

**COLDWELL BANKER
ISLAND PROPERTIES**

POLICIES AND PROCEDURES MANUAL

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BROKER SAFEGUARD PROGRAM®

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INTRODUCTION

This office is committed to providing the highest quality services to our clients and to the real estate professionals with whom we work. It is the policy of this office to conduct ourselves in the highest ethical, professional, and competent manner when dealing with our clients, associates, employees, and other real estate professionals.

The following Policies and Procedures have been developed to comply with the laws, rules, and regulations of the State of Hawai'i. They establish a uniform system of daily business conduct, provide policies and guidelines to help avoid disputes with and liability to others, and provide an orderly system of conflict resolution.

All real estate license professionals associated with this office, either as independent contractors or employees, or brokers or salespersons, are referred to in this Manual as "Associates."

Please carefully review and familiarize yourself with this Manual and if you have any questions, please discuss them with the Principal Broker or Broker-in-Charge.

Your failure to comply with the Policies and Procedures within this Manual may result in termination of your Independent Contractor Agreement or your employment.

ABSENCES

During Company business hours, Associates should inform the receptionist when they leave the office and when they expect to return.

If an Associate expects to be out of the office for an extended period of time, the Associate shall:

1. Notify the Principal Broker or Broker-in-Charge prior to departure of the expected absence and the date of expected return;

2. Arrange for coverage of any transactions in escrow, any listings, and any other pending matters;

3. Inform all appropriate parties to pending transactions and advise them of who will be handling the matter in the Associate's absence; and

4. Provide an itinerary to the office with telephone contacts, if possible.

ACCEPTANCE OF GIFTS

Associates shall not accept gifts exceeding \$25.00 in value from suppliers or vendors or others doing business with the Company without prior approval of the Principal Broker or Broker-in-Charge. The Real Estate Settlement Procedures Act ("RESPA") establishes specific criteria for giving or receiving gifts from "settlement service providers" (i.e., lenders, escrow companies, title companies, pest control companies, and the like). If the Associate has any questions about whether any action is restricted by RESPA, it should be immediately discussed with the Principal Broker or Broker-in-Charge.

ADVERTISING

All advertising must comply with the Administrative Rules of the Real Estate Commission, the Multiple Listing Service Rules and Regulations, the Code of Ethics of the National Association of REALTORS®, and Coldwell Banker Corporate and must be reviewed and approved by the Principal Broker or the Broker-in-Charge prior to publication.

No property will be advertised or signs placed on the property until the completed listing is signed. Company will advertise, at its expense, one open house ad per agent per weekend. Advertising form must be submitted before 5:00 p.m. on Tuesdays and is limited to space allowed on the form.

AGENCY

Agency relationships in real estate can be extremely complex. The "proper" agency relationship between the Company and its Clients or Customers will be determined by the circumstances of each particular transaction. With this in mind, it is our philosophy to always approach each transaction keeping the four "D's" of agency in mind.

DETERMINE the appropriate agency relationship at the start of each transaction. We do not let agency relationships happen by accident and then identify them at the time that the contract is written.

DISCLOSE your agency relationship to all parties involved early in the transaction. The emphasis should always be on EARLY-INFORMED-CONSENT.

DOCUMENT in writing all agency relationships created in a transaction.

DO AS YOU SAY. Once an agency relationship has been agreed upon, disclosed, and documented, stick to it! Agency disclosure is not just a formality. Your agency relationship with a Client or Customer will determine every action in a transaction.

It is the Company's policy to adhere to the agency guidelines set forth below. If an Associate is in doubt about the appropriate agency relationship with a Client and/or Customer, check with the Principal Broker or Broker-in-Charge.

Summary of Our Company Policy

- Single Agency to Seller or Buyer Client
- Inform Non-Client Buyer in In-House Listing Transaction
- We Do Not Recognize Subagency in Any Circumstance
- Dual Agency for In-House Transactions When Buyer is Represented by the Company

Hawai'i law requires Associates to make Agency Disclosure **at least** once to the Buyer and the Seller, in writing or orally, and that such disclosures be confirmed in writing on the sales contract. The Associate shall use a Company approved form to make such disclosures.

AUTO INSURANCE

All Associates are required to have a valid Hawai'i Driver License and automobile insurance and provide a photocopy of the license and the insurance "no fault" card to the Company.

