

Castelli Real Estate Services LLC, Florida Professional Real Estate, Inc.

Policies and Procedures

This work product is the exclusive property of the above companies and may not be copied or used by any person or company not affiliated with the above companies.

This specific Policies and Procedures manual was given to:

_____ on _____ day of _____ 20____.

Signature of recipient

The signing for receipt of this Manual confirms that the above named person has read, understood, and agrees to be bound by the policies and procedures contained herein.

Statement of Purpose: The primary reason for the existence of Castelli Real Estate Services and its affiliates is to create a profit for the owners, shareholders, employees and agents. We accomplish this by providing of outstanding real estate service to our customers, excellence in everything we do, and a total commitment to satisfying the real estate needs of our customers. We will never lower our standards in pursuit of profit. By affiliating with CRES either as an agent or employee you agree to these standards and understand that not meeting this commitment is grounds for immediate termination.

Internet Policy:

*Software that is not licensed or created by CRES is not permitted to be installed on any CRES systems.

*The downloading or viewing of illegal, hateful or pornographic (material that may be disturbing to others) material is prohibited.

*No content may be posted as official CRES opinion, fact or statement on any website, blog, and social media or similar without the approval of a CRES officer.

*Personal websites of employees or agents that will have any real estate related content must first be approved by a CRES principal before becoming live. At no time shall any such site, blog, social media posting, etc be inflammatory, slanderous, libelous or in any manner whatsoever bring harm to CRES, its agents or employees or be hurtful to anyone external to CRES.

*CRES may view any material on any computer at anytime used in the offices of CRES, whether owned by CRES or otherwise and delete any material, postings, statements, or opinions that violate the intent of this policies and procedures manual and notify the owner and or user of said computer of the deletion.

Sexual Orientation:

We celebrate all cultures, all people, all religions, and all lifestyles that are loving and find strength in diversity.

Intolerance at CRES is unacceptable.

Sexual Harassment:

Sexual harassment of any nature is unacceptable and grounds for immediate termination. At CRES we respect every person. We embrace the Florida Realtors policy on sexual harassment which can be found after the policies and procedures manual. (Attached)

Agents as Independent Contractors:

*It is a condition precedent to association with CRES that each agent enters into an Independent Contractor Agreement. This agreement shall be renewed in the event that anything contained in the original has been changed by CRES. This agreement, coupled with this policies and procedures manual, establishes the independent contractor relationship between you and CRES.

As an Independent Contractor, the following items should be followed in the day to day operations of your business.

1. Pay all dues to which they are liable.
2. Pay auto expenses without compensation by Broker.
3. Pay your own entertainment expense, customer generation costs, customer retention costs.
4. You will not be required to maintain a specific floor duty schedule nor attend office meetings, unless you volunteer to do so.
5. Take vacations whenever you wish. There are no paid holidays, sick time, family leave time nor any other benefits that would exist in an employee/employer environment.
6. You pay your own income taxes and social security.
7. There is no salary nor sick pay nor worker's compensation.
8. You may terminate your relationship with CRES at anytime pursuant to the terms of termination contained elsewhere in this policy and procedures manual.

Requirements for agents:

1. Each agent shall promptly apply for membership and maintain said membership in the local Association of Realtors, the State Association and the National Association of REALTORS and shall maintain their membership in good standing for as long as they are affiliated with CRES.
2. Each agent shall complete their own purchase sales contracts, listing contracts, lease agreements etc., and retain all records pertaining to each that are not otherwise required to be maintained by CRES for a period of 5 years from the date of execution of any such agreements.. These forms shall be subject to review, edit and approval of the Broker.
3. Each agent agrees to adhere to the National Association of Realtors Code of Ethics.
4. Confidential annual report. You will be given by January 30 of each year of affiliation, a confidential report of your IRS form 1099 earnings and any other statistical information CRES believes would be to your benefit.
5. You will be paid pursuant to your commission split arrangement with CRES. The commission policy is potentially unique to each agent and may change from time to time pursuant to this policy and procedures manual or the commission split arrangement.

Minimum Standards:

CRES maintains minimum standards in terms of effort and ultimately results. Our goal is that you become productive as quickly as possible and earn an income that will support you, your family and the charities and organizations to which you may be a member. Your production is also necessary to keep CRES in business.

Our minimum standard is based on your previous occupation, your previous income, and what we both believe you're capable of. Should conditions warrant we will readjust the minimum expectations by mutual agreement. Consequences for not meeting minimum standards is termination.

