

LEGAL AND ETHICAL OBLIGATIONS OF SALES ASSOCIATES

1. PROPER HANDLING OF TRUST MONIES

It is the responsibility of each Sales Associate to properly safeguard and promptly account for all trust money which comes into the possession of the Sales Associate. Trust money, under Maryland law, is defined to mean a deposit, payment or other money that a person entrusts to the real estate licensee.

Upon the execution of a contract of sale or lease, the Sales Associate shall promptly submit the trust money to the Company for processing along with the executed contract of sale, lease and addenda thereto. Under no circumstance shall a Sales Associate fail to promptly remit any trust money to the broker or office manager once a contract of sale or lease has been entered into, even if specifically requested to do so by the person who has placed the trust money in the possession of the Sales Associate. The obligation of the Sales Associate to promptly remit the trust money for processing by the Company at the time that a contract of sale or lease is entered into shall be complied with even if the terms and conditions of the contract of sale or lease provide that the trust money is not to be negotiated or deposited until the occurrence of a particular event or contingency in accordance with the contract of sale or lease.

If a Sales Associate receives trust money in the form of a check and is advised by the maker that the account upon which the check is drawn has insufficient funds to cover the amount of the check, the Sales Associate shall advise **the broker and/or manager and shall also notify** the listing agent or seller (in the case of a FSBO) of such fact at the time that the offer or lease is submitted. A Sales Associate shall not accept or receive any trust money by way of a check which is postdated.

If advised by the Company that any trust money in the form of a check has been dishonored by the bank upon which the check was drawn, the Sales Associate shall immediately notify the **broker and/or manager and shall also notify** the listing agent or the seller (in the case of a FSBO) immediately and shall confirm such fact in writing.

A Sales Associate shall not represent, infer or suggest to any party to a contract of sale or lease form that a minimum deposit is required under Maryland law in order to create or form a binding contract of sale or lease.

Under no circumstances shall a Sales Associate convert any trust money received by the Sales Associate for their own personal benefit or use.

2. FEDERAL, STATE AND LOCAL FAIR HOUSING REQUIREMENTS

It is the policy of the Company to provide real estate brokerage services to all persons.

A Sales Associate shall not refuse to provide real estate brokerage services to any person who falls within a protected class under federal, state or local law.

A Sales Associate, either intentionally or unintentionally, shall not assist an owner of property, whether residential or commercial, in any agreement, plan, scheme or suspected effort on the part of the owner to discriminate in the sale or lease of real property to any person who is protected under federal, state and local fair housing laws.

Under federal law, protected classes include race, color, sex, religion, national origin, physical or mental handicap, and familial status. Under Maryland law, protected classes include all those persons protected under federal law plus the additional classes of marital status and sexual orientation.

Anne Arundel County, Baltimore City, Baltimore County, Harford County, Howard County, Montgomery County and Prince George's County have adopted local fair housing laws which include the protected classes under federal and Maryland law as well as the following additional protected classes, which will vary from county to county. These additional protected classes include:

- Occupation;
- Political opinion;
- Appearance;
- Source of income;
- Creed;
- Ancestry; and
- Genetic status.

The following shall apply to the conduct of all Sales Associates in order to ensure that all persons, regardless of their protected class as described above, are afforded the full and equal opportunity to locate and acquire real property for sale or for lease and to further ensure that such individuals are afforded the full opportunity to receive professional real estate brokerage services from real estate licensees:

- A. A Sales Associate shall decline to accept any listing agreement where the owner, in advance, has inferred or suggested that the Sales Associate limit the availability of the property to any person based upon their protected status or suggest or infer that the Sales Associate assist the owner in limiting the availability of property for sale or for lease to any person who falls within a protected class.
- B. A Sales Associate shall not assist an owner in any effort to discriminate against a person attempting to buy or lease real property based upon the person's classification under a protected class.
- C. In any circumstance where a Sales Associate is requested by an owner or suspects or believes that an owner of real property intends or is actually engaging in a course of conduct designed to discriminate in the sale or lease of real property, the Sales Associate shall promptly report such matter to the broker or office manager

and seek immediate advice and direction as to procedures to be followed under such circumstance.