ANTITRUST LAWS

Associates shall comply with the antitrust laws.

The commission rates of the Company are based upon the costs incurred, the value of the services to our Clients, and competitive market conditions. The Company's commission rates are **not** determined by agreement with, or recommendation or suggestion from, any person not a party to the Listing Agreement.

Associates shall not participate in any discussion with any person affiliated with, or employed by, any other real estate firm concerning the commission rates charged by the Company or any other real estate firm.

When soliciting a listing or negotiating a Listing Agreement, no Associate shall make any reference to a "prevailing" commission level in the community, the "going rate," or any other words or phrases that suggest that commission rates are uniform or "standard" within our marketing area.

APPEARANCE

Associates shall maintain a business appearance in their attire any time they are in the office (even when not working), at open houses, or when showing property.

APPRAISALS AND COMPARATIVE MARKET ANALYSES

Associates may provide Buyers and Sellers with a Comparative Market Analysis or similar comparative study but shall **not** charge a fee for such service. Any such study provided shall state the "THIS IS NOT AN APPRAISAL."

Only a licensed appraiser may provide an appraisal and charge a fee for the service.

BUSINESS CARDS

All business cards must utilize the Associate's licensed name and comply with the other advertising regulations of the Administrative rules of the Real Estate Commission and must be approved in advance by the Principal Broker or the Broker-in-Charge.

BILLING OF PAYMENTS MADE ON ASSOCIATE'S BEHALF

The Company shall bill Associates for expenses paid by the Company on their behalf. Such expenses may include, but are not limited to, errors and omissions insurance premiums, Multiple Listing Service fees, telephone charges, postage, and the like. The Associate shall immediately reimburse the Company upon receipt of the invoice.

CODE OF ETHICS

The Associate shall, at all times, conduct himself or herself in accordance with the ethical and professional standards of the industry and shall abide

by the Code of Ethics of the National Association of REALTORS®.

CO-LISTINGS

Associates may co-list property with other Associates within the Company. Associates are urged to discuss and agree to commission splits and allocation of responsibilities and expenses prior to co-listing a property.

If an Associate wishes to co-list a property with another company, prior approval of the Principal Broker or Broker-in-Charge is required.

COMMERCIAL LISTINGS

Only Associates who have commercial experience shall handle commercial listings or sales without prior approval of the Principal Broker or the Broker-in-Charge. Approval shall be dependent upon the Associate's training and experience and whether the Associate will be working together with another broker with a CCIM designation or one who has commercial experience.

COMMISSIONS

See the Company's "Commission Schedule and Related Policies" attached as an exhibit.

Commissions and payments of commissions are governed by Hawai'i law:

1. A non-licensee (other than a principal to the transaction) cannot be paid a commission or receive any compensation from a licensee;

2. All commissions, brokerage fees, bonuses, referral fees, consulting fees, or foreclosure fees of

any kind or nature must be received by the Company and will be disbursed according to the "Commission Schedule and Related Policies; and

3. A licensee can only receive commissions from the real estate company with whom he or she is licensed. A licensee can only compensate another licensee through his or her company. A licensee cannot pay another licensee directly.

COMPANY FILES

Company files are the sole property of the Company and shall never leave the office. Should an Associate wish a personal file, the Associate shall make a copy. Company files are retained for three years, then destroyed.

See "Transaction Files" for further information on content and handling of Company files.

COMPLIANCE WITH LAWS

It is the Company's policy to comply with all Federal, State, and local laws and ordinances, including but not limited to Fair Housing laws, real estate licensing laws and regulations, antitrust laws, telephone solicitation laws, copyright and trademark laws, and laws dealing with sexual harassment and other forms of harassment.

Associate's compliance is mandatory. A violation of this policy constitutes grounds for termination of the Independent Contractor Agreement.

CONFIDENTIALITY

The Company's business files and records (hard copy and computer files) constitute valuable proprietary information and are a valuable asset of the Company essential to its successful business operation. Such files and records include, but are not limited to, business plans, business projections, client and potential client lists, financial books and ledgers, transaction (listing and escrow) files, marketing plans and tools, company policies and procedures, and Associate rosters.

The unauthorized disclosure or misuse of such files or records or the information they contain may result in substantial damage to the Company. Therefore, the willful or negligent disclosure of such information is a violation of Company policy and shall result in disciplinary action up to and including termination of the Independent Contractor Agreement. Company also reserves the right to seek damages for any injury sustained as a result of such disclosure.

