to retain this right for its own protection.

7. By signing this agreement, the independent contractor agrees to receive emails, text messages and phone call notifications from Kale Realty. Independent contractors are expected to read all emails from Kale management as they frequently include updates to Kale procedures, reminders about how to stay in compliance with the IDFPR, and changes to the Office Policy Manual.

8. If, for any reason, IDFPR does not issue the new licensee's license within the 45 days and it is verified with IDFPR that there is a reason the license will not be issued, the licensee's termination shall be immediate.

License Status PER IRELA 2020

Within 24 hours, licensees shall notify the Department (and sponsoring broker) of any changes in their name, address, telephone number, email address, or office location. 225 ILCS 454 Section 5-41

Where applicable, licensees will now be considered "inactive" instead of "inoperative."

Each licensee shall carry their license or an electronic version of their license with them

Licensed Activities PER IREAL 2020

The Act clarifies that licensed activities include those commonly referred to as “wholesaling.” This pattern of business is defined as buying, selling, offering to buy or sell, marketing for sale, exchanging, or otherwise dealing in contracts, including assignable contracts for the purchase or sale of, or options on real estate. An individual or entity will need a broker’s license if engaged in this pattern of business at least twice in a 12-month period. *225 ILCS 454 Section 1-10*

Broker Price Opinions and Comparative Market Analyses shall not be considered appraisals under the Real Estate Appraisal Licensing Act of 2002. *225 ILCS 454 Section 1-10*

Changes as a result of the NAR Settlement (8/14/24)

- Workarounds will not be allowed. Do not put your buyer agency compensation on your website or in your profile if you plan to link it to the MLS or ShowingTime
- It is your Fiduciary Duty to:
 - Show your listing to all buyers (whether or not they are represented)
 - Show your buyer properties even when you do not know what the seller is willing to pay towards the buyers financial obligation towards agent compensation
 - Explain all documents to your clients in layman’s terms
- When hosting open houses - you must present NO AGENCY at first approach to unrepresented buyers
- The most compensation a buyer agent can receive is agreed upon in the buyer agency agreement. A buyer agent may not receive bonuses or payoffs that exceed the amount in the buyer agency agreement.
- Buyer agency agreements need to be signed prior to touring and uploaded for DMB signature within 24 hours of execution
- Buyers must get a copy of the signed buyer agency agreement within 24 hours of execution.
- Variable commissions must be documented on the listing agreement and posted on the MLS
- No mention of compensation will be included on the MLS or in Showing time
- **It is illegal and unethical for a real estate agent to use a sale contract to negotiate their offer of compensation.**
- **It is NOT illegal for a buyer client to strike their offer if there is not an acceptable offer to offset their financial obligation to cover their buyer agent’s compensation**

USE OF PERSONAL ASSISTANTS

A growing trend in the real estate business is for high producing agents to use specific persons as their assistants. Kale Realty encourages the appropriate use of personal assistants as a tool for high earning agents to be even more productive. **Virtual assistants are to be considered unlicensed agents.** Several caveats are in order from the perspective of the company.

Whether licensed or unlicensed, all assistants must have an employment agreement on file with Kale Realty signed by the managing broker. This agreement will define the terms of the arrangement as well as provide the assistant with rules and regulations related to their status.

In addition, all unlicensed assistants must sign a confidentiality agreement stating that all office business is office business and is not to be talked about or shared in public or with the public.

Many of the distinctions are based on whether a licensed or unlicensed assistant is used. Kale Realty's policies on the use of personal assistants are as follows:

1. **EMPLOYEE v. INDEPENDENT CONTRACTOR:** Whether licensed or unlicensed, the agent must decide whether to associate with the personal assistant (hereafter "PA") as an employee or independent contractor. Remember that if the PA is licensed, the employment or independent contractor agreement will be between Kale Realty and the PA.

Serious issues of the right of control, method of payment and direction of the work exist if the agent chooses to have an independent contractor PA. Kale Realty strongly urges

the agent to consult with her/his tax consultant to determine the proper procedures in making this choice. If independent contractor status is chosen, all of the issues mentioned above regarding withholding, unemployment taxes and automobile insurance will be dealt with in the independent contractor agreement between Kale Realty and the PA. The form of independent contractor agreement used by Kale Realty will be signed by the PA unless the agent with whom the PA works indicates otherwise.

If employee status is chosen, the agent should be aware that for an unlicensed PA, all employment taxes, withholding reports, unemployment tax reports, worker's compensation insurance and reports and W2 forms are the responsibility of the agent. Kale Realty is not to be a party to the arrangement between the agent and the unlicensed PA and will not be responsible for any employment activities of the agent. If the PA is licensed, the employment agreement will be between Kale Realty and the licensed PA with related costs and expenses being charged back to the agent with whom the PA works.

2. **UNLICENSED PERSONAL ASSISTANTS:** The policy of Kale Realty is that unlicensed personal assistants WILL NOT UNDER ANY CIRCUMSTANCES perform licensed real estate activities as defined in the license law (Section 1-10). The agent associating with the PA is strictly responsible for maintaining this policy. If an unlicensed PA does any licensed activities, the agent puts her/himself in jeopardy of disassociation. The Illinois Office of Banks and Real Estate ("OBRE") has taken a position as to the types of things unlicensed office personnel may and may not do. Please review Section 1450.740 of the license law rules to familiarize yourself with these items. The policy of Kale Realty 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 licensed activities done (Sections 10-15(a) and 20-20(a)38)). The company will not split commissions with an unlicensed person.

3. **LICENSED PERSONAL ASSISTANTS:** By definition, a licensed PA can perform licensed activities. The license of the PA must be held by Kale Realty and any payments for the real estate business must come from Kale Realty. The licensed PA will be in violation of the license law (Section 10-51) if any compensation for doing licensed activities is accepted from anyone except the sponsoring broker with whom the PA is associated. Please review the section of "Functions of Unlicensed Office Personnel" to determine the difference between "clerical" functions and "licensed activities."

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.

LEASING AGENTS PER IRELA 2020

The leasing agent license has been renamed the residential leasing agent license to emphasize the activities allowed under this license type as the leasing of residential properties and not commercial properties. The leasing of commercial properties requires a broker's license.

Residential leasing agents are now required to complete 8 hours of continuing education during their 2-year term of licensure. The curriculum shall consist of a single course or courses on the following: fair housing and human rights issues related to residential leasing, advertising and marketing, leases, applications, credit reports, criminal history, handling of funds, owner-tenant relationships and laws, and environmental issues relating to residential real estate.

MAINTENANCE OF LISTINGS

It is the responsibility of the licensee to make arrangements for his or her listings while the licensee is unavailable. If you need help please be sure to contact Kale Realty and we will help figure out what the best course of action is.

OFFICE HOURS

Kale Realty's regular office hours are 9 a.m. to 5 p.m. Monday through Friday. The office is closed on weekends. Changes may occur periodically and notice will be made by email.

BROKER PRICE OPINIONS

In accordance with state regulations, all payments for BPOs must be paid directly to Kale Realty. Payments for BPOs will be processed on the last pay day of the month.

HOLIDAYS AND HOLIDAY HOURS

Kale Realty will notify agents by email when the office will be closed or open limited hours for holidays.

SMOKING POLICY

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

USE OF LIKENESS IN MEDIA

Kale Realty reserves the right to use the likeness of its independent contractors on its websites, in advertising, in promotional or instructional videos, or in any other media and may retain such likeness in the event that the independent contractor severs ties with the firm. Under no circumstances shall Kale Realty use said likeness to undermine, misrepresent, or damage the professional image of any independent contractor.

MANAGEMENT MEETINGS

Management meetings are usually conducted on M-F 10:15-11:00. Calls will not be answered during that time.

INQUIRIES/VISITS BY GOVERNMENT OFFICIALS

Any inquiry by a government official, whether by telephone, letter, or in person, should immediately be forwarded to the broker. If the broker is not available, the person receiving the inquiry should immediately contact the company's attorney by phone and request that she/he 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.

INDEMNITY

All brokers and agents shall defend, indemnify, and hold Kale Realty, its officers and employees harmless from any and all claims, injuries, damages, losses or suits, including attorney fees,

arising out of or resulting from the acts, errors, or omissions of the broker or agent. Brokers and agents are responsible for any legal fees and/or insurance deductibles incurred.

SUBPOENAS AND SUMMONSES

If a process server appears in the office with a subpoena or summons for the Company, any employee or agent should accept it. Once accepted, it should immediately be turned over to the broker. The broker should contact the company's attorney. If the process server asks for a specific person, only that specific person may accept the subpoena or summons. 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 broker immediately.

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. Kale Realty 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 or other public place.
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 into dark areas, basements, garages, or areas without multiple exits. Allow the prospect to view those areas on his/her own and stay in an area which allows for 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 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. Remember, no commission is big enough to justify personal risk!!

9. All agents should have Forewarn accessible to them and should be using it to check prospective clients before meeting with them.

CONCEALED WEAPONS

While Illinois law now allows limited concealed carry, it is Kale Realty's policy that no employee or independent contractor of Kale Realty shall carry a concealed weapon at any time on the premises of a Kale office or while conducting real estate related duties, regardless of the location. Carrying a concealed weapon is considered a very serious offense and subjects the offender to immediate termination.

FUNCTIONS OF UNLICENSED OFFICE PERSONNEL

The policy of Kale Realty regarding the functions and use of unlicensed office personnel follow the license law rules promulgated by the Office of Banks and Real Estate. 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 engage in licensed activities.

"Engaging in licensed activities" means doing any of the acts for which a license is required as defined in the license law (Section 1-10).

Unlicensed personnel may:

1. answer the telephone, take messages, and forward calls to a licensee;
2. submit listings and changes to a multiple listing service;
3. follow up on a transaction after a contract has been signed;
4. assemble documents for a closing;
5. secure public information from a courthouse, sewer district, water district, or other repository of public information;
6. have keys made for a company listing;
7. draft advertising copy and promotional materials for approval by a licensee;
8. place advertising;
9. record and deposit earnest money, security deposits, and rents;
10. complete contract forms with business and factual information at the direction of and with approval by a licensee;
11. monitor licenses and personnel files;
12. compute commission checks and perform bookkeeping activities;
13. place signs on property;
14. order items of routine repair as directed by a licensee;

15. prepare and distribute flyers and promotional information under the direction of and with approval by a licensee;
16. act as a courier to deliver documents, pick up keys, etc.;
17. place routine telephone calls on late rent payments;
18. schedule appointments for the licensee (this does not include making phone calls, telemarketing, or performing other activities to solicit business on behalf of the licensee);
19. respond to questions by quoting directly from published information;
20. sit at a property for a broker tour which is not open to the public;
21. gather feedback on showings;
22. perform maintenance, engineering, operations or other building trades work and answer questions about such work;
23. provide security;
24. provide concierge services and other similar amenities to existing tenants;
25. manage or supervise maintenance, engineering, operations, building trades and security; and
26. perform other administrative, clerical, and personal activities for which a license under the Act is not required.