- D. A Sales Associate shall not, under any circumstances, make, either verbally or by gesture, any reference to any person in a derogatory or derisive manner based upon the physical characteristics of such individual or their particular circumstance based upon any protected class under federal, state or local law. Under no circumstances shall any Sales Associate make or use any words, phrases or gestures of a derisive or offensive nature, including any stories or jokes, which relate to the physical characteristics of any person. Any Sales Associate who uses derogatory words or phrases based upon the physical characteristics of an individual or based upon their protected class will be summarily terminated from the Company. This will include any such comments by and between the Sales Associates among themselves or to other persons and by any means, both verbal and written.
- E. A Sales Associate, at all times, shall comply fully with all federal, state and local requirements with respect to the equal opportunity of all persons to purchase or lease real property in accordance with federal, state and local laws and regulations.
- F. A Sales Associate shall include the equal housing opportunity logo in all display advertisements, whether print, television or internet, in excess of four (4) inches. The equal housing opportunity logo must be the same size as any other logo included in the advertisement and shall never be less than 1/2 inch by 1/2 inch as required by federal law. Similarly, a Sales Associate shall include the equal housing opportunity slogan in all print advertisement under four (4) inches. In order to fully comply with the law, the equal housing opportunity slogan shall be fully stated in such advertisement as "Equal Housing Opportunity" and not as "EHO."

There is no exception to federal, state or local fair housing laws if a Sales Associate is involved in a real estate transaction. While there may be certain circumstances under federal, state and local laws which would authorize an owner to discriminate, on a limited basis, against certain persons and protected classes, such exceptions do not apply if the owner has engaged the services of a licensed real estate salesperson in the sale or lease of real property.

Under no circumstances shall a Sales Associate solicit properties for sale based upon any reference to or suggestion of changing neighborhoods or the changing diversity of a community or neighborhood where the property is located.

At no time shall a Sales Associate determine where a prospective buyer ought to live based upon the Sales Associate's belief as to where the buyer would feel safer or more comfortable. Similarly, a Sales Associate shall make available to all buyers all properties currently for sale or

lease for which the buyer qualifies in order to ensure the buyer has the full opportunity to be aware of such available properties and to determine for themselves where the buyer elects to live and reside.

The Company takes its obligations under federal, state and local fair housing laws seriously and it is the established policy of the Company to further fair housing and to provide real estate brokerage services to all persons without regard to their classification under a protected class and to enforce, both in spirit as well as intent, all applicable federal, state and local laws regarding fair housing.

3. ADVERTISING REQUIREMENTS

Sales Associates shall be careful at all times to present a true picture in all advertisements.

Advertisement means print and media advertisement including newspaper and magazine advertisement, mailings, correspondence, brochures, business cards, for sale and for lease signs and sign riders, promotional items, newsletters, automobile signage, telephone directory listings, telephone solicitations, as well as internet, radio and television advertisement.

The telephone number of the broker and/or branch office manager shall be included in all advertisements as defined above. The telephone number as required shall be the main office telephone number of the office where the wall license of the Sales Associate is displayed. The telephone number is required by Maryland law to be identified by the use of the word "office" preceded by the main telephone number of the office or "(O)" preceded by the main telephone number of the office.

In all advertisements, the Sales Associate shall include his or her full name as it appears on their real estate license and shall not use any other name, including a nickname, except as otherwise authorized and approved by the Maryland Real Estate Commission, from time to time. The name of the Company shall be meaningfully and conspicuously displayed in all advertisements and shall include the full name of the Company as it appears on the real estate license of the Sales Associate. Under no circumstances shall the Company name be abbreviated.

All print advertisements, including television and internet, shall include the equal housing opportunity logo or slogan as required by federal law. All advertisements shall comply with the HUD Guidelines with respect to prohibited words and phrases relating to equal housing opportunity and fair housing under federal law.