CONFLICT OF INTEREST

Associates shall not engage in any business activity or relationship with another Company or individual that would result in a question of business ethics or a compromise in the Associate's loyalty to the Company or to his or her Clients. Avoid even an appearance of conflict of interest. Check with the Principal Broker or Broker-in-Charge for clarification or approval before becoming involved in a situation that might create a conflict. Examples of such potential conflicts could include buying a Company listing, directly or indirectly investing or otherwise participating in another real estate company or development, or directly or indirectly investing in a service provider for real estate related transactions.

CONTRACT REVIEW (DROA) PROCESS

Associates shall have **all** contracts (i.e., offers **and** counteroffers) reviewed by the Principal Broker or Broker-in-Charge prior to the contract becoming legally binding.

If the Principal Broker or the Broker-in-Charge is not available, a preliminary review may be conducted by a broker designated by the Principal Broker or the Broker-in-Charge. This shall be followed by a final review by the Principal Broker or Broker-in-Charge prior to opening escrow.

Only Hawaii Association of REALTORS® forms and other forms approved by the Company are to be utilized, unless the Company approves otherwise in advance.

The Associate is responsible to ensure that all forms are accurate and complete to the best of his or her knowledge. Company policy requires accurate and complete forms, including complete Seller and Buyer signatures/initials and date notations. Carelessness and inattention to detail are not acceptable.

Special care and attention must be given to special terms, special clauses, and addenda generated by the Cooperating Broker.

Associates shall not accept cash or post-dated checks as earnest money deposits. Earnest money checks shall be made payable to the escrow company.

Associates shall not sign for Buyer or Seller nor act under Power of Attorney without the prior approval of the Principal Broker or the Broker-in-Charge.

If there is more than one offer on a Company listing, all offers shall be presented simultaneously to the Seller in the order that they were received. The Seller has the right to accept or counter any offer regardless of the order of presentation.

Hawai'i statutes require that all real estate contracts be in writing to be legally binding. Consequently, with few exceptions, oral agreements are not binding. For this reason, Associates are strongly discouraged from initiating and/or participating in verbal negotiations unless so directed by their Client. Care must be taken to explain to the Client that no agreement is binding unless or until it is put into writing.

Any and all extensions requested or granted shall be in writing and signed by all parties. In considering, requesting, or granting an extension, the Associate should take particular care to note and cover the effect, if any, of other time deadlines in the contract.

When an offer is rejected, the Associate shall have the Seller/Buyer write across the offer "Not Acceptable" and sign it with the date and time. Associates shall not sign any offer rejection. The Associate shall return the rejected offer (by delivery, mail, or fax) to the Cooperating Broker within 24 hours after giving telephone notice of the rejection.

In the event of a default of a transaction in escrow and the escrow is canceled, it is in the Company's sole discretion as to disbursement of the Company's share of earnest money in escrow.

DISPUTES BETWEEN ASSOCIATES

On occasion, a dispute may arise between two or more Associates relative to whose Client a potential Buyer or Seller may be, division of responsibility in a co-listing situation, commission splits, and the like. It is essential that these disputes be addressed and resolved immediately.

Associates are strongly encouraged to settle disputes between themselves. If they are unable to do so, the Associates should request mediation by the Principal Broker or the Broker-in-Charge or by a panel of three, one selected by each Associate and one selected by the Company.

If mediation is not successful, the dispute shall be taken to the Principal Broker or the Broker-in-Charge for a decision and final resolution. The Associate agrees to accept the decision rendered.

DISPUTES BETWEEN BUYER AND SELLER

It is essential that all potential disputes between Buyer and Seller be addressed promptly. Many such disputes escalate quickly into costly litigation, and the Associates and real estate companies involved are often pulled in as parties. Many disagreements and misunderstandings can be resolved if dealt with immediately.

Therefore, the policy of the Company is as follows:

1. At the first sign of a dispute, potential claim, or threat of litigation involving a Buyer or Seller, the Associate shall report to the Principal

Broker or the Broker-in-Charge. No Associate will be criticized for bringing any such matter to the attention of the Principal Broker or the Broker-in-Charge.