Unlicensed personnel may not:

1. host open houses, kiosks, or home show booths or fairs;
2. show property;
3. interpret information on listings, titles, financing, contracts, closings, or other information relating to a transaction;
4. explain or interpret a contract, listing, lease agreement, or other real estate document with anyone outside the licensee's company;
5. negotiate or agree to any commission, commission split, management fee, or referral fee on behalf of a licensee; or
6. perform any other activity for which a license under the Act is required.

PAYMENTS TO UNLICENSED PERSONS

Kale Realty maintains a strong policy that no unlicensed person will be paid for any real estate activity requiring a license. The license law (Sections 10-15(a) and 20-20(a)(38) makes clear that an unlicensed person may not be paid for engaging in licensed activities

IDFPR ACTIONS

Kale Realty retains the right to terminate any licensee sanctioned by the IDFPR for violating license law or the Local Association of Realtors for a code of ethics violation.

Upon completion of the terms and conditions of the board order, the licensee may return to Kale Realty at the discretion of the managing broker.

MRED ACTIONS

Licensees are responsible for any fines incurred through violations present in their MLS listings, regardless of whether said fine is levied against the individual or the office.

PROPERTY MANAGEMENT

Kale Realty does not oversee licensee administration of property management. Agents practicing property management must do so through their own sole proprietor, LLC or corporation.

COMMERCIAL REAL ESTATE

1. **It is Kale Realty's policy to recommend that all commercial property transactions be referred to a commercial broker with a different brokerage**
2. **Commercial properties that are combined with residential (mixed use) will be allowed at the discretion of Kale Realty, designated managing broker. Prior to getting any paperwork signed, contact Kale Realty to discuss.**

BUSINESS SALES

If the ONLY thing being sold is the business, that transaction cannot be conducted by a real estate licensee. **Kale Realty does not allow the sale of businesses to be done by real estate licensees. It is recommended that any business sale be referred to a professional who is licensed in business sales.**

BROKERAGE RELATIONSHIP POLICIES

SELLER/BUYER AGENCY – Designated Agency (Disclosed Dual Agency Authorized)

Kale Realty adopts this written policy identifying and describing the relationships in which the licensees of Kale Realty may engage with sellers, landlords, buyers or tenants. As used in this policy, the word "Company" means Kale Realty.

The Company acts as sellers' agents (and/or landlords' agents) or as buyers' agents (and/or tenants' agents) through written **exclusive right to sell** representation agreements (listing agreements) or written buyer (and/or tenant) **exclusive agency** agreements or other written agreements for brokerage services with sellers (and/or landlords) or buyers (and/or tenants).

The Company adopts the additional policy of appointing designated agents as limited agents for clients pursuant to Article IV of the license law (known as "designated agency"). A designated agent shall be an affiliated licensee of the Company who is appointed in writing to be the agent of a client to the exclusion of all other affiliated licensees of the Company. The appointment of a designated agent will be made in a listing agreement, buyer agency agreement, other written

agreement for brokerage services or other written notice to the client. Office managers/branch managers/supervising brokers are authorized by this policy to make the appointment of designated agents on behalf of the Company.

All agents must enter into a written Exclusive Buyer Agency Agreement before the buyer tours of any home with the following:

- 1) To the extent that all agents will receive compensation from any source, the agreement must specify and conspicuously disclose the amount of the rate of compensation it will receive or how this amount will be determined;**
- 2) The amount of compensation reflected must be objectively ascertainable and may not be open-ended. (buyer -broker compensation shall be whatever amount the seller is offering to the buyer)**
- 3) A Kale agent may not receive compensation for brokerage services from any source that exceeds the amount or the rate agreed to in the buyer agent agreement.**
- 4) Disclosure of Designated Agency must be put into dotloop within 48 hours of the signing of the agreement. This is for all buyers – not just those who enter into contracts to purchase.**

In the event that a licensee personally represents both the seller and buyer or both the landlord and tenant in a particular transaction, that licensee shall be a dual agent and is required to comply with the provisions of Article IV of the license law governing dual agents and the Company's policy regarding dual agents herein. **Kale Realty strongly urges you to not be a dual agent, rather that you present NO AGENCY.**

In the event that the designated broker of the Company or any of its office managers/ mentor brokers learn confidential information about either party to a transaction or if such broker is consulted by any licensee involved in the transaction, such broker will be a dual agent. Such broker will also be a dual agent if the broker supervises the licensee for one side of the transaction and personally represents the other side of the transaction.

If acting as a disclosed dual agent under this policy, the dual agent in the transaction must have the consent of all parties to the transaction. The designated agent must secure the signatures of sellers and buyers on a Consent to Dual Agency form before acting as a dual agent. In addition, the parties must initial the section confirming their consent to dual agency in the real estate sales contract.

If acting as a disclosed dual agent, the dual agent will be an agent for both the seller and buyer or the landlord and tenant as defined by Illinois law. The dual agent will have the duties and obligations of both a seller's agent and a buyer's agent as specified by law. The designated agent should be guided by the duties set forth in the Consent to Dual Agency form.

The Company will also work with unrepresented buyers (and/or tenants) to sell its listings.

Licenses may perform ministerial acts, as defined in Article IV of the license law, for unrepresented buyers. In any such situation written notice should be given to the buyer by the designated agent indicating that the designated agent does not represent the buyer. This should be done at a point in time prior to the buyer disclosing any confidential information to the designated agent but in any event no later than the preparation of an offer to purchase or lease.

The Company will not act as a subagent and does not authorize its licensees to act in a subagency capacity.

The Company and its designated broker (authorize) its affiliated licensees to enter into written agency agreements on behalf of the Company and its designated broker.

REAL ESTATE TEAMS

Kale Realty will allow teams under certain circumstances, but it must be agreed to with Kale Realty and an agreement must be in writing stating that it has been approved. It is at the discretion of Kale Realty to approve a team as there are many rules and regulations by which teams must abide. The team leader must have an understanding of how the team structure needs to work as well as a business plan. For more information contact the office.

COOPERATION AND COMPENSATION POLICY

Subagency cannot be offered through a multiple listing service under Illinois law. **Kale Realty allows our agents to work with their sellers to determine if they will be providing compensation to cooperating agents.** Typically, these are buyers' agents as a result of the designated agency laws in Illinois. However, this does not preclude compensation to a cooperating agent who has some other agreement with a buyer as to the role of the cooperating agent.

In all cases, before entering into an agreement, the listing agent must disclose to the seller:

1. **Seller has the choice of how much of any compensation they wish to offer to cooperating broker**
2. **If the seller does not offer compensation to the selling brokerage, then the buyer would be responsible for the professional services fees.**

These disclosures must be made under provisions of the Illinois Law and Code of Ethics.

Compensation PER IRELA 2020

A business entity formed by a licensee for the purpose of receiving compensation from their sponsoring broker must either be owned solely by the licensee or by the licensee together with the licensee's spouse, but only if the spouse and licensee are both licensed

and sponsored by the same sponsoring broker or the spouse is not also licensed. 225
ILCS 454 Section 10-20(e)

AGENCY DISCLOSURE POLICY

Kale Realty requires disclosure of agency relationships at the first reasonable opportunity with a customer or a client **before showings and any substantive conversations**

Illinois law requires a licensee to disclose to a customer the fact that you are not acting as their agent, this is the **NO AGENCY DISCLOSURE**. Written disclosure must be given to a customer, any person who has not entered into an agreement to be represented, that you are not acting as their agent. This includes prospective sellers, buyers, landlords and tenants. The disclosure must be given to the person at a time intended to prevent the disclosure of confidential information but, in any event, no later than the preparation of an offer to purchase or lease.

The Company recommends that disclosure be made as follows:

1. If you are acting as a seller's agent then oral **and written** disclosure must be made at the time the prospective buyer begins to disclose personal or financial information to the licensee. Written disclosure must be made Use the form entitled Notice of No Agency Relationship.
2. If you are acting as a buyer's agent then oral and disclosure should be given to the seller **prior to the first showing**. Use the form entitled Notice of No Agency Relationship.

These disclosures are required only if you are representing a buyer or seller and working with a prospective buyer or seller who is unrepresented.

In light of the increasing emphasis in the industry on agency relationships, Kale Realty **requires** 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 license law and the rules promulgated thereunder.

In cases of potential dual agency, remember that in order to act as a dual agent, you must obtain the signatures of the sellers and prospective buyers on the Consent to Dual Agency form before beginning to act as a dual agent and the parties initial on the Confirmation of Consent to Dual Agency Section in the purchase contract. Dual Agency disclosure forms should be submitted along with leases or contracts upon execution.

Kale Realty does not allow dual agency when representing immediate family members, **themselves or close friends**. It is unreasonable to expect that someone who is related to their client or **has an interest** can hold no bias when negotiating for both sides of a transaction. **If an**

agent is representing family, themselves or close friends, then the Disclosure of Interest must be signed by both parties.

This does not mean you cannot earn both sides of the commission; you can always have the buyer agree to no agency or even better you can refer the buyer to another agent and still get paid a referral fee on that side of the transaction. This way the client is properly represented. **If you expect to receive a referral fee for the other party then written disclosure must be made to both parties of the amount of the referral.**

MANDATORY AGENCY EVENTS

It is the policy of Kale Realty that any agent working in the following circumstances **MUST** only act as a buyer's agent and may not act as a dual agent.

1. The agent is buying/selling 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
3. **The agent is working with close friends**
4. **The agent is working with a long term client whom they have done several transactions with (2 or more).**
5. The agent is working with any relative by blood or marriage not in the agent's immediate family as defined above.

CONTEMPORANEOUS OFFERS

Although Kale Realty does allow agents to write two offers on the same property and negotiate them simultaneously (Contemporaneous Offers) only when strict adherence to all IDFPR requirements are followed, the Company recommends that the second buyer be referred to someone else and Contemporaneous Offers be avoided. **It must be disclosed to both buyers as soon as possible that they may be headed into a Contemporaneous Offer situation and what the agent can and cannot do in this situation.**

AGENCY AND CONFIDENTIALITY

One of the most important statutory duties of an agent is to maintain the confidentiality of the client, whether buyer or seller. The Illinois agency statute defines confidential information. It includes information made confidential by written instruction from the client and information

made confidential by the statute. The statute notes that an agent should treat as 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 which could be considered a violation of the duty of confidentiality. In particular, four areas are considered of particular importance. **Under no circumstance should an agent present that the client is a MOTIVATED SELLER unless the seller has put in writing that they want that information disclosed to buyers.** 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. Previous offers and counteroffers of either party.