When selling or leasing real property owned by the Sales Associate, the Sales Associate shall include in any advertisement for the sale of the property, the fact that the Sales Associate is a Maryland licensed real estate sales person or licensed real estate associate broker. A Sales Associate selling or leasing his or her own real property or purchasing or leasing real property on his or her own behalf shall include in the contract of sale or lease, a written disclosure to the buyer or seller, as the case may be, that the Sales Associate selling, leasing or buying real

property is a licensed real estate sales person or licensed real estate associate broker in the State of Maryland.

A Sales Associate who is a member of a team or group shall not advertise solely in the name of the team or group unless the full name of the Sales Associate, as it appears on their real estate license, and the company name are meaningfully and conspicuously included in the advertisements, as defined above.

A Sales Associate shall not offer inducements to buyers or sellers in any advertisement which involves a contest; element of chance; lottery; drawing; or other such mechanism by which a prize or anything of value is to be awarded based upon the luck of the draw or other such limited criteria.

A Sales Associate shall not advertise property as being available for sale or lease without the written authority of the owner.

All advertisements placed by a Sales Associate shall, at all times, comply with all requirements of federal, state and local laws and regulations and shall be submitted for review and audit by the broker or office manager (or the designee of the broker or office manager) as set forth in this Manual.

A Sales Associate shall ensure that the contents of any advertisement is factual and true and shall avoid any misstatement or exaggeration of fact.

When advertising a compilation of properties "sold" or "recently sold" in a particular subdivision or neighborhood, the Sales Associate shall include in such advertisement a statement that the compilation is based upon public information and is not intended to suggest or infer that the Sales Associate or broker was actually involved in the listing or sale of the properties included in the compilation.

A Sales Associate shall not offer any type of coupon redeemable by the public without the prior review and approval by the broker or office manager (or the designee of the broker or office manager).

4. REVIEW OF ADVERTISEMENTS

All advertisements to be placed by a Sales Associate shall be promptly submitted to the broker or office manager (or the designee of the broker or office manager) for review and audit to ensure compliance with Company policy and the requirements of federal and Maryland law, prior to the placement of such advertisements.

Advertisement means print and media advertisement including newspaper and magazine advertisements, mailings, brochures, business cards, for sale signs and for sale sign riders, promotional items, newsletters, as well as internet and television advertisement.

Following such review and audit as to each advertisement to be placed by a Sales Associate, the Sales Associate shall be advised of any inconsistency in such advertisement. Upon notice of such inconsistency, the Sales Associate shall immediately undertake to correct the inconsistency noted and ensure that such inconsistency does not occur with respect to advertisement to be placed in the future.

5. REVIEW OF CONTRACTS, LEASES AND BROKERAGE AGREEMENTS

Upon execution by all parties to a contract of sale, lease or brokerage agreement, the Sales Associate shall promptly, or as soon as practicable thereafter, submit the contract of sale, lease or brokerage agreement to the broker, office manager (or designee of the broker or office manager) for review and audit.

Brokerage agreement includes a listing agreement for the sale or lease of real property; buyer agency agreement; and/or property management agreement.

The broker, office manager (or designee of the broker or office manager), consistent with Maryland law, shall review and audit all contracts of sale, leases and property management agreements as executed by all parties.

Following such audit and review, the Sales Associate involved in the contract of sale, lease or property management agreement will be advised of any noted error(s) or omission(s) in or to the contract of sale, lease or property management agreement or the existence of any missing or incomplete items as required by law or Company policy with respect to such contract of sale, lease or property management agreement with instructions to the Sales Associate as to any requirement to complete any missing information, or documents or addenda thereto.

Upon notification to the Sales Associate of the need to correct any error(s) or omission(s) as noted by the review and audit of the contract of sale, lease or property management agreement, the Sales Associate shall promptly comply with all requests by the broker, office manager (or designee of the broker or office manager) to correct such error(s) or omission(s). The Sales Associate shall prepare and complete such missing document(s) as identified for execution by the parties to the contract of sale, lease or property management agreement and shall promptly deliver such corrected or missing document(s) to the broker, office manager (or designee of the broker or office manager).