2. The Principal Broker or the Broker-in-Charge and the Associate shall, with the advice of Company legal counsel where appropriate, develop a plan of action to resolve the dispute and immediately act upon it. Such plan may involve correspondence, telephone calls or letters, negotiation, mediation or arbitration.

3. The Associate shall keep the Principal Broker or Broker-in-Charge informed of all developments on the matter and consult with the Principal Broker or the Broker-in-Charge as appropriate.

4. Should Buyer or Seller require legal counsel, they should be advised to retain their own. The Company's counsel shall not be used.

DISPUTES WITH CLIENTS OR CUSTOMERS

It is essential that all potential disputes with Clients or Customers be addressed promptly. Many such disputes escalate quickly into costly litigation. Many disagreements and misunderstandings can be resolved if dealt with immediately.

Therefore, the Company's policy is as follows:

1. At the first sign of a dispute, potential claim, or threat of litigation involving a Client or Customer, the Associate shall report to the Principal Broker or the Broker-in-Charge. No Associate will be criticized for bringing any such matter to the attention of the Principal Broker or the Broker-in-Charge.

2. The Principal Broker or the Broker-in-Charge and the Associate shall, with the advice of the Company's legal counsel where appropriate, develop a plan of action to resolve the dispute and immediately act upon it. Such plan may involve correspondence, telephone calls or letters, negotiation, mediation or arbitration.

3. The Associate shall keep the Principal Broker or the Broker-in-Charge informed of all developments on the matter and consult with the Principal Broker or the Broker-in-Charge as appropriate.

4. Terms and conditions of any compromise or settlement shall be at the Company's discretion. Refer to Errors and Omissions insurance policy, if applicable.

EDUCATION TRAINING

In order to fulfill its obligations under Hawai'i's real estate licensing laws, the Company requires that all Associates have a working familiarity with legal and ethical practices for real estate transactions. For this reason, the Company provides training courses for all new and experienced Associates, some of which are mandatory.

State law requires Continuing Education ("CE") courses, approved by the Real Estate Commission, for license renewal every two years. There are no exceptions.

ERRORS AND OMISSIONS

The Company carries Errors and Omissions Insurance, and a portion of the premiums are prorated.

among Associates. Associates are billed for their pro rata share, which is \$350 every six months as of June, 2005. This amount may vary as the premiums vary.

If an Associate violates Company policy, Federal or State law or regulation, and legal action occurs, the Associate shall be responsible for the full deductible of \$15,000 and is subject to termination of the Independent Contractor Agreement.

Errors and Omissions insurance does not cover an Associate's personal transactions. The Associate indemnifies and shall reimburse the Company for any damages or legal fees incurred by the Company in the event the Associate is involved in litigation arising from a personal transaction.

FAIR HOUSING COMPLIANCE POLICY

It is the policy of the Company to strictly comply with the Federal and State Fair Housing Acts and not to discriminate against a client or customer in any way on the basis of race, religion, color, sex, national origin, familial status, or disability. Associates are strongly encouraged to attend seminars offered on fair housing law updates.

Should an Associate encounter any Client who refuses to comply with fair housing laws, the Associate shall immediately report the matter to the Principal Broker or the Broker-in-Charge. If the Client cannot be persuaded to comply with the law, the relationship with the Client shall be terminated.

FORMS

Associates shall use only Hawaii Association of REALTORS® Standard Forms and forms approved by the Company.

It is the responsibility of the Associate to ensure that he or she is using the most current version of the form. Forms which have been revised or superceded shall not be used.

INTERNET USE POLICY

The Internet has opened a whole new world of opportunities for the marketing and sale of real estate. However, it also has opened many more areas of possible confusion and misrepresentation and exposure to liability. For these reasons, the Company has adopted the following policies with respect to Internet use:

2. Hardware and Software:

The Associate is responsible for the cost and maintenance of any computer hardware (computer, printer, modem, etc.) and software used outside of the office. The Associate shall not add any software to office computers or copy any software programs or data not directly related to Associate's pending transaction.

3. Personal Web Sites:

Although Associates are encouraged to have their personal creative Web site to market property, care must be taken to keep it current and not violate any laws, rules, or regulations of the State of Hawai'i. The Company may develop specific policies

with respect to personal Web sites. In the absence of such specific policies, all personal Web sites must be approved by the Principal Broker or the Broker-in-Charge in advance of their publication on the Internet.