If disclosed dual agency is offered, it is particularly important for the 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 at that time.

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

1. Associates should not discuss confidential information of the client between or among themselves.
2. 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.

Please refer to the attachments to the policy manual which refer to "Buyer Agency Do's and Don'ts", and "Disclosed Dual Agency Do's and Don'ts."

AGENT AS PRINCIPAL TO A TRANSACTION (BUYER OR SELLER OF A PROPERTY)

All Kale Realty agents are required to provide the required documents to Kale Realty for all real estate they are transacting, whether or not the property is being sold off market or on the MLS. All documentations must be submitted using DotLoop and comply with license law, MRED regulations and company policies and procedures.

If a Kale Realty agent is marketing his own property for sale:

1. Any and all areas of any contract where the name of the agent as principal is written must be followed by the term **"IL Licensed Real Estate Agent"**

2. Any for sale by owner sign (only allowed if not in the MLS) must say “Agent Owned”. If on the MLS and using a Kale Realty sign this is not necessary.
3. When marketing on the MLS, agent must write “Agent Owned” in the remarks section of the MLS. This way it is syndicated to all other marketing websites.

In the event KALE AGENT, an immediate relative of contractor whom KALE AGENT is representing, or any entity owned or controlled by KALE AGENT intends to enter into any transaction as a principal, KALE AGENT pays the office a transaction fee whether a commission is earned or not. Kale agent agrees to indemnify and hold Kale Realty LLC harmless from any claims, demands, complaints, Realtor arbitration, or other actions made against Broker as a result of any transaction in which Contractor acts as a principal. Any non-MLS listing for property owned by a Kale Realty licensee cannot be marketed using the Kale Realty name. The property must be listed by owner and “Agent Owned” must be included in all ads.

DO NOT CALL POLICY

General Statement

1. The Federal Trade Commission (“FTC”) administers regulations under the Federal Telephone Consumer Protection Act (“Act”) and has adopted a national Do Not Call Registry (“DNC Registry”). The FTC and the Federal Communications Commission (“FCC”) operate under rules implementing the Act and handling complaints concerning violations of the Act. This policy is adopted Kale Realty to provide guidance for members of the Brokerage Company in connection with compliance with the Act and the DNC Registry.
2. The policy of Brokerage Company is that the Brokerage Company, all of its sponsored licensees, and any of its employees and representatives, will comply with the Act and DNC Registry.
3. Brokerage Company reserves the right to amend or modify this policy at any time as may be determined necessary by Brokerage Company.

General Rule

1. Sponsored licensees of the Brokerage Company, employees of the Brokerage Company, and any other representatives of the Brokerage Company shall not make any telephone calls to any telephone number listed on the DNC Registry or the Company Do Not Call List ("Company DNC") (as explained below) unless one of the following exceptions applies:

- (a) You are currently working with the consumer;
- (b) Within the last 18 months you have represented the consumer in a real estate transaction;
- (c) The consumer has made an inquiry concerning real estate brokerage services or inventory within the last three months;
- (d) The consumer is a personal friend or acquaintance of the caller; or
- (e) Written consent has been obtained from the consumer to call a specific number(s).

2. PLEASE BE AWARE THAT EVEN IF AN EXEMPTION APPLIES, INCLUDING CURRENTLY WORKING WITH A CONSUMER, THE CONSUMER CAN REQUEST EITHER ORALLY OR IN WRITING THAT THEY NOT BE CALLED AND THAT REQUEST MUST BE HONORED. FURTHER, THAT NUMBER MUST BE PLACED ON THE COMPANY SPECIFIC DNC (hereinafter "Company DNC").

3. Do not make any calls to numbers listed on the Company DNC without written permission from the consumer to call that specific number.

Access to DNC Registry and Company DNC

1. We have adopted the use of the Apeiron platform (https://apeiron.io/dnc?fbclid=IwAR0ji1bBpuT9pZKKYs2g7_E25USrzd3bFiWsSgy1HnVE9jflnnkkn1J0CM) to facilitate compliance with the DNC Registry. Before any agent picks up the phone to call or send a text message to a prospect or client, it is mandatory to check the DNC Registry through the Apeiron platform.
2. Any person making a call to a consumer whose telephone number is not on the DNC Registry and which consumer requests that they not be called again shall immediately report that request on the REAL GEEKS CRM
3. If a consumer's name appears on the DNC Registry but they fall under one of the exemptions referred to above, and that person requests, either orally or in writing, that their number not be called again, that request must immediately be reported to the REAL GEEKS CRM
4. Before making a call to a consumer, you should check the DNC Registry and the Company DNC as provided for in this policy.
5. The DNC Registry is updated daily, and it should be checked before making any solicitation calls.
6. Phone numbers placed on the Company DNC will remain there for a period of five (5) years. The Company DNC is located in the REAL GEEKS CRM and is updated daily.
7. The information on the DNC Registry and Company DNC shall not be sold, transferred, or used for any purpose other than determining whether a cold call or telemarketing call can be made to a specific telephone number.

Making Sales Calls

1. No sales calls shall be made except in accordance with this policy.

2. If you will be making calls to consumers, you must:
 - (a) Disclose on every sales call your name, name of the Brokerage Company, and the telephone number or address where you or the Brokerage Company may be contacted.

 - (b) Describe the services you are offering.

 - (c) Make calls only after 8:00 a.m. and before 9:00 p.m. (local time at consumer's location).

 - (d) You may not misrepresent, harass, intimidate, annoy, or use obscene language in any such call.

3. Brokerage Company prohibits you from contracting with or using third party or outside calling services.

Record-Keeping and Record Retention

1. Documents containing the express written consent of the consumer to call specific numbers shall be retained in the Brokerage Company's files. If you do not have a file with regard to a specific consumer, a copy of that consent shall be forwarded to your Dot Loop folder

2. Provide copies of any scripts that you may be using in telemarketing and cold calling to Risa Weiss – Kallis, Designated Managing Broker
3. If you are requested not to call a number, then follow up with written confirmation the REAL GEEKS CRM of the request so the phone number can be placed on the Company DNC.
4. If a telephone call is inadvertently made to a consumer whose number appears on the DNC Registry and you are so advised of that during the telephone call, then prepare a written report to the administrator of the Company DNC advising them of that fact.

Questions

1. Frequently asked questions and answers are available both on the websites of the Illinois REALTORS® and the National Association of REALTORS®. Acquaint yourself with those questions and answers with regards to the making of calls under specific circumstances.
2. If you have other questions concerning the policy or compliance with this policy, consult with or direct your questions to Risa Weiss – Kallis, Designated Managing Broker.
3. If you have questions concerning access to the DNC Registry or the Company DNC, contact or direct your inquiries to Risa Weiss – Kallis, Designated Managing Broker
4. Some common scenarios that you may be faced with and the company policy on those scenarios are as follows:

(a) If a For Sale by Owner (FSBO) has their telephone number on the DNC Registry, then you should not call that consumer unless you have a bona fide buyer prospect for the subject property. In the course of the conversation, do not try to steer the conversation to issues regarding your listing of the property unless the owner makes inquiry concerning that possibility. If the FSBO requests not to be called in the future, then notice should be added to the Real Geeks CRM.

(b) Do not contact individuals who simply visit an open house of yours. If you wish to contact guests who come to an open house that you are conducting, you must include in the guest register a space allowing the guest to specifically indicate that they can be called and to indicate the phone number that can be called.

(c) If you have a contact on your website from a consumer, please ask them to specifically indicate whether they can be called and, if so, at what number. This can be accomplished by e-mail or by a point to click on your website.

(d) If your cell phone indicates a call from an unknown number, do not call that number without checking the DNC Registry and the Company DNC except to indicate that your cell phone indicated a call from that number and that you were responding to determine what was needed. If there is an indication that no assistance is required, then the call should be broken off at that point, without discussing your brokerage services or inventory.

(e) (Other examples of company policies on particular fact situations can be added by your company in this area.).

Responsibility

1. The Act and the DNC Registry are entity based provisions. This means that the Brokerage Company will generally be the party against which a complaint will be filed or a suit brought for violation of the Act, the DNC Registry or the Company DNC.

2. Fines under the Act can be up to five figures per incident or private litigation can be brought by an individual resulting in fines, including attorneys fees, costs, and any actual damages.

3. (Insert any policy the Brokerage Company may have concerning the responsibility of a sponsored licensee, employee or representative).

Acknowledgment

The undersigned, by signing below, acknowledges receipt of this policy and being trained in the use of the DNC Registry and Company DNC in compliance with the Do Not Call Rules.

ANTITRUST POLICY

Kale Realty maintains a strong policy against any antitrust involvement by the company, its agents or employees. Few obligations can be taken more seriously than those in this area. Two primary areas of antitrust focus are:

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.

In any discussion with a member of the public about our charges (such as a listing appointment), do not be drawn into a discussion about company fees as "the standard rate," "the Board rate," "the typical rate" or the like. If questions arise about other company's fees, suggest that the potential client call several competitors and ask about their rates.

Sellers will have the choice to decide the amount of money that will be paid to both Listing Broker and Buyer Broker for professional services. Buyers will also have the choice to decide the amount of money they are willing to pay for their buyer broker's professional services fees. It is recommended that all Kale Agents provide buyers and sellers with a "menu" of choices of services so that the buyer and seller can choose what they would like to pay towards "compensation".

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

party competitor. For example, assume Discount Realty opens up an office. Then assume Bob Broker, an agent with Big Bucks Broker, and Alice Agent, 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 Discounted listings 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 construed as an illegal boycott.

Kale Realty 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 whatsoever.

Each licensee and staff member of Kale Realty is required to view the NAR video on antitrust, read the NAR information at <https://www.nar.realtor/videos/window-to-the-law/antitrust-for-real-estate-professional> and participate in training on antitrust, including reading the manual from the Illinois REALTORS®.

