



EMPLOYEE HANDBOOK

Our purpose is to esteem each other; to provide an enriching experience for our guests, tenants, and residents; and to serve as good stewards, working to increase the value of the real estate with which we are entrusted.

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Welcome

Congratulations on your new job and entry to the Horst Realty Company team. I welcome and encourage you to make new connections with your coworkers and our customers. I hope that you will realize your full potential working with us, learning new things and exploring the opportunities and challenges that come with growth.

Our purpose is to esteem each other; to provide an enriching experience for our guests, tenants, and residents; and to serve as good stewards, working to increase the value of the real estate with which we are entrusted.

I've been asked what it means to "Esteem" others. The dictionary says it means to regard with respect; to prize. That is what I want for everyone that is a part of our team. I want all of us to celebrate and be thrilled when someone does well. I want to encourage an environment of mutual respect and collaboration. At Horst Realty, we are all on the same team. The more we are able to encourage one another during setbacks, and celebrate together in success, the more we will realize our full potential as an organization.

Secondly, our purpose is to provide an "enriching experience" for our customers. We want their stay with us, whether for one night in a hotel, 5 years in one of our apartments, or 30 years as a tenant in one of our buildings, we want their stay to enhance or improve their life experience. As we are able to meet and exceed their expectations, they will continue to look to us to help them meet their hospitality, residential, and commercial needs.

Finally, our purpose is to serve as good stewards with what we've been entrusted. This concept begins with the understanding that God is the owner of everything and everyone on earth. He has given each of us resources, abilities, and time to manage and to use in the best way we can. For us, this means that we have a responsibility to do the best with what we've been given. Whether we are responsible for making beds, fixing a leaky faucet, or paying an invoice, all of the work we have to do is important and doing our job well makes a difference. The owners of the properties we manage have entrusted us with caring for their property. It's our job to live up to that trust by doing the best we can and being a good steward of the trust we've been given.

Thank you for choosing Horst Realty. You have a meaningful contribution to make and I am grateful that you've decided to bring your ability, experience, knowledge and hard work to be employed at Horst Realty.

A. Steven Horst III
President

Horst Realty

Horst Realty (HRe) was formed January 1, 2004 to provide real estate management services for commercial/industrial, residential, and hospitality properties. The principals involved with the business are Clyde W. Horst, John Sanderson, William Horst, and A. Steven Horst III.

Clyde W. Horst

Clyde studied architecture and became General Manager of Horst Construction in 1959. He also completed the Real Estate Education Program and the Insurance Education Program at Penn State University. He completed courses at the Institute of Real Estate Management, achieving the designation of Certified Professional Manager (CPM). He became a licensed real estate broker in 1978.

He started designing and developing real estate in 1964, and has designed and built many of the properties which Horst Realty manages. He formed Horst Property Management in 1969 to manage the properties he was developing. He became general manager of the management company in 1976, founded the Horst Group in 1978, and is a founding member of Horst Realty.

John Sanderson

John Sanderson is Vice President of Operations for Horst Realty. He has been in hotel operations for more than 30 years and created the hotel division of Horst Property Management in 1989. He was instrumental in his years of experience with Hilton to start up a new team to train and manage the Hilton Garden Inn. He has continued to expand the portfolio and has five hotels, five residential communities and an indoor tennis club under his leadership.

William R. Horst

William is a founding member of Horst Realty and is Vice President of Commercial Leasing. Bill has been involved with commercial real estate development, management and leasing since 1976, and most recently was active in commercial marketing and leasing. He has been a licensed real estate broker and a Certified Property Manager (CPM) through the Institute of Real Estate Management since 1985. Bill graduated from Word of Life Bible Institute and attended Penn State University.

A. Steven Horst III

Abram Steven Horst III is the President and a founding member of Horst Realty. Steve has been professionally engaged in real estate since 1995, most recently involved with commercial property management and development. Steve has a B.S. in Business Administration and minored in Economics at Messiah College.