4. Promotion of Listings and Services:

In any use of the Internet for marketing listings and services, the Associate shall identify himself or herself as a licensed real estate broker or salesperson in Hawai'i, indicate the Associate's affiliation with the Company, and provide complete contact information. It is important to only offer services within the geographic limits of the Associate's Hawai'i real estate license.

5. E-Mail:

The rules with respect to identification, disclosure of license, and Company affiliation, jurisdiction, and means of contact mentioned above under private Web sites are equally applicable to use of Internet e-mail. Because of computer viruses, it is essential not to download any e-mail attachment from an unknown source. Remember, there is no 100% security for any e-mail, and anything you send over e-mail may end up being read by all other interested parties. For that reason, Associates should be cautious in making any statements or representations using e-mail. E-mail is only a form of communication, and the Associate must take care to keep a hard-copy of all transaction related e-mail sent and received in the Transaction File.

6. General Rules:

Your use of the Internet, either through a Web site presence or e-mail, presents a picture of the

Company and you as a real estate professional. Consequently, the Associate shall restrict the use of the Internet at the office to business related activities and shall do nothing which would reflect adversely upon the Company or the business of real estate. The Company shall have the right to review all Associate Web sites and e-mail on an on-going basis. All of the Associate's marketing, promotional, and transaction related activities are subject to the same Company supervision and approval as are currently in place for conducting business in the more traditional manner, and all activities must be in strict compliance with Hawai'i real estate law.

KEYS AND LOCKBOXES FOR LISTINGS

All listings shall have a set of keys available for showings maintained in the control of the Associate or in a lockbox.

The Associate is responsible to obtain a signed authorization and receipt when giving out keys for showings and shall verify that only authorized persons pick up and utilize keys for a listing.

When combination or electronic lockboxes are to be utilized, the Associate shall be responsible to obtain the appropriate executed lock box authorization form from the Seller, which form is to be placed in the Transaction File. With respect to combination lockboxes, the Associate shall confirm any request for a lock box combination by requesting the caller's name, company name, company telephone number, and the caller's residence number. If the Associate is not familiar with the caller, the Associate shall call the caller's company office and confirm the caller's identity and, once confirmed, shall return the call to provide the lock box combination.

LICENSES, DUES, FEES, AND TAXES

Associates are responsible for the cost of renewing their State of Hawai'i Real Estate License every two years and for REALTOR® Board dues and Multiple Listing Service participation fees.

Associates shall file and pay, when due, State and Federal income taxes and General Excise Tax on their income.

PERSONAL ASSISTANTS

If the Associate employs a Personal Assistant, the Associate shall be responsible for compliance with all State and Federal labor laws, Equal Employment Opportunity laws, the Immigration and Reform Control Act, and the reporting and filing of appropriate documents and taxes.

The Associate is responsible for all actions of the Personal Assistant and shall further be responsible for ensuring that the Personal Assistant complies with the policies and procedures set forth in this Manual. The Associate and Personal Assistant shall indemnify the Company against all claims arising from any acts or failure to act by the Personal Assistant.

If the Personal Assistant has an active real estate license, the license shall be placed with the Company, and the Personal Assistant shall be under the supervision of the Principal Broker and the Broker-in-Charge.

If the Personal Assistant is not licensed, he or she shall not engage in any licensed activity.

The Company shall not be responsible for any costs incurred by the Associate's Personal Assistant or arising out of actions by the Personal Assistant.

PERSONAL TRANSACTIONS

Personal transactions are permitted by Associates. All such transactions shall be conducted with the knowledge and participation of the Company, and a commission and other costs shall be paid in accordance with the Company's Commission Schedule. A .5% commission per side of the purchase price will be charged by Company on an agent purchasing at least 50% ownership.

PROPERTY MANAGEMENT

Associates shall not engage in the practice of property management, in the capacity of a manager of commercial or residential rentals or apartment rentals, unless they are experienced in the field and have a working knowledge of the Landlord/Tenant Code of the State of Hawai`i and other applicable laws and regulations. No Associate without the requisite experience shall engage in any aspect of such practice without the prior approval of the Principal Broker or the Broker-in-Charge.

The Company does not engage in property management for condominium associations or time share units.

REALTOR® ORGANIZATIONS

All Associates shall join and remain members in good standing of the Maui Board of REALTORS®, the Hawaii Association of REALTORS®, and the National Association of REALTORS®.