OUT-OF-STATE LISTINGS

While the Midwest Real Estate Data (MRED) allows listings in parts of other states, Kale Realty has a policy that no agent or broker may accept out-of-state listings through Kale. If the agent or broker is licensed in another state, he or she may accept listings in the respective state through his or her brokerage there. **Kale Agents may only transact real estate in the state they are licensed in. Kale Realty has a referral network through TLR Nation.**

PAPERWORK POLICY

All agents and brokers with Kale are expected to submit paperwork for any real estate transactions in a timely manner. Listing agreements should be submitted upon the seller signing and the property **cannot be listed in MLS until the managing broker has signed and initialed the listing agreement.** Contracts should be submitted upon acceptance.

All Kale Realty agents are required to provide the required documents to Kale Realty for all real estate they are transacting, whether or not the property is being sold off market or on the MLS. All documentations must be submitted using DotLoop and comply with license law, MRED regulations and company policies and procedures.

Kale Realty uses dotloop as its transaction management software. All paperwork must be uploaded to dotloop **within 24 hours of execution.**

All information should be completed in full (including addresses and phone numbers). The reason for this is because the listing agreement is not with the agent, but rather with Kale Realty. Should something happen, we need to be able to get in touch with the principals of any transaction. This means that the documents need to be completed in full as specified below:

Agent, agency, and client information must be fully completed on all paperwork.

Backend fees must be written in listing agreements and disclosed to the seller if such fee is being deducted from the compensation being offered to the cooperating broker or if the seller is paying the fee.

Any status change must have a status change form signed by the seller/landlord. (Price changes are acceptable with an email that includes the property address, but the email must be uploaded in the loop prior to making the change. The email must also include the owner/landlord's name and effective date. Both the previous price and the new price must be listed.)

Any listing agreement must be executed by Kale Realty prior to being listed on the MLS or advertised via, property signage, email, social media or PLN.

Kale Realty will generate all brokerage statements for all listing side closings. Agent must submit the brokerage statement request AT LEAST 48 hours prior to closing.

Listing agreements are required for all pocket listings. Management must be informed of any pocket listings in order to ensure that all paperwork is in order. Marketing a pocket listing without a listing agreement will result in termination from Kale Realty. **If the listing will not be submitted to the MLS within 48 hrs of execution, the MRED Exemption must be signed by the seller and Kale Realty.**

If any paperwork is missing, Kale Realty will notify you as soon as possible. If a listing is active without the proper paperwork having been submitted, it will be cancelled in the MLS and you will be charged \$100. Sales contract paperwork is to be uploaded within three business days of the property going contingent; missing contract paperwork after that time will incur a \$10 fee per day.

LISTING PROCEDURES

Kale Realty accepts listings and seeks to build an inventory of available properties for sale to buyers of homes and investment real estate. It offers the properties directly to the public and by cooperating with other licensed agents.

Listings not only represent "the merchandise on the shelf" but also present a significant area of risk. Traditionally, many of the claims filed against real estate agents involve claims of misrepresentation or fraud. It is at the listing level that many of these claims originate. As a

listing company, it is imperative that Kale Realty develop clear policies to reduce the risk of later claims from oversights and exposures at the time of listing. The following policies apply to all listings taken by Kale Realty.

1. TYPES OF LISTINGS

In accordance with the REALTOR Code of Ethics, Kale Realty urges the exclusive **right to sell** listing of property, unless it is contrary to the best interests of the owner. Open listings are not allowed. Net listings are not accepted as such would be a violation of ethical standards. 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.

2. DISCLOSURE OF ADVERSE MATERIAL FACTS

Illinois statutes require the disclosure to any client or customer of all material adverse facts pertaining to the physical condition of the property that are actually known or which should have been known by the licensee. Adverse material facts are defined as facts actually known by the licensee related to the physical condition of the property not reasonably ascertainable by a diligent inspection of the property by the customer.

5. RESIDENTIAL REAL PROPERTY DISCLOSURE FORMS

The Residential Real Property Disclosure Form is a detailed statement by the seller of his/her knowledge of the condition and features of the property. Kale Realty has a policy of urging sellers to complete the form and to provide them to buyers in compliance with the state statute. An agent should provide a blank disclosure form to the seller and request the disclosure form be completed on every listing unless the property is exempt from disclosure under state law. It is in the best interest of the seller to complete a disclosure form because it can avoid future misunderstandings with a buyer as to what the seller's knowledge of the condition of the property was at time of listing and because it is required by State law. If the seller questions the property or the transaction is exempt from disclosure refer the seller to his/her own attorney.

In addition, the Residential Real Property Disclosure Form is a valuable risk reduction tool for Kale Realty 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 make sure that the seller and not the agent completes the Disclosure form and keeps it current. If the information becomes inaccurate because the property's condition has changed, a seller could have liability for allowing known inaccurate information to be given to buyers. Once the form is complete, the agent needs to make sure that it is delivered to prospective buyers before they prepare an offer to purchase.

Some sellers may refuse to sign a Disclosure form. In Illinois, there is a state law which requires a seller to execute such a statement unless the property or the transaction is exempt. If a seller declines to complete a disclosure form he/she should be referred to his/her own attorney to determine if the transaction or the property is exempt from disclosure. Kale Realty will not accept a listing for which a seller refuses to complete a disclosure form unless the property or transaction is exempt.

In completing the disclosure form, the seller her/himself MUST fill in the form. A Kale Realty agent MAY NOT complete the form on behalf of a seller. The responsibility to complete the form under Illinois law is on the seller and not on the agent. 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. Article 15 of the license law provides that the licensee owes no duty to conduct an independent inspection of the property for the benefit of the customer and owes no duty to independently verify the accuracy of any statement made by the client.

However, an agent may not ignore any suspect items on the disclosure form 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 his/her statements and if the seller persists in inaccurate statements then either refuse to take the listing or withdraw as the listing agent. If an agent needs assistance with this type of problem they should contact their broker.

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 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 federal law which took effect late in 1996 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. Under lead-based paint regulations, agents do have a duty to make sure the seller completes a disclosure form and provides a pamphlet.

6. ACCURACY OF LISTING INFORMATION

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

a. ROOM COUNTS: Kale Realty 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 are resolved by determining whether an appraiser would count the area as such. For example, basement rooms which are below grade are not generally considered rooms, bedrooms or bathrooms for appraisal purposes. Another example is that a room normally must have a closet to be considered a bedroom. Also, "walk-through" rooms are not usually considered separate bedrooms. These ambiguous areas can be denoted by a symbol such as a "+" 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 or utilize the **services of a company who creates floor plans**. DO NOT take room sizes 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.

c. **EXCLUSIONS/INCLUSIONS:** 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 checks 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 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 listing information sheet is not usually incorporated into the terms of the contract. Thus, an agent should not rely on the listing information sheet to control the contract but must make sure that the exact understandings of the parties are reflected in the sale contract.

d. **LOT SIZE:** Lot size and acreage should only be determined from an accurate survey, the owner's real estate tax bill or the county tax records. The agent should NOT attempt to measure lot size on her/his own.

e. **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. All tax amounts should be verified with the tax assessor office prior to listing on the MLS.

f. **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, Kale Realty requires that the owner verify any information given to its agents 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 Kale Realty agents with receipts, canceled checks or other proof of payment of upgraded or rehabbed items. Once provided, then Kale Realty agents will accurately advertise and promote these good selling features with language like "New roof, 2015", "New furnace, 2016", "Kitchen remodeled, 2014".

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".

7. SIGNATURES: Illinois requires written listing agreements to be signed by "the parties." In addition, Kale Realty 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 the signatures of all sellers or the duly authorized representative of all sellers before the listing will be promoted or advertised in any way. Agents should be particularly aware in the several situations below.

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

(1) A waiver of marital rights given by the non-signing spouse exists and a copy is provided to Kale Realty.

(2) A quitclaim deed made to the signing spouse has been executed and recorded by the spouse not signing and a copy is provided to Kale Realty.

(3) A prenuptial agreement waiving the non-signing spouse's rights exists, a copy of the prenuptial agreement has been given to Kale Realty, and legal counsel for Kale Realty has consulted with a title company to determine the validity of the prenuptial agreement.

* A 'spouse' as used in this Section includes a partner in a civil union.

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 ALWAYS has a potential homestead interest under Illinois law and MUST 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 or Administrator) 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 order which 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 Testamentary being issued. The agent should consult with a title company to determine if the power to sell in the will is acceptable. If the agent prefers, Kale Realty will provide an attorney to liaise with the title company. The agent will be responsible for any attorney fees.

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, and no acceptable Power-of- Attorney exists, a guardian must be appointed by the 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 properly 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 will 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 that part of the divorce decree which awards the property to the signing spouse for Kale Realty's 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 a recordable Power-of-Attorney authorizing the sale of real estate must be secured for the files of Kale Realty. Illinois law requires a Power-of-Attorney for the sale of real estate to be recorded.

8. **SELLER NET PROCEEDS CALCULATIONS:** It is the policy of Kale Realty 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 though some information may not be available, such as exact loan balances or 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. **We offer the following tool to assist you in this calculation**
<https://alliancetitlecorp.titlecapture.com/>

Many reasons exist for using seller net calculations. First, it is an important service to a client. Secondly, it is important for Kale Realty to know whether it is likely that there are sufficient proceeds to pay off 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.

9. LOCK BOX PROCEDURES: Kale Realty, as part of the local Association 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. **Listing agreements include this language for this purpose.**

10. OPEN HOUSE PROCEDURES: The "how-to" of holding open houses, etc., is **covered in Kale Realty's training programs and on The Locker Room.** However, Kale Realty agent must maintain a policy which 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 on an open house.

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.

An open house can only be hosted by **another agent from within Kale Realty. Kale agents may NOT host open houses for non Kale agents.**

11. INTERNAL VERIFICATION PROCEDURES: Kale Realty ensures completion of all necessary documentation by requiring submission of all documentation relevant to a deal to be submitted prior to the agent being paid. Each agent is expected to cooperate fully and promptly with any requests for verification, further information or correction of any oversights in the documents.

For other related policies, see the section on Risk Reduction Policies.

12. If doing a co-listing all agents involved must be listed on all paperwork.

13. All disclosures must be uploaded into MLS prior to activation.

14. All offers or lease applications must be submitted to the seller or owner up until closing or move-in of the tenant.

15. Any Kale Realty licensee marketing ads on Craigslist must submit the Craigslist ad for approval within 24 hours of posting or it will be flagged and removed from Craigslist. All Craigslist ads must include the exact address of the property.

16. Yes or no must be marked in the dual agency section and the seller(s) must sign regardless of which option is selected.