6. UNLICENSED PERSONAL ASSISTANTS

A Sales Associate shall not engage or hire the services of an unlicensed personal assistant without the express prior written consent of the broker or office manager.

If authorized to hire or engage the services of an unlicensed personal assistant, it is the responsibility of the Sales Associate to take all steps necessary to ensure that the unlicensed

personal assistant does not perform any act or engage in any conduct for which a real estate salesperson's license would otherwise be required under Maryland law.

The Maryland Real Estate Commission has issued written guidelines as to those acts which an unlicensed personal assistant may or may not do. The guidelines of the Maryland Real Estate Commission provide as follows:

An unlicensed personal assistant **MAY**:

1. Answer the telephone and forward calls to a licensee;
2. Submit listings and changes to a multiple listings service;
3. Follow up on loan commitments after a contract has been negotiated;
4. Assemble documents for closing;
5. Secure documents (public information) from courthouse, public utilities, etc.
6. Have keys made for company listings;
7. Write and place ads for approval of licensee and supervising broker or office manager;
8. Type contract forms at the direction of and for approval by licensee and supervising broker or office manager;
9. Compute commission checks;
10. Place signs on property;
11. Arrange the date and time of home, termite, and well/septic inspection, mortgage application, pre-settlement walk-thru, and settlement;
12. Prepare flyers and promotional information for approval by licensee and supervising broker or office manager;
13. Act as courier service to deliver documents, pick-up keys, etc.;
14. Schedule an open house;
15. Schedule appointments for licensee to show listed property; and
16. Accompany a licensee to an open house or showing for security purposes or to hand out preprinted materials.

An unlicensed personal assistant **MAY NOT**:

1. Prepare promotional materials or ads without the review and approval of the licensee and supervising broker or office manager;
2. Show property;
3. Answer any questions on listings, title, financing, closing, etc.;
4. Discuss or explain a contract, listing, lease, agreement, or other real estate document with anyone outside the Company;
5. Be paid on the basis of real estate activity, such as a percentage of commission, or any amount based on listings, sales, etc.;
6. Negotiate or agree to any commission, commission split, management fee or referral fee on behalf of a licensee;
7. Discuss the attributes or amenities of a property, under any circumstances, with a prospective purchaser or tenant;
8. Discuss, with the owner of real property, the terms and conditions of the real property offered for sale or lease;
9. Collect, receive or hold deposit monies, rent, other monies or anything of value received from the owner of the real property or from a prospective purchaser or tenant;
10. Provide owners of real property or prospective purchasers or tenants with any advice, recommendations or suggestions as to the sale, purchase, exchange, or leasing of real property to be listed or presently available for sale or lease;
11. Hold himself or herself out in any manner, orally or in writing, as being licensed or affiliated with a particular company or real estate broker as a licensee; and
12. Contact the public concerning the availability of real estate brokerage services unless an inquiry about a specific property is immediately referred to a licensee.

When authorized to hire or engage the services of an unlicensed personal assistant, the Sales Associate shall enter into a written agreement with the unlicensed personal assistant and shall expressly include in such written agreement the guidelines as provided above and shall have the

unlicensed personal assistant acknowledge such guidelines by signing and dating such agreement.

Under applicable federal and Maryland wage and employment laws, an unlicensed personal assistant can never qualify as an independent contractor. Instead, such individual is an employee only of the Sales Associate who hires or engages the unlicensed personal assistant. As a result, the Sales Associate engaging or hiring the services of unlicensed personal assistants must, at all times, comply with each and every federal and state employment and labor laws. At a minimum, such compliance will include the following:

Apply for and obtain a federal and state employer identification number;

Compensate the employee on a salary basis not less than the minimum wage as established by federal law from time to time;

Withhold from all compensation and salaries paid all applicable federal and Maryland withholding taxes, social security taxes, FICA and Medicare;

Remit as required by federal and Maryland law all such salary withholdings and the payment of all required matching employer contributions by the Sales Associate as the employer with respect to social security, FICA and Medicare;

Apply for and remit the required Maryland Unemployment Compensation and Maryland Worker's Compensation reporting requirements, premiums and periodic payments;

Issue the appropriate federal and Maryland employee payroll withholding forms within the time frame as prescribed by federal and Maryland law;

Conspicuously post all required federal and Maryland employee notices within the work area of the unlicensed personal assistant employee.