SALES MEETINGS

Regular sales meetings are held on Monday mornings at 9:30 A.M. to keep all staff up to date on sales and listing activity and other matters of importance to the staff. It is to your benefit to attend these meetings. On occasion, a training session, an update on licensing law, or a review of Company policies and procedures will be scheduled for presentation at a sales meeting. In such instances, attendance is mandatory, unless expressly excused by the Principal Broker or the Broker-in-Charge.

SEXUAL AND OTHER FORMS OF HARASSMENT

The Company fully supports the rights and opportunities of all of its staff and Independent Contractors to work in an environment which is free of harassment, intimidation, and discrimination. In its effort to preserve this type of environment, the Company has established a sexual harassment policy for the protection of its staff and Associates.

Sexual harassment is an illegal conduct which is contrary to the policies of the Company and which will not be tolerated. Any Associate who engages in sexual harassment will be subject to immediate and appropriate disciplinary action, including possible termination of the Independent Contractor's Agreement.

Sexual harassment may be overt or subtle and may take different forms. It includes:

1. Unwelcome or unwanted physical contact. This means any physical contact considered unacceptable by another individual and ranges from touching, pinching, and brushing the body, to coerced sexual intercourse and assault.

2. Request or demands for sexual favors. This includes subtle or blatant expectations, pressures, or requests for any type of sexual favor accompanied by an implied or stated promise of preferential treatment or negative consequence concerning one's employment status.

3. Verbal abuse or kidding that is sexually oriented and considered unacceptable by another individual. This ranges from sexually oriented comments and jokes of a sexual nature, to sexual propositions and threats.

4. Engaging in any type of sexually oriented conduct that would unreasonably interfere with another's work performance. This includes extending unwanted sexual attentions to someone that interferes with his or her work performance.

5. Any type of sexually suggestive objects or pictures, graphic commentaries, suggestive or insulting sounds, leering, whistling, or obscene gestures.

Normal courteous, pleasant interaction that is acceptable to both parties is not considered to be sexual harassment.

Any employee or Independent Contractor who feels that he or she has been the subject of sexual

harassment should report the alleged act immediately to the Principal Broker or the Broker-in-Charge. If the complaint is against the Principal Broker or the Broker-in-Charge, the complaint should be brought to the attention of the next in charge. No employee or Independent Contractor will be disciplined or otherwise retaliated against for making a complaint. Other than necessary questioning for purposes of investigation, all complaints will be held confidential.

The Company commits to do its best to remedy any sexual or other harassment situation in order to protect its staff and Independent Contractors.

TERMINATION

In the event of the termination of an Independent Contractor Agreement of an Associate, either voluntarily or otherwise, the Associate shall:

1. Turn in all office keys;
2. Turn over all current listings;
3. Discuss with the Principal Broker or the Broker-in-Charge disposition of current listings;
4. Discuss with the Principal Broker or the Broker-in-Charge disposition of any transactions in escrow;
5. Bring current all accounts receivable;
6. Return all Company signs;
7. Ensure all Transaction Files are complete; and

8. Leave all Transaction Files and copies of files with the Company.

In the event a sales closing is pending and not closed prior to Associate's departure, the commission will be paid to the Associate (so long as Associate's Hawaii license remains active) when the office receives the commission. If management must assign an agent to do the follow-through, the Company will assess an addition 10%-25% (depending upon the time involved) to cover the cost of completing the escrow.

TIME SHARE

No Associate shall engage in the sale of time share interests in real estate.

TRANSACTION FILES

Transaction Files are the sole property of the Company and shall not be removed from the premises unless authorized by the Principal Broker or the Broker-in-Charge. If the Associate retains custody of the Transaction File, the Associate must advise the Principal Broker or the Broker-in-Charge where in the office it is maintained so that the Company will have access to the Transaction File in the Associate's temporary or extended absence.

The Associate is responsible for keeping the Transaction File current with documents inserted upon completion or receipt. Upon termination or expiration of a listing or transaction, closing of a sale, or the Associate's departure from the Company, the Associate shall turn the contents of the Transaction File over to the Company and shall ensure that the Transaction File is complete for the transaction to that date. Mandatory items for the Transaction File at closing

are set forth in the attached Transaction Checklist. If the Associate wants a personal copy of any portion of the Transaction File, the Associate shall make copies for his or her use.