16. LISTING MODIFICATIONS: Any changes to listings must be authorized in writing by the seller. The authorization must include the property address, effective date, and modified terms of the listing agreement (e.g., new price). If the authorization is in the form of a text message, the seller's/landlord's phone number needs to be visible. Kale Realty strongly recommends using the MRED Status Change Form for listing modifications. We require the seller's/landlord's signature on the Status Change Form. All listing modifications must be uploaded to dotloop prior to the change being made.

BUYER QUALIFICATION POLICY

When acting as an agent of the buyer, qualifying the buyer is a critical step in completing a property transaction. Kale Realty strongly recommends that each agent become knowledgeable through company training and 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.

1. LOAN QUALIFICATION

If working as an agent of the buyer, the agent has the duty to act diligently for her/his client. In this case, the client is the buyer. 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. These 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 her/his level of skill to complete such a form, the agent should get further education and training and immediately call a broker or lender to assist.
- b. Consultation with the buyer and a lender to determine financial ability to qualify for a loan and the amount of the loan.

Remember that if you are working as a disclosed dual agent of the seller and the buyer your qualification of the buyer will benefit both clients but that you must keep confidential information of each client to yourself.

2. ESTIMATED CLOSING COSTS

The second type of financial qualification which accompanies loan qualification (and in many cases, is a part of loan qualification) is estimating closing costs. Duties exist to diligently and accurately estimate closing costs. Kale Realty 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.

Lender closing costs are generally reviewed in loan qualification procedures. One note of caution is in order. 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," "lender's closing fee" (apart from title company closing fee),"notary fees," "document preparation fee," "courier fee," etc., totaling \$500.00 or more on a single closing.

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

Although Kale Realty emphasizes accurately and diligently estimating closing costs, it is the policy of Kale Realty that we do not prepare final closing statements. The preparation of final closing statements may require contract interpretation and thus result in allegations of the unauthorized practice of law.

SALES CONTRACT POLICY

1. SALE CONTRACT COMPLETION

Agents must use the sales contract created and used by the Realtor Association of which they are a member. Kale Realty will make appropriate forms available to you through dotloop. All paperwork must be submitted to the office through dotloop. The Illinois Supreme Court decision in Chicago Bar Association vs. Quinlan & Tyson and Article 13 of the REALTOR Code of Ethics govern an agent's conduct with respect to use of the form and the unauthorized practice of law. Based upon the Quinlan & Tyson decision the agent may only complete the contract form with business or factual information. Beyond that, if the client wants to change the language of the contract provisions or add other than the standard form riders, the client must do so himself or through his attorney. If the client has a question concerning the legal effect or impact of contract language he should be referred to his attorney. The agent may answer questions about the contract and riders based on her experience and what the customs and practices in the community may be. It is the policy of Kale Realty that no agent shall prepare or complete a legal

document for a client or customer other than the standard sales contract form or standard riders to the contract.

2. SALE CONTRACT TERMS

Several areas of contract terms are traps of risk for the unsuspecting agent. Kale Realty 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 which requires any specific amount of earnest money as the company and agent are not parties to the contract. However, if you represent 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 (4-7% of the offer price or more) has kept an anxious buyer in a contract to closing because of the prospect of losing a substantial amount of earnest money.

If you represent the buyer, the classic approach to buyer representation might be to 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 you represent the buyer, your 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. Illinois rules define "escrow moneys," which includes earnest money, as "all moneys, promissory notes or any other type or manner of legal tender or financial consideration..."

Kale Realty does not hold earnest money. **Rivers Title can hold earnest money.**

b. **INCLUSIONS AND EXCLUSIONS:** As covered in the section on Accuracy of Listing Information, the contract is the primary method to determine what is being sold with the property. Do not rely on the listing agreement or listing information sheet as to the inclusions and exclusions in a transaction. These documents are 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.

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) 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 shower heads
- (20) Playhouse/treehouse
- (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) Solar or alternative energy systems
- (34) Wall mounted television sets

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 which 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 #XXXX." These create confusion as to what MLS sheet and when the MLS sheet was run.

c. "AS-IS" CONTRACTS: Often, listings may be offered in "as-is" condition. Agents are encouraged to have the client's attorney review the provisions of the 'as-is' clause in the sales contract being used.

In addition, the Illinois Residential Real Property Disclosure Act is clear that an "as-is" sale does not relieve the seller of the obligation to disclose all material facts of which he/she has knowledge relating to the condition of the property. Also, the fact that the parties agree to an "as-is" sale does not change the agent's disclosure obligations.

3. SALE CONTRACT NEGOTIATION

The techniques and principles of sale contract negotiation (the "how-to") are covered in the company's and Board's 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 this business.

Aside from sale contract negotiation techniques, Kale Realty maintains policies which are directed to the legal and ethical aspects of contract negotiation. These are listed below.

a. PRESENTATION OF OFFERS

In accordance with the Code of Ethics and Illinois law, Kale Realty 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. The only exception to this would be when the client has accepted an offer or counteroffer and has waived her/his right to review any more offers. If this is the case, make sure the client's direction is clearly set forth in writing.

Kale Realty urges any agent involved in a multiple offer situation to contact management to review the proper procedures.

In the event of multiple offers on the property, the seller will decide whether to allow the listing agent to disclose the existence of multiple offers. Such direction shall be given in writing from the seller to the agent.

The company will always be guided by lawful instructions of the client in any multiple offer situation.

If another agent, whether from Kale Realty or another company, asks the listing agent to "let me know if another offer comes in", Kale Realty 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 should be followed up.

If multiple offers exist and the listing agent has written one of those offers, the policy of Kale Realty in such circumstance is that the listing agent may not present any of the offers. In this case, a broker (or other Kale Realty agent 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 or client of the listing agent asks to write a competitive offer, the policy of Kale Realty is that the listing agent must ask the broker or other Kale Realty agent to write the offer for the listing agent's prospective buyer. The listing agent's prior knowledge of the first offer could be seen as influential or biased if the listing agent's prospective buyer should be successful in negotiations.

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, Kale Realty strongly recommends that a third party agent, such as a 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. The REALTOR Code of Ethics and Illinois law require that, unless otherwise directed by the Seller, all offers be presented to the seller.

In accordance with agency obligations of disclosure and loyalty and in the spirit of the Code, Kale Realty has a policy of giving the seller client all material and relevant information of which the agent has knowledge. In accord with this policy, if a buyer insists on an oral offer, the company believes that the seller is entitled to that information.

The company recognizes that such an oral offer alone is unenforceable under the laws of Illinois. However, it is prudent to tell the seller what the agent knows, that is, an oral offer was made by this party and it is unknown whether the party will ultimately be willing to commit the offer to writing. At this point, a seller may choose to make a written offer to sell and thereby initiate the contract process him/herself.

All offers must be submitted to the seller prior to closing.

b. **TIMING OF PRESENTATION:** Kale Realty also strongly supports and maintains a policy to present all offers and counter offers as quickly as possible. The REALTOR Code of Ethics and Illinois law provide the standards in this area. Illinois law uses the term "timely" as to tendering offers and counter offers and the Code states offers must be submitted "as quickly as possible."

The policy of Kale Realty is that these terms are to be interpreted to mean "immediately" or "as soon as reasonably 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

Kale Realty 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 professionalism 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.

This is an extremely simple yet very important risk reduction technique. Every Kale Realty agent should consider this of prime importance. The obvious danger in not taking this issue seriously is that the offeree can revoke/withdraw her/his offer at any time prior to a valid acceptance. Kale Realty 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.

It is Kale Realty's policy that a buyer agent must contact the listing agent by email, phone and text when they have an offer on a property. Simply attaching a PDF of the contract to an email is not sufficient notice that an offer exists.

These issues are common, daily events which 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.

If a bonus is being offered, this must be disclosed to the buyer in writing.

ADVERTISING POLICY

The policies stated here primarily regard the legal and risk reduction aspects of advertising. The following policies apply to all property listed with Kale Realty.

1. Kale Realty strictly adheres to the Illinois rules regarding advertising.
2. **No property will be advertised in any way, including placing a sign on the property, without a signed written listing agreement on file with Kale Realty.** The listing agreement in the hands of the agent is not sufficient. If a listing agent has a listing he/she wants to advertise, a copy must be in the hands of the broker and the listing agreement must be signed by the managing broker and delivered back to the seller.
3. One party listing agreements (also called "one-time listings") will not be discussed, orally or in writing, with any person outside of Kale Realty agents unless a signed one party listing agreement is obtained.

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 broker (sales manager) 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 broker before the deadline for placing the ad.

6. Information on features of the property will not be advertised as "new" unless substantiated 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 any errors or omissions which later cause any losses.

7. "For Sale" signs and lock boxes will be removed immediately upon expiration or withdrawal of a listing.

8. According to the REALTOR Code of Ethics, prior to closing, only the sold sign of the listing broker is allowed on the listing, unless the listing agent consents otherwise. It is the policy of Kale Realty that the seller's permission must also be obtained. It is also the policy of Kale Realty that if the company is the cooperating broker a sold sign may be placed at the property after the closing with the written permission of the buyer. Per the Code of Ethics, 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 brokers and agents is encouraged but is subject to IDFP regulations and Kale Realty policy. Kale's policy is intended to protect licensees from state sanctions as a result of regulation violations. **Kale Agents are prohibited from placing BLIND ADVERTISING.**

10. Any non-MLS listing for property owned by Kale Realty agents cannot be marketed using the Kale Realty name. The property must be listed by owner and "Agent Owned" must be included in all ads but all documents must be uploaded to dot loop and customary fees are paid to Kale Realty.

Print Advertisements

Any document being marketed by a Kale Realty licensee must be submitted to the office for approval by the managing broker. It is suggested that a proof of the advertisement be submitted to info@kalerealty.com prior to being sent for production. All advertisements (**including social media**) must have the name and cell number of the agent or broker as well as the name of the company, Kale Realty, the complete mailing address of the licensee's office. If any print advertisement is published without prior approval, it will result in a violation of Kale Realty policy.

Advertising material created through the MLS is exempt from this policy as MRED has measures in place to insure compliance with IDFPD advertising regulations.

General Requirements

1. Licensees/employees must take care to protect their client's confidential information at all times. This includes in the licensee/employee's use of the Internet, certain e-mail messages and social networking tools.
2. Licensees/employees must be courteous and professional at all times, especially when representing the Company. This includes the licensees/employees' use of the Internet, e-mail and social networking tools. Licensees/employees shall not make defamatory or derogatory remarks about clients in their electronic communications. They will not engage in "cyber-bullying" or any similar behavior which may disturb our clients or those with whom our agency interacts.
3. Licensees/employees must take care to be truthful when advertising or making other representations. This includes those statements made or advertising placed through use of e-mail, the Internet, your personal Website or social networking tools.
4. Licensees/employees are encouraged to seek the advice of their managing broker if they have questions or concerns regarding the use of the Internet, e-mail or social networking tools before publishing any information that could be questionable.