The Sales Associate hiring or engaging such unlicensed personal assistant shall not request or direct such individual to perform any prohibited act in the guidelines set forth above. Additionally, the Sales Associate shall ensure that the unlicensed personal assistant does not perform any act for which a real estate license is required and, further, that the unlicensed personal assistant does not, under any circumstance, hold himself or herself out to the public as being a real estate licensee or affiliated as a licensed real estate salesperson with the Company.

A Sales Associate who permits an unlicensed personal assistant to perform any act or engage in any conduct for which a real estate license is otherwise required is guilty of a criminal misdemeanor under Maryland law, and, in addition to a substantial fine and possible imprisonment, such act could also be grounds for the suspension or revocation of the license of the Sales Associate and a \$5,000 civil penalty for each violation.

7. DISCLOSURE OF AGENCY RELATIONSHIPS

Under Maryland law and the Code of Ethics of the National Association of REALTORS®, a Sales Associate is required to disclose whom he or she represents in all residential real estate transactions. To the extent that Maryland law is inconsistent with any provision of the NAR Code of Ethics with respect to agency disclosure, Maryland law will control and shall be complied with by all Sales Associates.

Under Maryland law, a real estate licensee is required to disclose whom the licensee represents not later than his or her first scheduled face-to-face contact with a seller, purchaser, landlord or tenant. This disclosure is required to be in writing and must be made on the form "Understanding Whom The Real Estate Agents Represent" as published by the Maryland Real Estate Commission. No other form of agency disclosure may be used. The Sales Associate shall ensure that he or she utilizes the most current form of the agency disclosure form as published by the Maryland Real Estate Commission. The most current agency disclosure form as published by the Maryland Real Estate Commission is dated January 1, 1999 and the date appears in the upper right corner on the first page of the agency disclosure form.

The following, while not intending to be an exhaustive analysis of the agency disclosure requirements, is a basic statement of the licensee's duty with respect to such agency disclosure:

Sales Associate Acting as a Listing Agent: At the time that a seller or landlord executes a written listing agreement with the Company, the Sales Associate acting as the listing agent shall complete the agency disclosure form and shall provide it to the seller for execution. As a matter of practice, the agency disclosure form should be completed by the owner at the time that the listing agreement is executed. When completing the agency disclosure form, the listing agent will check the box marked "seller/landlord agent." If, and only if, the owner has also executed the current Consent For Dual Agency form as published by the Maryland Real Estate Commission, then the listing agent could also check the box marked "dual agent." Under no circumstance shall the listing agent check the dual agent box without having in the Sales Associate's possession a fully signed original of the Consent For Dual Agency as signed by the seller or landlord.

Thereafter, in those circumstances where the listing agent is working with a non-client buyer, the listing agent shall complete and provide the buyer at the time of the first scheduled face-to-face contact with a completed agency disclosure form and shall check the box marked "seller/landlord agent." In such event, the Sales Associate would not check the box marked dual agent since the buyer is a customer and not a client of the Company. Therefore, under these circumstances, the listing agent is representing the seller at all times and no dual agency relationship is created.

Sales Associate Acting as Selling Agent for a Company Listed Property. When working with a buyer who is not a client, but is interested in considering for purchase or lease a property listed with the Company, the Sales Associate, not later than the first scheduled face-to-

face contact with such prospective buyer, shall complete the agency disclosure form and shall check the box marked "seller/landlord agent." Again, the Sales Associate would not check the box marked dual agent since the buyer is a customer and is not a client of the Company. The Sales Associate, by law, would represent the interest of the seller only and no dual agency relationship is created.