*** BENEFITS AND PROGRAMS ***

QUALIFICATIONS FOR EMPLOYEE BENEFITS

Unless otherwise stated, only regular, full-time active employees are eligible for company benefits. These are employees who normally work the full scheduled work week and qualify for full-time status. Additionally, certain restrictions may require an employee to be employed beyond a waiting period before being eligible for benefits. Temporary and Seasonal employees are not eligible for company benefits.

INSURANCE & SAVINGS BENEFITS - As is typical with all insurance plans, there are guidelines and certain restrictions that apply to each benefit. Additionally, you must satisfy the waiting period of each benefit option before being considered eligible for the benefit. The following is only meant as a summary of the benefit options. For more detailed information, please contact the H.R. department or request a copy of the Summary Plan Description for each benefit.

- **Health Insurance** - Regular, full-time active employees are eligible to participate in the company's health insurance benefit program through a contributory plan where the employee contributes a portion of the cost of the insurance through payroll deductions. Please see the H.R. Department for updated cost/contribution information. Health Savings Accounts (HSA) are available w/our plan as well for eligible employees.
- **Life and Accidental Death/Dismemberment Insurance** – All regular, full-time, active employees receive a Life insurance and an Accidental Death and Dismemberment insurance policy equal to 1 times your annual salary which is paid for entirely by Horst Realty.
- **Dental/Vision Insurance** – All regular, full-time, active employees are eligible to participate in a dental and vision insurance program that provides coverage for you and your family for dental procedures and exams as well as vision exams and glasses/contacts. This is a voluntary policy paid for by the employee at group rates on a pre-tax basis.
- **Short-Term Disability Insurance** – All regular, full-time, active employees are covered under a 3-month Short-Term disability insurance plan. This plan covers 60% of an employee's gross wages for up to 3 months in the event they are disabled beyond 15 days. The company covers the entire cost of this protection.
- **Long-Term Disability Insurance** – All regular, full-time, active employees are eligible to participate in a Long-Term disability insurance plan. This covers 60% of an employee's gross wages in the event they are disabled beyond 6 months. Horst Realty covers half of the cost of this protection.
- **401(k) Plan** – All regular full-time and part-time employees are eligible to participate in the company's 401(k) plan after one (1) year of service. Your elective contributions may be matched in part by the Company. If you would like additional information about this plan, please contact the Human Resources Department.

VACATION BENEFITS - Employees will be entitled to paid vacation according to the following schedule(s):

Regular Hourly

1 year of service	1 week vacation
2 years of service	2 weeks vacation
8 years of service	3 weeks vacation
15 years of service	4 weeks vacation

Regular Salaried

6 months of service	1 week vacation
1 year of service	2 weeks vacation
5 years of service	3 weeks vacation
15 years of service	4 weeks vacation

Regular Part-Time

1 year service	1 hour for each 65 hours worked per year.
2 years service	1 hour for each 32 hours worked per year.
8 years service	1 hour for each 22 hours worked per year.
20 years service	1 hour for each 15 hours worked per year.

If you are a regular part-time employee and are reclassified to full-time, you will be eligible for service credit

toward the full-time vacation schedule. The credit will be one (1) month service credit for every three (3) months of your part-time employment. Part-time service of three months or more will be considered for the credit in multiples of three (3) months. The date you are reclassified to full-time status becomes the "employment date" for determining vacation benefits.

- Your vacation time should be scheduled at least thirty (30) days in advance. If someone else has already scheduled that same time and it creates a conflict within the Company, you may have to reschedule your vacation.
- Vacation time cannot be taken in advance of earning. Subject to management approval, you may schedule unpaid time off.

Vacation time can be accrued from one employment year to the next. Any vacation hours carried over must be taken within ninety (90) days beyond employment anniversary, subject to management approval.

If an employee voluntarily resigns and is eligible for paid vacation which has not yet been taken, he/she is eligible for payment of their remaining vacation according to the following schedule so long as he/she gives and is available to work out a 2-week notice. Payment of remaining vacation will be made according to the following schedule:

- 1-2 years service.....no vacation pay
- 3-4 years service..... 1/2 of eligible vacation
- 5 years or more of service.....all eligible vacation

Employees who are terminated by the employer will not be eligible for any remaining vacation pay. Any employee discharged for cause will automatically lose all benefits that may be due him. This includes any pre-paid Company benefits. (For the purpose of defining the basis for settling any disputes, the amount of paid vacation benefit for which an employee is eligible shall be determined solely from the date of employment and all its successive anniversaries.