Social Media (Facebook, Twitter, Instagram, etc.)

1. **Any online advertisement for a property or service related to real estate must be tagged with #kalerealty #realestateagent.** All advertisements must have the name of the licensee as well as the name of the company, Kale Realty. We will check each and every hashtag to ensure compliance. Any issues found by Kale Realty will be immediately relayed to broker or agent. If changes are not made within 24 hours, it will result in a violation of Kale Realty policy.
2. Any blog must be registered with Kale Realty for auditing purposes.
3. All social media must include the full name of licensee and sponsor info. If any

real estate advertising or marketing is done whatsoever it must appear this way.

E-mailing – Agent Computers (See page 53 for procedures when using company computers)

1. Licensees/employees are required to follow the provisions set forth in Section 1450.720 in the Administrative Rules under the License Act as from time to time amended.
2. Licensees/employees are also required to follow the provisions set forth in the federal CAN-SPAM Act as from time to time amended.
3. Licensees/employees should make sure they double-check any text they are sending or posting via e-mail and to whom it is being sent before they hit the “send” button.
4. Licensees/employees are required to save those e-mails that deal with specifics of a transaction or authorization to perform a service or task and to place those copies in the appropriate transaction **files on DotLoop**

Blogging

1. Licensees/employees may participate in “blogging” in relation to their business as a real estate licensee so long as they follow all the policies and procedures set forth in this manual with regard to the use of e-mail, the Internet and social networking tools.
2. If licensees/employees wish to establish a blog, they should contact their managing broker. When establishing a blog, licensees/employees should work with the managing broker on posting “terms and conditions” that will apply to the blog.

FROM IRELA The sponsoring broker’s name shall be at least equal in size or larger than the team name or that of the individual licensee. *225 ILCS 454 Section 10-30(f)*

Advertising is expanded to include social media and digital forums. *225 ILCS 454 Sections 10-30(a) and 10-35(a)*

A licensee using the internet or electronic advertising must not engage in phishing or the deceptive use of metatags, keywords or other methods to direct or divert internet traffic. *225 ILCS 454 Section 10-35(b)*

“Blind advertisement” is expanded to include electronic ads that do not provide a direct link to all the required disclosures. *225 ILCS 454 Section 1-10*

Individuals with an active managing broker license may now advertise themselves as a managing broker. Those managing brokers that are designated by their sponsoring broker as a designated managing broker shall identify themselves as the designated managing broker on all advertising except yard signs. *225 ILCS 454 Section 10-30(g)*

Copyright and Protected Information

1. Licensees/employees shall not copy, frame or otherwise use information received or viewed through e-mail, the Internet, or social networking tools without the express written consent or other appropriate authority from the owner of the information. If permission is given with certain conditions then follow those conditions. Document the conditions when possible for your files.
2. Any contracts with photographers **other than VHT** for listing photos must be reviewed by the managing broker prior to signing by the agent. We must be sure that we have the copyright or license to use the photos however we feel necessary in the marketing of the property. Kale Realty may provide addendums to photographer’s contracts to insure those rights.
3. Licensees/employees must recognize that the Company owns the copyright to Company information contained on its web site or in other printed materials. Republishing or copying of this information for other than use in a transaction requires consent of the licensee/employee’s manager so long as the information includes the following: copyrighted or © by Kale Realty. If licensees/employees have any questions about intended use or how to show the copyright, contact the managing broker.

Teams, Groups, and DBAs

- **Kale Realty agents may not form a team with a licensee from another sponsoring brokerage.**

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 \$550 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."

Not all terms trigger Regulation Z disclosure. Some examples of terms which can be used without triggering Regulation Z disclosure are "No down payment", "Financing Available" or "Special Financing", "Assumable Loan".

11. The Internet or some other form of electronic advertising may be used for advertising purposes. Keep in mind that all advertising rules and regulations apply to any material

that a consumer might reach that is not behind any "firewall" or in a password protected area. In other words, anything not protected by password entry is advertising. As a result, the company name must be included and information must be accurate and timely. On the other side of the "firewall" or after a consumer enters a password protected area, the agent should follow business relationship procedures outlined in this Manual.

12. Advertising of other agency listings or allowing the advertisement of Kale Realty Listings

Any marketing of a property from another agency must be approved by that company's managing broker in writing.

If you are allowing another agent to market your property, an agreement must be approved and executed by the designated managing broker prior to marketing being started.

13. Violations

Should a broker or agent violate any of the advertising policies, Kale Realty reserves the right to terminate said broker. Multiple violations may lead to termination.

14. If advertising in a specialty publication, must also advertise in a generally distributed publication.

TEAM information per IRELA 2020

The Act defines "team" as any two or more licensees who:

- Provide real estate brokerage services;
- Represent themselves to the public as being part of a team or group;

- Are identified by a team name that is different than their sponsoring broker's name; and
- Are supervised by the same managing broker and sponsored by the same sponsoring broker.

225 ILCS 454 Section 1-10

Team does not mean a separately organized, incorporated, or legal entity.

225 ILCS 454 Section 1-10

Team names may not include misleading terms, such as "company," "realty," "real estate," "agency," "associates," "brokers," "properties," or "property." *225 ILCS 454 Section 10-30(a)*

Designated Managing Broker

The Act creates a new classification of managing broker. A "designated managing broker" is a managing broker appointed by the sponsoring broker who has supervisory responsibilities for licensees in one or multiple offices. *225 ILCS 454 Section 1-10*

The sponsoring broker is responsible for supervising all designated managing brokers, shall name a designated managing broker for each office, and notify the Department of all designated managing brokers and the office(s) they manage. *225 ILCS 454 Section 5-45(b)*

Designated managing broker's responsibilities include:

- Supervision and training of all licensees and employees associated with each assigned office;
- Implementing company policies; and
- Supervision of all the sponsoring broker's special accounts. *225 ILCS 454 Section 10-55(a)*

In addition, designated managing brokers shall directly handle all earnest money, escrows, contract negotiations, and advertisements **for broker who have not completed the 45-hour post-license education.** *225 ILCS 454 Section 10-55(b)*

A designated managing broker may be disciplined for failure to provide a written company policy or perform any of the duties set forth in Section 10-55. *225 ILCS 454 Section 20-20(a)(46)*

A designated managing broker must identify themselves to the public as the designated managing broker on all advertising except yard signs. *225 ILCS 454 Section 10-30(g)*

Every broker applicant must be at least 18 years old (previously 21). *225 ILCS 454 Section 5-27(a)*

Every managing broker applicant must be at least 20 years old (previously 21) and licensed at least 2 consecutive years out of the preceding 3 years as a broker. *225 ILCS 454 Section 5-28(a)*

No person, partnership, or business entity shall be granted a license if any owner, officer, director, partner, limited liability partner, member, or manager has been denied a real estate license in the previous 5 years or is currently barred from practice by the Department. *225 ILCS 454 Section*

5-15(f)

No corporation, partnership, or limited liability company (LLC) shall be granted a license if any nonparticipating owner, officer, partner, member, or manager is currently barred from real estate practice by the Department. *225 ILCS 454 Section 5-15(b)(c) and (d)*

RISK REDUCTION POLICY

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

1. **COMPLIANCE WITH ALL LAWS, RULES AND REGULATIONS:** As an agent of Kale Realty, 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 Kale Realty, 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 subject 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 Real Estate License Act of 2000, the License Law rules and Illinois common law, the policy of Kale Realty is to disclose to all appropriate parties any known material physical conditions or defects of a property which are latent or not readily observable. This applies whether Kale Realty is the listing 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.

4. PSYCHOLOGICAL "STIGMAS" ON THE PROPERTY: These include whether a homicide or other felony, or a suicide occurred on the premises or if an occupant or former occupant of the real property has or had AIDS or any HIV positive condition. The "psychological impact" statute in Illinois provides that no cause of action may be brought against a real estate agent or broker for failure to disclose to a buyer or other transferee of real property that the real property was a psychologically impacted real property. Although this statute 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. (As mentioned above, Illinois statutes do provide that these facts are not material.)

It is Kale Realty's policy that buyer agents should disclose stigmas to their buyer clients if they are aware of the stigmas but do not have an obligation to discover stigmas on properties they are showing or witting offers on behalf of their buyers.

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 Kale Realty 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 by 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 Kale Realty 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 for yourself."

Because of the practical problems of the inevitable "disclosure" of these factors (often by the neighbors), the policy of Kale Realty 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 or suicides are specific examples of such events. If, after this discussion, the seller-client instructs the company not to disclose these factors, the company will comply with such request and rely on the protection of the Illinois statute or, after consultation between the broker and the agent, terminate the listing agreement.

5. DOCUMENTATION OF DISCLOSURE: As is apparent, Kale Realty advocates full disclosure in appropriate circumstances. 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 acknowledgment of the disclosure, such is not usually possible.

It is the policy of Kale Realty that a copy of the Residential Real Property Disclosure Report be put in each file. In addition, the agent should document in his/her own personal notes and files each item which 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.

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

6. USE OF EXPERTS & "RECOMMENDATIONS": Kale Realty maintains a strong policy that an agent not go beyond her/his 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 may be 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 Kale Realty **that agents always provide 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 licensee 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 **inspection**. The policy of Kale Realty is that the agent should not order the **inspection** 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|Agent Development : As stated in other parts of this manual, training and education are integral parts of any risk reduction and professionalism program. All agents are expected to complete the company's orientation training program and are strongly encouraged to take advantage of company, board and association education programs.

8. USE OF LEGAL COUNSEL: Whenever an agent believes she/he requires legal assistance, the Designated Managing broker should be contacted. The Illinois Association of REALTORS® provides a free Legal Hotline for legal educational information for those registered by the company or the designated broker. 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:

Kale Realty carries errors and omissions insurance in the amount of \$500,000 with a deductible of \$2,500. All agents and staff of the company are covered by the policy. The policy is paid by agents through fees and by annual fees.

Errors and omissions insurance generally covers the negligent acts of the insured. It does not cover all possible damages for which the company could be liable. For example, no errors and omissions insurance covers punitive damages. For other exceptions, contact the broker for a copy of the policy.

Errors and omissions insurance does cover defense costs, that is, the legal fees involved in defending a claim against the company or agent subject to any pertinent deductible. This is very valuable coverage.