Automobile insurance:

Each agent shall maintain automobile insurance with public liability, property damage and bodily injury limits of no less than \$100,000/\$300,000. A copy of the insurance policy and all renewals thereof shall be provided to CRES upon initial association with CRES and at the anniversary of said policy each period thereafter.

Business apparel:

Agents shall wear appropriate business apparel. The image of the company is one of professionalism and is manifested in every agent affiliated with CRES.

Floor Duty responsibilities:

When an agent accepts Floor Duty that agent accepts all of the responsibilities included therewith. These include:

1. Showing up on time ready to transact business
2. Arrange all other business outside of Floor Duty hours
3. If an agent cannot make their floor time commitment, they shall make arrangements with another agent to cover their Floor Duty commitment.
4. The floor agent shall maintain their work area in a professional manner and shall represent CRES with courtesy and thoughtfulness. This includes courtesy over the phone, respecting the relationships that customers may have with other agents of CRES and otherwise responding to inquiries in an expeditious and professional manner.
5. Follow the Floor Duty procedures as presented in the Floor Duty Guide. (Attached)

Personal Real Estate:

Any real estate bought, sold, listed or leased by the agent shall be done so thru the company with CRES as the broker of record. The agent shall always disclose in writing their license status to all parties in any transaction.

In the event an agent buys a property, a buying commission shall be due and payable to CRES pursuant to the agent commission schedule. See Amendment #1 (2016).

Unlicensed Assistants:

Castelli Real Estate services has a strict policy prohibiting any use of unlicensed personnel for any activity that would otherwise require licensure.

Complaints by customers:

Our reputation is built one customer at a time. While we know some folks can be difficult to work with, at the end of the day, without customers we have no business. Thus, any complaint by a customer against an agent will be taken on its face value. We will speak with all

parties involved and make a decision as to corrective action, if necessary. While we will consult with the agent who is the target of the complaint, the final decision will be made by CRES.

Termination/Departure:

While CRES seeks to maintain long term, prosperous relationships with all of our agents we know “things” happen. In the event an agent is either terminated or leaves CRES on their own accord, the following shall control such departure.

The agent will be paid all pending commissions to which they are entitled when the pending transaction(s) successfully close on a 50/50 basis. This is regardless of any previous commission split the agent may have been on. No commission shall be due for any listings that are not under a binding contract at the date of termination or departure.

Listing contracts are the property of the company. Listings remaining after the termination or departure of an agent will be assigned by CRES to the people or person CRES believes is best able to service the listing or a negotiated referral fee is paid.

Office hours:

Our administrative staff office hours are 9 AM to 5 PM Monday thru Friday. However, we are open for business virtually 24 hours per day, 7 days per week. If an agent uses a CRES office before or after these hours, that agent shall be responsible for securing the property. This includes creating a safely lit environment for their use and for CRES customers. Upon leaving, the agent shall insure the office is locked.

Office/Sales meetings:

Sales meeting will be held on announced dates and times. You are strongly encouraged to attend and participate in these meetings. Among other matters, we will discuss new listings, adjustments in prices or terms, new policies, legal matters and other issues relevant to our business.

Office environment:

At CRES, we maintain an office environment that is conducive to a successful business and respectful of all people. We ask that you do your part to insure a healthy environment for our agents, employees and customers. Inappropriate jokes, “bashing” people, or ill will are unacceptable in any of our offices. Any subjects or issues, non real estate related, that could cause tension shall

not be tolerated. No alcohol or controlled substances shall be bought into or used in the offices.

Management assistance:

At all of our CRES offices we either have management on premises or direct access to our principals via phone, text or e mail. Please contact a manager or one of the principals with any questions you have if you are uncertain about the appropriate action to take. Please do not “think” you’re doing it right if you’re uncertain. Whether it is what form to use, a transaction management issue, listing terms etc. please avail yourself of our management team.

Confidentiality:

The confidential nature of our business cannot be over emphasized. You are entrusted with other peoples’ money, social security information, bank accounts etc. Mishandling this information could be harmful to the customer. Everything you hear about a customer or transaction stays within our office. Never discuss our clients with people not involved in the immediate transaction

All of our company records are the exclusive property of CRES. No files, data, contracts, etc shall be removed from CRES. No confidential information shall be emailed, texted, or photocopied for anyone other than essential people or firms involved in the immediate transaction.

Office contact information:

Be sure your contact information is on file and correct.

Cell phones:

Cell phone use within the office shall only be allowed where the conversation is kept moderately low and is not distracting to the CRES agents and staff.