Sales Associates Acting as a Buyer/Tenant Agent. Not later than the first scheduled face-to-face contact with a prospective buyer or tenant where the buyer and Sales Associate have agreed to enter into a buyer agency relationship, either by the execution of a written buyer agency agreement or by a verbal agreement pursuant to the presumption of buyer agency, the Sales Associate shall complete the required agency disclosure form and shall check the box marked "buyer's agent." If, at that time, the buyer client also consents to dual agency in the event the buyer shall consider for purchase or lease a property listed with the Company, the Sales Associate shall have the buyer execute the Consent for Dual Agency form as published by the Maryland Real Estate Commission and may then check the box marked "dual agent" on the agency disclosure form. Under no circumstances shall a Sales Associate check the box marked dual agent without having in his or her possession a fully executed Consent For Dual Agency as published by the Maryland Real Estate Commission.

At the time of first contact with either a seller (including a FSBO), or agent of the seller, the Sales Associate shall immediately advise the seller or seller's agent, verbally, that the Sales Associate is representing a buyer and acting as a buyer agent on behalf of the buyer.

Not later than the first scheduled face-to-face contact with a seller (including a FSBO) or agent of the seller, the Sales Associate acting as a buyer agent shall complete the required agency disclosure form as published by the Maryland Real Estate Commission and shall check the box marked "buyer's agent." The Sales Associate shall not check the box marked dual agent if the property being considered is listed with another broker. If the property is listed with the Company, the Sales Associate may also check the box marked dual agent, provided the buyer client has executed the Consent of Dual Agency form as published by the Maryland Real Estate Commission, since the Company, under such circumstance, would be representing both the buyer and seller in the same transaction. Once again, however, under no circumstances shall the Sales Associate check the box marked dual agent unless the Sales Associate has in his or her possession the fully executed Consent For Dual Agency as published by the Maryland Real Estate Commission.

In those instances, which are quite frequent, where the Sales Associate acting as a buyer agent has prepared a contract offer on behalf of the buyer client and has not had a prior scheduled face-to-face contact with either the seller (including a FSBO) or seller's agent, the Sales Associate shall complete the agency disclosure form as described immediately above and shall include the completed agency disclosure form along with the contract offer when presented to the listing agent or to the seller in the case of a FSBO.

The following additional guidelines shall be adhered to at all times by Sales Associates:

A person completing the agency disclosure form and/or Consent For Dual Agency form shall date their signature on the line where indicated. Under no circumstances shall any such date be postdated or pre-dated or altered in any fashion.

All persons with whom the licensee deals are required to be requested to execute the agency disclosure form. For example, if the seller and buyer are married or two or three unrelated individuals, both husband and wife and all individuals who either own or intend to buy the property, must be given the completed disclosure form and be requested to execute their acknowledgment of the receipt of the agency disclosure form.

In those circumstances when one or more of the persons to whom the agency disclosure is being made is either unable or unwilling to acknowledge their receipt of the agency disclosure form by signing and dating their names thereto, the Sales Associate who made the disclosure shall complete and certify the last paragraph as it appears on Page 2 of the agency disclosure form by signing and dating their name and by printing or typing in the name of the person to whom the disclosure was made.

As soon as practicable after the agency disclosure form and Consent for Dual Agency forms have been signed by the individual, a copy of the agency disclosure form and/or Consent for Dual Agency form shall be delivered to all persons who signed such form(s).

With respect to any transaction which leads to an ultimate contract of sale or lease, the original executed agency disclosure form and Consent for Dual Agency form, if applicable, shall be maintained in the Company's transaction file and must be submitted with all contracts or leases at the time of processing through the Company.

Finally, whenever the relationship between a Sales Associate changes, the Sales Associate shall complete an additional, separate agency disclosure form dependent upon the relationship then existing between the purchaser and the Sales Associate as described above.

8. DISTRIBUTION AND DISSEMINATION OF INFORMATION

It is the responsibility of all Sales Associates to keep themselves informed of all new laws or changes in the laws or regulations as enacted by local, State and federal governmental and regulatory agencies which affect real estate transactions and the duties of Sales Associates in the conduct of providing real estate brokerage services to the public.