Errors and omissions insurance does not cover agent defense costs when the agent is acting as a principal in the transaction. That is being the agent and the buyer and or seller.

Errors and omissions insurance does not cover agent defense costs if the claim is denied for any reason by the insurance company. In these circumstances the agent will have to find and pay out of pocket for their own defense.

The policy of Kale Realty is that each agent must notify the broker as soon as the agent is aware of a possible claim against the agent/broker. "Possible claim" means the potential of a disagreement which could lead to a lawsuit against the company or agent. Only in this way can the company properly invoke the errors and omissions coverage, if necessary.

10. COMPLAINT HANDLING PROCEDURES: One of the simplest and most cost effective risk reduction methods is a good complaint handling process. Accordingly,

Kale Realty establishes the following procedures for handling complaints.

a. If the complaint comes to an agent involved in a transaction, the agent will initially be the primary contact person to handle the complaint with management assistance. At a minimum, the agent should immediately notify the broker of the complaint. The broker will then make a

determination as to whether the agent should continue to handle the complaint or whether the complaint should be handled by a designated management representative.

b. If the complaint comes in without specifying an agent, the broker will handle the complaint. If a specific management person is requested (such as "I want to speak to the President!"), the person answering the call should courteously direct the call to the requested person, if available, or the broker in the requested person's absence. The caller should ALWAYS be assisted in some way. The person taking the call should not say "Oh, she isn't here right now." or "You'll have to call him later." or "Please call her office." It is very important to handle an aggravated or upset caller with the utmost courtesy and care.

c. 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 give 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.

d. 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 a memo about the conversation as soon as possible.

e. 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 can expect. For example, "Mr. Smith, I would hope you understand that I need to do some research. I will look into 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!!

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

RECORD RETENTION AND DESTRUCTION SCOPE

This Record Retention and Destruction Policy applies to all records generated in the course of Kale Realty's operation, including original documents, reproductions, and electronic documents. All documents pertaining to any transactions within the company shall be stored and backed up in dotloop. **Concluding a transaction, all individual agents should destroy all confidential documents on their own personal computers or cloud servers.**

PURPOSE

The purpose of this section is to ensure that that necessary records and documents of the Company as well as any Non-Public Information (“NPI”), as further defined herein, of customers or clients are adequately protected and maintained and to ensure that records that are no longer needed by the Company or are of no value are discarded or destroyed at the proper time and in the proper fashion. This policy is also intended for the purpose of aiding licensees/employees of the Company in understanding their obligations in retaining electronic documents—including e-mail, Web files, text files, sound, movie, and picture files, PDF documents and Microsoft Office or other word processing documents or other formatted files.

1. The information that is covered in this section includes, but is not limited to, physical records or electronic documents of the Company or that meets the definition of NPI, including but not limited to information that is either stored or, formatted as, or shared via electronic mail, Instant Messaging, Web files, social media (including social medial sites that are considered “private” or “password protected”), text files, sound and movie files, PDF documents, Microsoft Office (or any other word processing program), or any other formatted files.
2. All the Company agents and employees should familiarize themselves with the retention topic areas that follow this introduction.
3. This section is intended to supersede all existing document retention policies and ensure that retention and destruction practices are consistent throughout the
4. This Policy is further intended to avoid or limit unnecessary accumulation of Email Messages, including attached documents and materials, that are not needed (or no longer needed) for business, regulatory or other reasons.
5. Federal and state laws require the Company to maintain certain types of records for particular periods. Failure to maintain such records could subject you and the Company to penalties and fines, obstruct justice, spoil legal evidence, and/or seriously harm the Company’s position in litigation.
6. Unless you have been notified by the Company, if you believe that (1) such records are or could be relevant to any future litigation, (2) there is a dispute that could lead to litigation, or (3) you or the Company is a party to a lawsuit, you **MUST PRESERVE** such records until the Company’s legal counsel determines that the records are no longer needed.

DEFINITIONS

1. Retained Electronic Data (hereafter, Electronic Data): Any and all information, in whatever format, collected and/or stored by the Company. This includes, but is not limited to, demographic, financial, transactional, marketing and related information. This could include database records, web pages, email messages or messages delivered by other social media

platform (including any corresponding attachments), reports, images, videos, and voicemail to name a few. It does not include information not stored, for example live phone calls.

2. Metadata: Information about the Content, not the Content itself. For example, records relating to who placed a call to whom or who sent an email to whom. That is, not the content of the call, but only the information about the call, like when it occurred and the parties' numbers involved. Another example is records relating to web site visits. That is, not the content of those web sites, but data related to the access, when it took place, what Internet addresses were involved, etc.
3. Contracts: Whether a hard copy or electronic, will include all purchase contracts, leases, listing or representation agreements with a seller or landlord and representation agreements with a buyer or tenant.
4. Non-Public Information ("NPI"): Any information provided by a customer or client on a form or application, information about a customer's or client's transactions, or any other information about a customer which is otherwise unavailable to the general public. NPI includes first name or first initial when used with the last name coupled with any of the following: social security number, driver's license or state issued ID number, credit or debit card number, or other financial account number.

ADMINISTRATION

Included in this section is a Record Retention Schedule, Record Destruction Policy and Clean Desk Policy that is approved as the initial maintenance, retention and destruction policies for records of the Company. The managing broker is the designated individual for Kale Realty in charge of the administration of these policies and the implementation of processes and procedures to ensure that they are followed. The managing broker is also authorized to: make modifications to the policies from time to time to ensure that they are in compliance with local, state and federal laws and includes the appropriate document and record categories for the Company; monitor local, state and federal laws affecting record retention and destruction;

annually review the record retention and destruction program; and monitor compliance with these policies.

RETENTION POLICY

1. All Records and Electronic Documents must be maintained in accordance with applicable laws and regulations (and contractual provisions) governing record retention. Any Record or Electronic Document containing NPI must be stored on encrypted devices and never on personal devices. All devices, data, and files containing NPI must have password-protection or encryption.

2. The Record Retention Periods (see the Record Retention Schedule) apply regardless of the record's medium or method of transmission; the content of the record determines how long the record will be maintained.
3. Licensees/employees are responsible for classifying records, including Email Messages they send or receive according to the content. The sender of the Email message is responsible for retaining the message or information, unless the Sender is outside the Company, in which case the recipient is responsible. The sender should use the subject lines on the Email Message to help both the sender and the recipient identify and file messages, however, in no case shall an email message's subject line contain NPI.
4. Licensees/Employees should refer to the Record Retention Schedule for information concerning the minimum retention periods for specific types of documents.
5. Email containing NPI may only be handled over the Company's true business domain email account and address. Private licensee/Employee email is prohibited for handling business issues. Email messages should not be destroyed before the prescribed Email Retention Period has expired. Email messages shall not be retained for longer than the prescribed period without first contacting the managing broker. Licensees/Employees should not selectively delete or discard Email Messages or other electronically transmitted or stored documents that would normally be retained for a longer period of time because they believe that the documents might be harmful to any licensee/employee or to the Company.
6. The Administrator will review the appropriateness of the retention periods periodically and recommend modifications, as necessary, to ensure regulatory compliance.
7. Any exceptions to this Policy may be made only after consultation with legal counsel. Any licensee/employee who believes that circumstances warrant such a deviation should promptly contact his or her managing broker.
8. Any destruction or disposal of any record provided for in this Retention Policy shall only be in accordance with the Destruction Policy contained herein.

CLEAN DESK POLICY

All Licensees/Employees shall:

- Maintain a neat work environment during business hours:
 - Store non-essential items when not in use
 - Do not leave handwritten notes containing NPI outside of related files
 - Securely store all files, documents and electronic media containing NPI when away from workstation for extended absence (i.e. lunchtime, break, meeting, vacation, outside office hours)
- Take all items to be destroyed to locked shredding bin when away from

- o workstation for more extended absence (i.e. lunchtime, break, meeting, vacation, outside office hours)
- o Whiteboards, planners, notepads or other items containing NPI must not be viewable from window or doorways, must be secured when employee is away for extended absence (i.e. lunchtime, break, meeting, vacation, outside office hours)
- o Close paper and electronic files containing NPI and lock workstations when employees are away from their desks
- At the end of the work day, all files, documents, portable devices, and electronic media containing NPI should be locked in a desk, file cabinet, or secure room overnight

RECORD DESTRUCTION POLICY

With regard to the permanent retention or destruction of Records, including any Electronic Data or Electronic Documents, which contain NPI, the following shall apply. If any Record shall contain NPI and said Record is to be permanently retained, then it shall be stored on encrypted, password-protected servers or other electronic media or in locked, physical files, access to which is restricted to the managing broker. If any Record shall contain NPI and said Record is to be destroyed then as to any physical Record, it shall be shredded (cross-cut or “confetti”) as to any electronic Record it shall be permanently deleted from any and all files, folders, programs, or other electronic platforms where it may be stored and if any storage device itself is to be destroyed then it shall be wiped such that any information contained on said device is rendered permanently inaccessible.

RECORD RETENTION SCHEDULE TRANSACTIONAL RECORDS

Record Type	Retention Period	Sales or Transaction Records except Contracts	5 years for sales or transaction records
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Contracts and Related Correspondence (including any proposal or direction that resulted in the contract and all other supportive documentation)

10 years after expiration or termination for all contracts and related correspondence

Incident Reports and Claims (settlement cases)	7 years
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All Required Disclosures	5 Years
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CORRESPONDENCE AND INTERNAL MEMORANDA

General Principle: Most correspondence and internal memoranda should be retained for the same period as the document they pertain to or support. For instance, a letter pertaining to a particular contract would be retained as long as the contract (10 years after expiration).

Correspondence or memoranda that do not pertain to documents having a prescribed retention period should generally be discarded sooner. These may be divided into two general categories:

1. Those pertaining to routine matters and having no significant, lasting consequences should be discarded within two years. Some examples include:
 - Routine letters and notes that require no acknowledgement or follow-up, such as notes of appreciation, congratulations, letters of transmittal, and plans for meetings.
 - Form letters that require no follow-up.
 - Letters of general inquiry and replies that complete a cycle of correspondence.
 - Letters or complaints requesting specific action that have no further value after changes are made or action taken (such as name or address change).
 - Other letters of inconsequential subject matter or that definitely close correspondence to which no further reference will be necessary.
 - Chronological correspondence files.

Please note that copies of interoffice correspondence and documents where a copy will be in the originating department file should be read and destroyed, unless that information provides reference to or direction to other documents that must be kept for traceability.