Existing or repeat clientele:

When a potential customer indicates they had a previous contact with CRES, (via phone, text, email or our website) the floor agent should ask with whom and would they like to be connected to that person. If yes, please expedite the inquiry to the appropriate agent. If they don't ask to be connected to their original agent, the customer is considered available to the floor agent. Please insure you follow up with your customers and stay in touch so you don't lose leads because they don't remember you.

Listing inventory:

Listings are the lifeblood of most real estate firms. Without attractive listings, customers have little need to contact you or us. The more listings we have, the more inquiries we have and the more business everyone does at CRES. With the Internet attracting more and more buyers, not having a listing makes you invisible to the buying market. Make yourself familiar with the CRES inventory so when you obtain a buyer lead, you have the information and can make an appointment with the lead.

The Listing agent is responsible for maintaining frequent contact with the owners of their listings. Whether this means once per day, or once per week, frequent contact, with frequent market updates tends to keep our customers happier and retain a greater share of listings. At various times, management will be contacting your owners to insure they are receiving the quality service they expected when they listed with CRES.

Escrow/Trust accounts:

CRES maintains trust accounts for our various offices. We've chosen to do this to expedite transactions and give you and our customers an additional layer of financial comfort. As such, our accounts are governed (and subject to audit) by the Florida Real Estate Commission.

Part of our responsibility is to insure timely deposits of all escrow monies. Thus, when you receive a deposit on any transaction (rental or sale) be certain it is given to a manager or principal within 24 hours of your receipt of that deposit. We, in turn, will bank that deposit in no more than 48 hours after receiving the deposit from you.

Postdated checks are not accepted. In the event a refund is necessary, the check must first clear our bank before being refunded to any party. On average, this will take up to 10 banking days.

No funds will be released from escrow unless all parties having a right to the deposit have signed a release of deposit. In the event any of the parties refuse to sign the release, CRES will seek either an escrow disbursement order (EDO) from the Florida Real Estate Commission, submit the matter for mediation or seek to interplead the matter in the appropriate court. The choice is either up to CRES or the terms of the contract to which the deposit was attached.

After closing expenses:

On most occasions, there will be no further expenses for CRES or the agent after a closing. However, if a cost is incurred for which CRES is not reimbursed within 10 days, and the fault rests with the agent, the agent shall pay 100% of the expense. If the fault cannot be determined, the cost shall split and paid by CRES and the agent based on the commission split between CRES and the agent at the time of the transaction from which the expense arose.

Commission disputes:

Commissions are paid to based upon the plan to which the agent has chosen. Payment to the agent is made within 2 days of a closing, provided all funds have cleared. If a commission is to be reduced to facilitate a transaction, for any reason, the agent must first obtain the approval of a manager or principal of CRES. Failing to do will result in the agent absorbing any discount from their portion of the earned commission.

Raise in Commission Split:

Raises are awarded based on production. When a raise is awarded to an agent the commission is paid as follows: any transaction in the pipeline prior to the raise date is paid at the old split. Any transaction booked after the date of the raise will be paid at the new split.

Simultaneous offers:

A simultaneous offer exists where two or more agents, from either the same company or an external company, have offers on the same property at the same time. It is the policy of CRES that all offers are submitted to the seller for their consideration and that Agents do not share information about their offers with other agents who have offers on the same property. The listing agent may provide such information provided the seller has given them written permission to do so.

The nature of Real Estate buying and selling is competitive and as such can create a highly tense environment during negotiations, at CRES we want all parties to believe they are treated fairly and given every opportunity to conclude their transaction on the terms they were seeking. Never pit one CRES agent or customer against another. Simply advise each to make their best offer.

Forfeited Deposits:

Our preference is to earn our income thru completed transactions. In rare instances a transaction will fall apart and the deposit on the transaction may be split amongst various parties. Look to the contract to determine who gets what and when. Whatever portion of a forfeited commission CRES retains or is paid shall be split with the agent in the specific transaction based on their commission split program at the time of the forfeiture.

Litigation:

It is CRES policy to avoid litigation whenever possible. We maintain Errors and Omissions insurance coverage just in case litigation occurs. If CRES must go to court on a case as a result of the action of an agent, all costs for such action shall be split between CRES and the agent pursuant to the commission plan utilized at the time.

If a lawsuit is filed against CRES and or a CRES agent, all costs for such litigation shall be paid by the agent and CRES based on the commission plan in place as of the date of the transaction that precipitated this lawsuit.