The broker or office manager shall, from time to time, disseminate to Sales Associates copies of memoranda, articles, notices or other written materials which relate to information regarding new or changed requirements in the real estate laws and regulations as enacted by local, State and federal governmental and regulatory agencies. Such information will be disseminated by a number and variety of means. These may include, but are not limited to, hard copies in the mailbox of each Sales Associate as well as transmission by e-mail, general postings or by inclusion as a specific topic at a sales meeting or training and education session. It is the responsibility of all Sales Associates to read and understand all such memoranda, articles, notices or written materials as distributed and disseminated by the broker or office manager regarding such changes in laws and regulations. If a Sales Associate has any questions regarding the contents of such memoranda, articles, notices or written materials, the Sales Associate shall promptly contact the broker or office manager for clarification.

If requested by the broker or office manager, the Sales Associate shall acknowledge, in writing, their receipt of the memoranda, articles, notices or written materials regarding such changes in the laws and regulations affecting real estate transactions and the provision of real estate brokerage services.

Such changes in laws or regulations affecting real estate transactions and the provision of real estate brokerage services shall be discussed on an as-needed-basis at the Company's established sales meetings or training and education sessions. Such sales meetings or training and education sessions shall be held regularly and at least once every two (2) months. While neither the broker nor the office manager can compel you, as an independent contractor, to attend such regularly scheduled sales meeting or education or training sessions, it is the policy of the Company, as well as the requirement of the law, that Sales Associates keep themselves informed with respect to changes in the laws and regulations affecting real estate and real estate brokerage services. To that extent, the Company shall exercise reasonable efforts to provide such information to the Sales Associate. Although the broker may not compel you to attend such sales meetings, education or training sessions, it is the lawful obligation of the broker to ensure that changes in the laws and regulations are made available and discussed with Sales Associates in order to assist the Sales Associate in providing appropriate services for the protection of the public and those with whom the Sales Associate deals. As a consequence, a Sales Associate who demonstrates a failure to take advantage of the memoranda, articles, notices or written materials, sales meetings and/or education and training sessions regarding such changes in the law and regulations, could constitute grounds for the broker to terminate the Sales Associate's affiliation with the Company.

Additionally, on a case-by-base basis, if the broker or office manager determines that a Sales Associate lacks the basic knowledge or understanding of recent changes in the laws and regulations affecting real estate transactions and the provision of real estate brokerage services, the broker and/or office manager may require that the Sales Associate complete a course of instruction or self-study course of instruction to better educate the Sales Associate regarding such changes in the laws and regulations and to demonstrate evidence satisfactory to the broker or office manager that the Sales Associate has a thorough working knowledge and understanding of

such changes in laws and regulations. A Sales Associate who fails to comply with any such request by the broker or office manager to attend a course of instruction or self-study course of instruction to educate himself/herself on such changes in the laws and regulations could constitute grounds for the broker to terminate the Sales Associate's affiliation with the Company.

9. COMPLIANCE WITH ALL APPLICABLE LAWS

All Sales Associates in all transactions and at all times are required to and shall fully comply with all applicable provisions of the Maryland Real Estate Brokers Act; the Code of Ethics, as adopted and amended from time to time by the Maryland Real Estate Commission; the Code of Ethics of the National Association of REALTORS®, as amended from time to time, and all applicable local, State and federal laws and regulations affecting real estate transactions and the legal and ethical duties of a real estate licensee in such transactions.

In furtherance of this mandatory obligation by Sales Associates, any Sales Associate who is uncertain as to the legal and ethical obligations of the Sales Associate in any particular transaction is obligated to seek out the advice of the broker or office manager (or designee of the broker or office manager) in order to ascertain the proper procedures to be followed on a case-by-case basis with respect to each transaction.

The Company makes available to all Sales Associates, experienced and trained management personnel and numerous methods of contact with such management personnel at all times in order to answer any questions and to assist the Sales Associate in ensuring compliance with all such legal and ethical obligations of real estate licensees. The availability of experienced management personnel is there to assist the Sales Associate and all Sales Associates are required to avail themselves of such service at any time that the Sales Associate is uncertain about any particular matter regarding the legal and ethical obligations of a real estate licensee.