2. All correspondence in transaction files should be retained for 5 years.
3. Those pertaining to non-routine matters or having significant lasting consequences should generally be retained permanently.

ELECTRONIC DOCUMENTS

1. Electronic Mail. Subject to the other terms and policies contained herein, not all Email needs to be retained, depending on the subject matter. All of the Company's Email Message information is categorized, each with distinct retention guidelines:

a. Transactional Email Correspondence (inbox, sent mail) (5 years) Transactional Email Correspondence covers information (sent or received) that relates to client/customer interaction in a transaction. When direction is given or received in an email in regards to a transaction it needs to be placed in a transaction folder, electronic or hard copy, and should be retained for 5 years. The Licensee/Employee is responsible for Email retention of General Correspondence.

b. Ephemeral & Personal Email Correspondence (retain until read, destroy promptly) Ephemeral Email Correspondence is by far the largest category and includes personal Email messages, requests for recommendations or review, Email messages related to updates and status reports.

c. Instant Messages (5 years)
When used as a form of business communication, Instant Messages (sent or received) create business records that are subject to all legal retention regulations of other formats, like Email messages or snail-mail correspondence.

d. Email or Instant Messages can be printed to include a hard copy in the file in which case the electronic version can be deleted or can be retained electronically for the period indicated.

General Guidelines for Electronic Mail:

- Staff and Licensees/Employees of the Company will strive to keep all but an insignificant minority of their Email related to business issues.
- Staff and Licensees/Employees of the Company will not store or transfer Company-related Email on non-work-related computers except as necessary or appropriate for Company purposes.
- Staff and Licensees/Employees of the Company will take care not to send confidential/proprietary Company information to outside sources.

2. Electronic Documents. Including Microsoft Office Suite, PDF files, or other word processing files. Retention also depends on the subject matter.

- PDF Documents. The length of time that a PDF file should be retained should be based upon the content of the file and the category under the various sections of this Policy. PDF files the Licensee/Employee deems vital to the performance of his or her job should be printed and stored in the agent/employee's workstation or in an electronic file.

- Text/formatted files. The Company will conduct annual reviews of all text/formatted files (e.g. Microsoft Word documents) and will delete all those it considers unnecessary or outdated. After five years, all text files will be deleted from the network and the staff/agent/employee's desktop/laptop. Text/formatted files the licensee/employee deems vital to the performance of their job should be printed and stored in that person's workspace.

E-MAIL AND INTERNET POLICY

Company Computers

Kale Realty's policy is that Company owned computers and company provided access to e-mail and the Internet are to be used principally for business purposes. (Personal use of your own equipment and access secured on your own are not covered by this policy.) The company recognizes that limited personal use of e-mail and the Internet can be a benefit to agents and employees and other authorized users. Accordingly, Kale Realty will allow personal use of e-mail and the Internet by its agents and employees subject to the following restrictions:

1. Employees should generally try to limit personal use of e-mail and the Internet to break times, lunch time, and before and after normal working hours so as not to interfere with employees' duties for Kale Realty.
2. Employees may not use e-mail and the Internet for non-work related private business.
3. Agents/employees may not use e-mail and the Internet to participate in football, basketball or other sports pools or leagues, or to gamble.
4. Agents/employees may not use e-mail and the Internet to conduct political activities (unless expressly authorized to do so as part of agent's/employee's duties to Kale Realty).
5. Agents/employees may not use e-mail and the Internet to visit any pornographic sites.
6. Agents/Employees should not use e-mail to discuss the business policies or practices of the company with any person outside the company other than a client or prospective client.
7. Agents/employees may not use e-mail or the Internet to transmit any defamatory, offensive, harassing, disruptive, or derogatory statements or images, or statements or images that offend on the basis of race, religion, ethnicity or national origin, sexual orientation, political beliefs or disabilities.
8. Agents/employees may not use e-mail or the Internet to distribute chain letters, search for alternative employment, transmit jokes, or participate in Internet discussion groups (unless such discussion groups relate directly to agent's/employee's job).
9. Agents/employees may not use e-mail or the Internet in any manner that may impair Kale Realty's reputation or public standing, or that is prohibited by law or otherwise illegal.
10. Agents/employees may not use e-mail or the Internet to upload, download or transmit, without broker's permission, copyrighted, trademarked or patented materials, trade secrets, or confidential, proprietary or private information or materials.

11. Agents/employees should not use e-mail in any manner that would advocate that the Company adopt or that would indicate that the Company has a position or policy in place that is anticompetitive or which would otherwise violate state or federal antitrust laws.

12. Once a broker exits Kale Realty, the broker immediately loses access to all data stored on Kale Realty's servers. This includes data contained in G Suite (email, documents, images, contacts, etc.), dotloop, Home123, Nestio, Kale Realty servers and domains, and all other systems provided by Kale Realty. Kale Realty will not provide a copy of this data to the broker after termination.

Kale Realty reserves the right to modify, amend, or change this policy in any manner at any time. Kale Realty additionally reserves the right to monitor, access, retrieve, read and (for legitimate business purposes) disclose all communications by or to agent/employee with or without notice to agent or employee. Accordingly, agents/employees have no right to or expectation of privacy in the use of e-mail or the Internet. Kale Realty has no obligation to ensure against unauthorized access to your e-mail or Internet use. Violation of this policy will subject you to discipline as provided for in this Policy Manual.

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DO'S AND DON'TS FOR BUYERS' AGENTS

Buyer's Agent "DO's"

DO Explain designated agency to the buyer.

DO Have a specific buyer interview session. Explain how buyers' agents are paid. Explain the buyer agency contract.

DO Tell the buyer of any potential for dual agency. Explain to the buyer the Consent to Dual Agency form and ask if the buyer is willing to sign it.

DO Disclose your agency status orally to the seller, if not represented by another agent, preferably when first showing the property and confirm it in writing not later than the presentation of the offer.

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.

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, unless the buyer otherwise instructs you in writing.

DO Disclose all adverse material facts to the buyer which you know. Adverse material facts include (1) environmental hazards affecting the property; (2) physical condition of the property; (3) material defects in the property; (4) material defects in the title to the property.

DO Advise 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 buyer.

DO Comply with all license laws, regulations, civil rights laws, 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 improvement 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 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, particularly in inspections.

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

DO Keep confidential 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 and other agents in a transaction.

DO Treat the customer, the seller, honestly.

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 retainer fees to the seller if you are also getting commission from the seller and get the informed consent of your buyer to accept commission from the seller (this should be in the buyer agency contract).

DO'S AND DON'TS FOR BUYERS' AGENTS

Buyer's Agent "DON'Ts"

DON'T Disclose confidential information of your client, the buyer. This is information defined in Article 1 and discussed in Article 15 of the Real Estate License Act. The Article 1 definition of confidential information refers to information being confidential if requested in writing by the client, if the information deals with the negotiating position of the client, or if disclosure of the information could materially harm the position of your client. 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 underpriced.

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 not to give the seller false information. 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 Explain designated agency to the seller.

DO Tell the seller of the potential for dual agency. Explain to the seller the Consent to Dual Agency form and ask if the seller is willing to sign it.

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.

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, unless the seller otherwise instructs you in writing.

DO Respond honestly and accurately to requests for information concerning the property or the seller. If the information requested is confidential, indicate that to the buyer or buyer's agent instead of stating you don't know.

DO Advise the seller 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 Disclose to prospective buyers all material adverse facts pertaining to the physical condition of the property that are known to you and which could not be discovered by a reasonably diligent inspection of the property by the customer. All of this information should already be on the disclosure form prepared by the Seller.

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 and consistent with reaching an agreement between the parties.

DO Complete a Competitive Market Analysis before listing the property.

DO Negotiate the offer with favorable and protective terms for the seller, especially in 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 confidential information, as defined in Article 1 of the Real Estate License Act, 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 or the buyer's ability to perform.

DO'S AND DON'TS FOR SELLERS' AGENTS

Seller's Agent "DON'T"

DON'T Disclose confidential information of your client, the seller. This is information defined in Article 1 and discussed in Article 15 of the Real Estate License Act. Article 1 refers to information being confidential if requested in writing by the client, if the information deals with the negotiating position of the client or if disclosure of the information could materially harm the position of your client. This likely includes information such as the seller's motivation to sell, the price or terms the seller is willing to offer or prior offers and counter offers.

DISCLOSED DUAL AGENCY DO's AND DON'Ts

Disclosed Dual Agent "DO's"

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

DO Obtain the signature of both buyer and seller on a Consent to Dual Agency form as soon as possible but no later than your beginning to act as a dual agent.

DO Represent the seller and the buyer, acting according to your agreements with the seller and the buyer and the duties imposed by Article 15 of the license law.

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. Adverse material facts include (1) Environmental hazards affecting the property;

(2) Physical condition of the property; (3) Material defects in the property; (4) Material defects in the title to the property; (5) Material limitation on the seller's ability to perform under the terms of the contract; and (6) The buyer's financial ability to perform the terms of the transaction.

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 Treat all clients honestly.

DO Provide information about the property to the buyer or tenant.

DO Disclose all latent material defects in the property that are known to the agent. DO Disclose the financial qualification of the buyer or tenant to the seller or landlord. DO Explain real estate terms.

DO Help the buyer or tenant to arrange for property inspections.

DO Explain closing costs and procedures.

DO Help the buyer compare financing alternatives.

DO Provide information about comparable properties that have sold so both clients may make educated decisions on what price to accept or offer.

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

DO Give written disclosure of your agency status as soon as you start speaking to them. 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 Act only to "facilitate" the negotiations and transaction if YOU are both a buyer's agent and the listing agent,.

DO Stay completely neutral if YOU are both a buyer's agent and the listing agent,.

DO Make sure that there is a confirmation of Consent to Dual Agency in the Purchase Contract which confirmation is initialed by the parties.

DISCLOSED DUAL AGENCY DO's AND DON'Ts

Disclosed Dual Agent "DON'Ts"

DON'T Disclose confidential information that you may know about the clients without that client's permission.

DON'T Disclose the price the seller or landlord will take other than the listing price without permission of the seller or landlord.

DON'T Disclose the price the buyer or tenant is willing to pay without permission of the buyer or tenant.

DON'T Recommend a suggested price the buyer or tenant should offer.

DON'T Recommend a suggested price the seller or landlord should counter with or accept.

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 without disclosure to and informed consent of both 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.

Agents must be supervised on all transactions until completing 45 hour post licensing.

Agents can join the mentoring program so that a mentor can supervise and assist agents in the field or you follow the agent development/training program set forth by the Designated Managing Broker, prior to acting as a licensed agent.