If the agent does not wish to become a party to the litigation, the agent will not be responsible for any expenses and CRES shall retain any award, commission, etc. from such litigation.

In the event an agent is sued as a result of a Real Estate transaction, you must notify a CRES principal immediately. If an agent is sued for anything beyond the scope of our E and O policy, the agent shall pay all of their own legal fees and expenses.

MLS and Broker Cooperation:

CRES is a member of various MLS services throughout our market. All of our listings MUST be entered into the MLS unless the Seller requests otherwise. In that event, we need a written letter of instruction from the Seller instructing us to not place their listing on MLS.

CRES cooperates with all Realtor members of the MLS. When you are showing another offices' listing, please respect the relationship they have with their clients, and make your showings, offer presentations etc. thru mutual communication with the listing office and salesperson, following any special instructions on the MLS.

Unlisted property:

If you are showing a property that is not listed by CRES or any other Broker, (commonly referred to as a FSBO) you must have the seller sign a commission agreement before showing the property. Without a commission agreement, we have no assurance of the right to earn a commission.

FOR SALE AND SOLD SIGNS:

CRES signs are installed by Real Post. When you need a sign, please log into www.real-post.com. You will need to register your new account first. Signs are a highly effective means of promoting the property and you. This becomes even more powerful when you sell them and a SOLD rider is attached.

Continuing education:

The Florida Real Estate Commission requires that all licensees meet continuing education standards every two years. Please provide CRES with proof of your CE hours as you take each course. The National Association of REALTORS requires biennial ethics training and CRES will need your proof of having taken that class. The latter is not a FREC requirement.

***The following policy created October 13, 2012. Agents away, (vacation, illness, etc) and compensation agreement with other agents while you are away:**

At such times as you will be away from the office while you have pending business, you must make written arrangements with another agent (or office principal) and provide a copy of same to the Broker or office administrator. Such agreement must specifically set forth the manner and amount you will pay the agent taking care of your business while you're away. If you do not have a written agreement with such agent as to how you'll split commissions that are generated by the activity in your absence, the Broker shall divide such income 50% to each of you (from the salespersons side of the commission).

Amendment #1 (2016):

One of those standards is our commission policy.

Specifically we will always offer no less than 2% to a cooperating Broker on sales over 1 million and no less than 2.5% on sales under 1 million. Our preference, as it is with benchmark competitors is 3% all the time.

On personal deals, an agent selling their own residence after 1 year with the company gets 1 no commission deal on the listing side only to the office every 5 years. Otherwise it's a minimum 3% commission to the office then paid out on their split. For example on an \$800,000 deal, the gross to office is \$24,000. If the agent is at 70/30 the office will receive \$7,200.

Referral Policy:

ALL outgoing referrals need to be placed through the relocation department and LeadingRE. We are contractually obligated to do so. No referrals should be placed agent to agent. If you bypass the relocation department and go direct to another agent, you will still have to pay the LeadingRE Network fee.

Florida Realtors policy on sexual harassment

"Any member of Florida Realtors may be reprimanded, placed on probation, suspended or expelled for harassment of a Florida Realtors employee or Florida Realtors officer or director after an investigation in accordance with the procedures of the association. As used in this section, harassment means any verbal or physical conduct including threatening or obscene language, unwelcome sexual advances, stalking, action including strikes, shoves, kicks or other similar physical contacts, or threats to do the same, or any other conduct with the purpose or effect or unreasonably interfering with an individual's work performance by creating a hostile, intimidating or offensive work environment.

"The decision to the appropriate disciplinary action to be taken shall be made by an investigatory team comprised of the president, president-elect, and/or secretary and one member of the board of directors selected by the highest-ranking officer not named in the complaint, upon consultation with Florida Realtors legal counsel. Disciplinary action may consist of any sanction authorized in the NAR Code of Ethics and Arbitration Manual. If the complaint involves the president, president-elect, or secretary, they may not participate in the proceedings and shall be replaced by the immediate past president or, alternatively, by another member of the board of directors selected by the highest-ranking officer not named in the complaint."

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Floor:

Please stand and greet a customer when they arrive or when you are introduced by front desk staff. Offer refreshments and ask the customer to please fill out our information sheet

If you leave the office during your shift, then you **MUST** ask another agent to handle the balance of your time slot or at least until you return

If you are unable to be present for your floor shift, then it is your responsibility to find a qualified replacement. **NEVER** ask the front desk to fill your shift or find your replacement. It is totally your responsibility. Once you have found a replacement, you must email salesmanager@castellihomes.com to have the schedule updated.