Contents of the Transaction File are subject to review and approval by the Principal Broker or the Broker-in-Charge before commissions are authorized for disbursement.

TRANSACTION CHECKLIST

Listing Checklist

- Listing Agreement & Addendum
- Profile/Data Sheet
- CMA Printout
- HARPTA/FIRPTA
- Lockbox Authorization
- Authorization to Obtain Loan Information
- MLS Property Printout with Showing Instructions
- Property Disclosure Statement
- Condominium Documents
- Leasehold Disclosure Information
- Verification of Sewer Hookup
- Tax Office Verification of Ownership
- Property/Title Report
- Survey
- Building Permits
- Encroachment Agreements
- Ad Request
- Fact Sheet on Listing

Sale Checklist

- MLS Printout
- Tax Office Data
- Escrow Instructions
- DROA & Addenda
- Seller's Counteroffer
- Agency Disclosure
- Signed Title Report
- Receipt for Real Property Disclosure Statement
- Leasehold Disclosure Receipt
- Document Receipt Acknowledgment
- Property Inspection Report
- Termite Inspection Report
- Survey Report
- Final Walk Through
- Contingency Release/Satisfaction
- Final Settlement Statement
- Lead Disclosure Receipt
- DROA Timeline Checklist

Miscellaneous

- Escrow Instructions
- Estimated Proceeds & Expenses
- All Correspondence; Status Letters
- Notes, Memos, Telephone Logs
- Earnest Money Deposit Tracking
- Rental Agreement/Property Management
- Loan Prequalification
- Properties Shown Buyer (defense against unjustified discrimination claim)
- Outside Broker Agreement

NOTE: "x" indicates mandatory file items

TRUST FUNDS

The Company maintains a Client's Trust Account for deposit of commissions.

OFFICE PRACTICES & PROCEDURES

Materials & Supplies:

CBIP provides:

- a. Office key
- b. Policy manual
- c. Toll-free number
- d. Advertising of 1 open house/agent/weekend
- e. Marketing materials
- f. First Business Card order
- g. Xerox machine
- h. Fax machine
- i. "For Sale" signs
- j. Coldwell Banker letterhead stationery
- k. Voicemail
- l. Computers

Associate provides:

- a. Automobile expenses
- b. Realtors Association of Maui (RAM) dues
- c. Business cards
- d. Errors & Omissions insurance
- e. Licensing fees
- f. Lockboxes
- g. Long distance telephone charges
- h. Name riders
- i. Open House signs
- j. Personal office supplies
- k. Personal sales and listing tools

- l. Postage
- m. Specialty advertising items
- n. Any other expenses incurred by Associate not specifically shown above as being provided by the Company.

Telephone & Fax: Long distance calls and faxes are to be charged to associate's code number or credit card. A monthly fee of \$5.00 will be charged for use of the toll-free number.

Voice Mail: This is provided to give the Company 24 hour service. Training will be available to anyone unfamiliar with our Voice Mail system. It is imperative that everyone associated with the Company is familiar with the procedures to use Voice Mail. A monthly fee of \$5.00 will be charged for use of this service.

Opportunity (Floor) Time: Associates with opportunity time will back up secretary with all incoming calls. Said Associate is entitled to all "up" calls, as well as walk-ins. If for some reason the floor duty person is unable to perform floor duty at his scheduled time, it is his responsibility to find a fill-in for that time period. It may be necessary during high season for two Associates at a time to handle floor time shifts. It is to be agreed upon between the two associates how they will share the up calls and walk-ins. Please focus on your opportunity time and discourage personal calls during this period.

Supplies: Supplies such as stationery, sales aids, postage paid return cards and other farming and sales aids are available at no cost to Associates. Notify secretary if supplies are getting low, and do not use the last of any form without making a copy.

Signs: For Sale signs are kept in the office storage space; please ask office staff to pull one for your new listing; you are required to supply your own name rider. Open House signs are available to agents at a cost of \$25/sign. This amount is equal to half the sales price, which Company pays.

Contracts: A copy of every contract leaving the office and/or concerning the office must be approved by the Principal Broker or Broker in Charge. If neither is readily available, have it reviewed by another broker prior to presenting the offer and reviewed and signed by PB/BIC at his/her earliest convenience and absolutely before submitting to escrow.