Limitation on Dividing Vacation Periods:

- Certain employees, as determined by Management, who are involved with financial matters, are required to take at least one (1) full week of vacation. This policy applies to you even if you are eligible for only one (1) week of vacation.
- All salaried employees receiving two (2) or more weeks of vacation must use at least one (1) full week at one time. The remaining hours may be divided into one hour intervals.

PAID HOLIDAYS - Full-time hourly employees, who have worked 90 days, will receive eight (8) paid holidays a year:

- | | | |
|-----------------|-------------------|----------------------------|
| *New Year's Day | *Independence Day | *Christmas |
| *Good Friday | *Labor Day | *Floating Holiday |
| *Memorial Day | *Thanksgiving | (determined by management) |

The employee must work the last scheduled working day before the holiday and the first scheduled day after the holiday, or be on bona fide paid time away from work, to be eligible for holiday pay. Any exception must be approved by your supervisor. Additionally, in situations where coverage is needed during a holiday, if an employee refuses or is not available to work when he/she is scheduled, he/she will not be eligible for holiday pay.

If your employment status changes to regular full-time, the required waiting period will be waived provided you have worked at least 90 days in a temporary or part-time status.

In the event your location has been scheduled to be open for business on one of these holidays, your supervisor will schedule alternate time off.

A paid holiday represents the employee's regularly scheduled daily hours times their hourly rate, not to exceed eight (8) hours.

Regular part-time employees are eligible for holiday pay according to the following schedule, but not to exceed regularly scheduled daily hours:

- o After 90 days of service but -
- o Less than 2 years of service2 hours
- o 2 years of service or more.....4 hours

The holiday policy of the Federal Government is followed with respect to the day observed. Employees required to work on a holiday will receive Holiday Pay in addition to their normal wages for hours worked.

OCCASIONAL SICK DAYS - After 6 months of employment, 16 hours of sick time will be allocated to the accounts of all regular full-time employees. After one (1) year of service, and each subsequent anniversary, 32 hours of sick time will be allocated to the accounts of all full-time employees. Sick time may be accumulated up to a maximum of 320 hours. Hours accumulated in excess of 100 may be converted to personal time off on the basis of 2 sick days for every 1 personal day. One day of sick time is equivalent to 8 hours times your hourly rate. Use of sick time requires that you are physically ill and unable to carry out your regular duties. Sick time and conversion to personal time off is subject to management approval. Employees must follow the appropriate procedures for calling-off (see Punctuality and Absences policy) in order to use paid sick time.

FUNERAL LEAVE - In the event of a death in your immediate family (your spouse, son, daughter, brother, sister, mother, or father including "in-laws" and step-family members), full-time employees will be given up to three days off with pay, to make arrangements and/or attend the funeral. Additionally, in the event of a death of a grandparent or grandchild, full-time employees will be given up to one day off with pay. We expect you to discuss the amount of time you will actually need with your supervisor.

Part-time employees will be given paid time off equivalent to their normal working arrangement. If additional time off is needed, please refer to the vacation and/or Leave of Absence policies.

JURY DUTY - All regular full-time and part-time employees with more than ninety (90) days of service are eligible to receive prorated wages while serving on jury duty. The amount received will be the difference between your regular wages and the amount of reimbursement you receive as a juror. You must present the official court voucher to your supervisor. Your wages will be adjusted in the next pay period to reflect your earnings as a juror, up to \$2,000 per calendar year. The Company will make every effort to avoid any conflicts with jury duty for part-time employees by revising work schedules.

REAL ESTATE LICENSEE TRAINING PROGRAM - Property Managers, Leasing Agents, Community Managers, Assistant Community Managers, and Rental Consultants must be licensed by the Pennsylvania Real Estate Commission. HRe will help assist qualified employee candidates for these job classifications to obtain their Pennsylvania Real Estate Agent's License.