If you miss a floor shift with no arranged coverage, you will be removed from the floor schedule for the balance of the month and the next month also. If you miss two floor shifts without replacements, you will be permanently removed from future floor time.

If the floor person is with a customer and a new customer walks into the office, please ask the customer to wait. Then ask the floor person how long they will be with their customer. If the wait is longer than 10 minutes, then the new customer will be handed off to another agent in the office by the front desk personnel. If the front desk personnel are away from the office, please be fair.

The key here is to make sure customers are being treated with kindness and respect so that we have complete customer satisfaction and in turn, our satisfied customers become our public relations out reach.

Soft Spoken:

Please watch your language and the volume with which you're conducting your business especially on the phone. Those around you should not hear your conversation.

Agent Contact:

If a customer comes to the office and lets you know that they are working with another CASTELLI associate, you MUST immediately try to reach that agent. If the agent is unreachable, then see how you can help that customer (remember, we are all about customer service), but under no circumstances is that customer yours. You are merely being the kind of agent you would want if the roles were reversed.

You are going out of town:

Great! You work hard and deserve time off... however, your customers still need attention and care. You must inform the front desk of your schedule as to departure date, return date, where you are going and how to reach you in case of an emergency. You MUST make arrangements with another agent in your office to handle your customer requests and making sure your customer has the agent's contact information.

Please be mindful of your language and office demeanor... this is a professional environment and we want our associates to be proud to entertain their customers in our offices. There is no room for loud and abusive conduct at any time.

Thank you for your cooperation in making CASTELLI REAL ESTATE SERVICES the premier real estate company in Florida whose reputation is one we can all be proud of.

Agent Open House Guide

Before the Open House

1. Read the property MLS listing.
2. Discuss the property with the listing agent. Learn its special features, its strengths and potential weaknesses. Be prepared to highlight the strengths and overcome the weaknesses. Discuss with the listing agent so as to put forth a consistent message.
3. Do local market research. Be familiar with other properties on the market in the neighborhood and prepare yourself to be able to compare and contrast those properties with the one being held open. Prepare a stock answer for likely tough questions. By way of example, an open attendee might remark, "This house is priced way above others in the neighborhood." A very BAD answer is, "yeah, it's overpriced". A better answer would be generic, but geared toward the specific house, along the lines of, "The seller puts a premium on some of the house's special features, that may or may not survive through the sale. Anyone who knows recent market sales and data is a serious lead! But you must show that YOU are the market expert!"
4. Learn the neighborhood. Where is the nearest supermarket? Restaurant? Dry cleaner? School? Convenience store? How far is it to the beach? The highway?
5. Plan where Open House signs will be put to direct potential buyers to the property, and reserve them.
6. Print the MLS listing, or have a property-specific flyer made. This flyer can feature your contact information. At the very least staple your business card to any material you may hand out.
7. Have the listing agent put the open house on the MLS.
8. Advertise the open house to the neighborhood.

At the Open House

1. Put up Open House signs on the way to the property.
2. Arrive at least a half hour early.
3. Set up your greeting station with water, snacks (if there are any), a sign in sheet, handouts, a small garbage can, especially if there are snacks, etc.

4. Open curtains and turn on lights.
5. Make sure valuables have been secured – jewelry, medications, cash, checks.
6. Make sure the house is tidy and clean. This might mean wiping down counters, mirrors, close toilet seats, etc.
7. Only when you are ready, unlock and open the front door.
8. Greet people personally
9. BE VIGILANT. Keep an eye on attendees without being overbearing or threatening
10. Let people see the things that are important to them, but let them know you are available for questions. Don't simply show them what you want them to see. Some open-ended questions might help you determine the features they are seeking. If this house isn't right for them, you might be able to recommend a nearby house that better meets their needs, because you did your market research!
11. When the Open House is over, make sure everyone has left, and lock the front door. Then return the house to the way you found it: close curtains, turn off lights.....
12. Take everything with you that you brought – uneaten snacks, water, handouts, the garbage can, etc.
13. Take down the open house signs, starting with the one in front of the house being held open. Then, backtrack and pick up the signs directing people to the open house.

After the Open House

1. Return the Open House signs to the office.
2. Report to the listing agent how many people attended the open house and any feedback you may have received.
3. Follow up with the open house attendees with a thank you email or phone.

Property Address: _____

Listing Agent: _____

Open House Agent: _____

Number of Open House signs: _____