MLS Corrections: Any changes in MLS will be done by change order form. Seller's signature must be obtained on the form before it will be submitted to MLS.

Listings: The Listing Agreement is between the Seller and the Company and is the property of the Company. Listing Agreements must be accepted and signed by the Company to be fully executed.

Associates should prepare themselves, prior to a listing appointment, to discuss the following:

1. Market value of comparable properties;
2. The price and terms of sale which would be acceptable to the Company;
3. What the Seller will net from the sale of the property;

4. Terms and conditions of the Listing Agreement;
5. How offers are received and presented;
6. Open houses;
7. Showing instructions of the Seller;
8. Company advertising policy; and
9. The Seller's motivation.

After the Listing Agreement is signed by the Seller, it should be delivered to the Principal Broker or Broker-in-Charge with the signed Multiple Listing Profile Sheet, signed Seller's Disclosure Statement, and a marketing plan with a calendar of advertisements and open houses.

Associates are responsible for full disclosure of information known to them about properties they are listing.

The Company establishes standard terms for Listing Agreements which shall be utilized at all times by Associates.

Associate is responsible for:

- a. Inspection of the property
- b. Listing form complete
- c. Dual Agency Disclosure (if applicable)
- d. Property Disclosure form completed by Seller and Receipt completed by Buyer
- e. For Sale sign placed on property
- f. All records kept current
- g. Keep Seller apprised of all activity on a weekly basis for active and properly priced listings and at least monthly for all other listings.

- h. Arrange showings, open houses, etc.
- i. Prepare escrow instructions
- j. Remove sign and return to office when property sold.

OPEN HOUSES

The public's first impression of the Company often comes from attending an open house. Associates should consider themselves hosts for the Seller and shall be courteous and helpful to all persons attending.

VENDOR RECOMMENDATIONS

When a Client or Customer asks for a recommendation of a service provider (roofer, plumber, attorney, accountant, pest control company, home inspector, lender, surveyor, engineer, etc.), **only** suggest a provider with whom you are familiar. Check with other Associates concerning their recommendations. An Associate shall never recommend any service provider whom you have reason to believe may not be competent, properly licensed, or reliable. It is best to recommend more than one service provider to provide your Client or Customer the opportunity to participate in the choice and compare services and prices.

Associates shall take care to ensure that the information concerning a vendor's acceptance for recommendation is current and should follow-up with the Client or Customer to whom the recommendation was made to ascertain whether the work performed was satisfactory.

DO NOT CALL COMPLIANCE POLICY:

CBIP has access to the Registry for the State of Hawaii area code. The Downloader password to all Associates who make telemarketing calls will be distributed upon request. These Associates shall check the numbers against the Registry via the interactive search prior to making any telemarketing calls.

All numbers not otherwise qualifying for one of the specific exceptions (written permission, existing business relationship, personal relationship with recipient, response to an inquiry) shall be checked via the Registry's Interactive search feature no more than 24 hours prior to making the call.

The central location of the printed Registry will be at the Kihei Office. This list will be updated on a monthly basis. Each consumer request to be placed on the Company Do Not Call list must be reported via telephone or e-mail to the Kihei Office. Please provide the name of the consumer, telephone number, date and time of request.

The following provisions of the Do Not Call Rules apply:

1. Calls are permitted to be made only from 8AM to 9 PM, (local time where call is going to be received) Monday through Saturday.
2. Allow phone to ring for the longer of four rings or fifteen seconds before hanging up;
3. At this time, unsolicited commercial facsimile transmissions remain illegal;

4. Use of autodialers or prerecorded messages are prohibited;

5. Blocking caller identification services is prohibited;

6. Each telemarket caller must say his or her name, the company name, and have contact information available;

7. Unacceptable conduct during a call is prohibited. For example, repeatedly calling the same number, allowing phone to ring numerous times, abusive tactics such as threats or obscene language, or hanging up when consumer begins to request placement on the Company's do-not-call list.

COLDWELL BANKER CORPORATE COMPLIANCE

Rules to comply with Coldwell Banker Corporate, including Identity Advertising Standards may be viewed and downloaded at: **cbnet.coldwellbanker.com**. Upon opening this site, you may register and be issued a password. Any advertising by a CBIP agent must be reviewed and approved by your broker and administration before publishing. Be advised that these rules are in addition to the DCCA advertising rules.