Employee candidate may be hired to work a maximum of 180 days without a Pennsylvania Real Estate Agent's License. During this period of time, employee candidate may only work at communities where the HRe Broker of Record has an ownership interest. Also, during this time, the employee candidate must be trained for their respective position by enrolling in required real estate educational courses, and take the Pennsylvania State Real Estate Agent Licensee Examination at the earliest possible date. During these 180 days, their title will be "Manager Trainee" or "Rental Consultant Trainee". If they have not passed the State Examination at the end of the 180 days training period, they cannot continue in Manager Trainee or Rental Consultant Trainee positions with compensation. Real Estate duties as a trainee are limited to showing apartments and providing information on rental amounts, building rules and regulations. Trainees are prohibited from entering into leases on behalf of

the owner, negotiating terms and conditions of occupancy, and holding money belonging to tenants.

To assist the Trainee in acquiring the required real estate educational courses, the Company will pay 100% of the tuition and textbook costs if the Trainee passes the classes. Additionally the Company will reimburse the cost of the State Examination for a passing effort.

CERTIFICATIONS/TRAININGS - Employees interested in obtaining professional licensing, certification, or General Manager/Assistant General Manager franchise training may qualify for payment/reimbursement of certification/training expenses for courses successfully completed through accredited learning centers through this policy. Eligibility for this program is based on:

- Employee must be employed for at least one (1) year prior to enrollment in the certification/training (unless training is required by the company prior to that).
- Employee must submit a completed Certification/Training Request Form to his/her immediate Supervisor and the General/Regional Manager for approval.
- Employees who resign or are terminated from the company within one year of completing the certification/training are responsible to refund the company for any benefits received through this policy.

EMPLOYEE ASSISTANCE PROGRAM

HRe recognizes that, many times, an employee experiences a wide range of personal issues, not directly associated with employment, which can have an adverse impact on an employee's job performance. For this reason, HRe has contracted with a local service to provide an Employee Assistance Program (EAP) that provides fully confidential assistance to our employees and their dependents if and when the need arises.

The EAP is designed to address issues such as habitually poor judgment, stress, anxiety, and depression; family or marital difficulties, alcohol or drug abuse, and the emotional impact of financial problems and legal concerns. This program provides up to 3 sessions of assessment and service that are 100% paid by HRe. Additional services, if needed, are the responsibility of the employee. If you are a participant, the HRe health plan may provide additional coverage and services to address employee issues in this area. The EAP is available to HRe employees and their family on a voluntary and completely confidential basis. Employees and their eligible dependents are encouraged to contact the EAP on their own for assistance. They may use the program for any issue for which they want help. Note that help with specific financial and legal matters will be referred to appropriate community resources and is not covered by this program. An employee may initiate contact with the EAP or may be recommended by a supervisor if job performance is being affected by personal issues.

EAP services are confidential. Records are kept by the EAP and do not become part of the employee's file. Employees requesting services on their own will not be reported to supervisors or management by the EAP. Family Service, our provider, is governed by state and federal laws and strict professional codes of ethics that ensure confidentiality and allow release of client information only with the prior, written, informed consent of the employee. Nothing in this policy, or implementation or operation of the EAP is to be interpreted as constituting a waiver of HRe's responsibility to maintain standards of acceptable job performance or its right to take disciplinary action when performance or conduct on the job does not meet expectations.

If you are interested in taking advantage of this benefit, please check the employee bulletin board for the phone number or pick up an EAP flier.

PERSONNEL POLICIES AND PROCEDURES

EQUAL EMPLOYMENT OPPORTUNITY - Horst Realty is an Equal Employment Opportunity employer. It is the policy of the Company to not discriminate against any employee or applicant for employment because of race, color, religion, age, sex, handicap, national origin, ancestry, physical or mental disability, or Veteran status. The Company promotes the principle of equal employment opportunity.