10. SALE, LEASE OR PURCHASE OF REAL PROPERTY PERSONALLY OWNED BY A LICENSEE

A Sales Associate may sell, lease or purchase real property on his or her own account. However, the Sales Associate shall advise the broker or office manager, in writing, of each such purchase, lease or sale prior to Sales Associate making or accepting an offer. Once an offer is made and accepted, the Sales Associate shall provide the broker or office manager with a copy of the written contract or lease. In any purchase, sale or lease of real property by a Sales Associate, notice shall be given to the broker or office manager prior to the property being offered for sale or lease and shall identify and describe the property; identify all of the owners of the property; specify the terms on which the property is offered for purchase or sale; and state whether the property is being listed.

A Sales Associate may purchase, lease or sell, for their own account, personal real estate under the following conditions:

- (1) All documents intended to be used for the purchase, lease or sale of real property by a Sales Associate **must** be submitted to the broker or office manager for prior review and approval.
- (2) Under **no** circumstances shall Sales Associate use any contract or lease form or document bearing the Company name or logo in any personal purchase, lease or sale of real property by Sales Associate which property is not currently listed for sale or lease by the Company.
- (3) Throughout the course of each such purchase, lease or sale, a Sales Associate shall apprise the broker or office manager in a timely fashion and in writing, of all developments relating to such purchase, lease or sale.
- (4) A Sales Associate shall comply fully and strictly with every law, ordinance, rule, regulation and ethical standard (including but not limited to every standard applicable to advertising) with respect to the transaction and Sales Associate's involvement in such transaction.

In every instance when purchasing, leasing or selling real property, a Sales Associate shall disclose to the other parties to the transaction his or her status as a licensee and shall include the following language in the contract: THIS IS TO GIVE NOTICE THAT [SALES ASSOCIATE] IS A MARYLAND LICENSED REAL ESTATE SALESPERSON (OR LICENSED REAL ESTATE ASSOCIATE BROKER, AS THE CASE MAY BE) AND IS (OR IS NOT) RECEIVING A REAL ESTATE COMMISSION FROM THE PURCHASE, SALE OR LEASE OF THE PROPERTY.

11. UNAUTHORIZED PRACTICE OF LAW

Sales Associates are not trained in the law and are not qualified to give legal advice to clients or non-clients regarding real estate transactions.

It is the established policy of the Company that a Sales Associate shall not, under any circumstance, advise either a seller, buyer, owner or tenant with respect to any question or inquiry regarding the legal rights and remedies of a party to an existing contract of sale or lease. Under no circumstance is a Sales Associate authorized to advise a party to an existing contract of sale or lease as to whether there has been a breach of the contract of sale or lease; as to whether any party to the contract of sale or lease has a right to cancel the contract or lease; or as to whether the party to the contract of sale or lease has a valid and enforceable agreement.

In all instances where such questions or inquiries are raised by a party to an existing contract of sale or lease, the Sales Associate shall promptly, clearly and affirmatively advise the party making such inquiry that the Sales Associate is not a lawyer and is not trained in the law to answer such questions. Instead, the Sales Associate shall firmly and affirmatively recommend the party making such inquiry to consult with competent legal counsel for a full review of the

contract of sale or lease and to obtain advice from a lawyer with respect to the legal rights, obligations and remedies available to the party under such contract of sale or lease with respect to the dispute involved as well as the existence or non-existence of a valid and enforceable contract of sale or lease.

A Sales Associate affiliated with the Company is not authorized and shall not, under any circumstance, engage in any practice which may constitute the unauthorized practice of law.

From time to time, a Sales Associate may find himself or herself in a position of having to draft language by way of an amendment to the preprinted contract of sale or lease form or by way of an addendum to such agreement with respect to a particular issue unique to the transaction and upon which the parties have agreed. In cases where a Sales Associate has been requested or deems it necessary to draft language regarding a contract of sale or lease or addenda thereto, based upon an agreement or dispute existing between the parties to the contract of sale or lease, the Sales Associate, if unsure as to how to proceed, shall consult with the broker or office manager (or the designee of the broker or office manager) regarding such matter and shall receive direction and advice as to the proper procedure to follow.