Accordingly, all recruiting, hiring, and promoting for all job classifications is made without regard to race, color, religion, age, sex, handicap, national origin, ancestry, physical or mental disability, or Veteran status, except where sex or type of handicap is a bona fide occupational qualification. Only valid requirements for promotional opportunities are imposed. The Company makes every effort to ensure that all personnel actions, such as compensation, benefits, recruitment, transfer, promotions, layoffs, rehires from layoffs, Company sponsored training, education programs, Company sponsored social recreational programs and use of Company facilities, will be administered without regard to race, color, religion, age, sex, handicap, national origin, ancestry, physical or mental disability, or Veteran status (except where sex or type of handicap is a bona fide occupational qualification).

INITIAL EMPLOYMENT PERIOD - The first three (3) months of employment are considered a training/evaluation period for the employee and for the company. During this time, an employee will not be considered a regular, full-time, active employee and will not be entitled to receive any company benefits, unless required by law or otherwise stated in this handbook.

DEFINITION OF EMPLOYEE STATUS - Your employee status determines how you are affected by the various policies and benefits of HRe. Since reference is made throughout this handbook to the status of an employee, each is defined below:

- Salaried Employee - (Exempt) - A full-time regular employee, who is paid a fixed dollar amount on a bi-weekly basis. Employee has a regular schedule of work hours, which may be more or less than 40 hours per week.
- Hourly Employee - (Non-Exempt) - Hired with the agreement of a fixed hourly wage and paid time and a half pay for any hours worked over 40 hours per week.
- Regular Full-time Employee - Hired for an indefinite length of time, as long as business conditions and job performance warrant employment, who works at least 32 hours per week on a regular basis.
- Regular Part-Time Employee - Hired under the assumption of reasonably flexible hours (with management approval) and fewer than 32 hours per week.
- Temporary Employee - Hired for either a definite or an indefinite period of time with the understanding that employment will be terminated as soon as... (a) a given time period has elapsed, or... (b) work load conditions no longer warrant continued employment. Temporary hourly employees receive no employee benefits.

PERFORMANCE EVALUATIONS - Your on-the-job performance will be reviewed on a regular basis. A written evaluation of your performance will be performed after 3 months of employment and, thereafter, periodically but no less than annually. However, a written review will not necessarily result in a wage adjustment. As satisfactory progress is being made, your compensation will be adjusted. Wage adjustments will be made until you reach the maximum level for your ability, and/or top of your pay grade for your position.

WEEKLY TIME RECORD - All hourly or non-exempt employees must fill out a bi-weekly time record and have it approved by their supervisor. Your supervisor will turn the time record into the proper person for processing. Under NO circumstances should you punch "In" or "Out" for another employee. Each employee must be responsible for their own time card. Violation of this policy can result in immediate termination.

All bi-weekly time records must be in to Human Resources according to the schedule determined by Human Resources. Deadlines for turning in time records are subject to change because of processing and holiday schedules.

Bi-weekly time records that arrive after the deadline will not be processed until the following pay period. If you take vacation time, holiday, or sick days, the hours must be shown on the time record. Salaried personnel must submit a time record if vacation or sick days are used. You and your supervisor should review the proper procedures for the completion of your time record.

PUNCTUALITY AND ABSENCES - You should make every effort to be punctual and at work every day. Your absence or lateness places a burden on your fellow employees. Since your presence is important, the following rules apply:

- Excessive absenteeism or lateness, or a suspect pattern of absenteeism (Mondays and Fridays for example) will result in progressive discipline up to and including discharge.
- If you are going to be absent or late, you must notify your supervisor at least 1 hour before your scheduled starting time for work. Failure to report an absence or lateness will result in progressive discipline, up to and including discharge, and will be considered more serious than simply being absent from work.
- An unreported absence of three consecutive work days will result in termination unless you present an excuse acceptable to the Company.

INCLEMENT WEATHER - Employees will not be paid if they are absent from work as a result of inclement weather or other emergency conditions. If you are unable to safely make it to your work site, call your supervisor to inform him or her of your situation. While it is not the policy of HRe to close its offices due to inclement weather, no employee will be required to travel in unsafe conditions.

OVERTIME - Hourly employees will receive overtime pay (time and a half) for any time worked over 40 working hours/week. Overtime must be approved prior to being worked. Holiday, Vacation, Sick, Jury Duty and Funeral Time are not included as hours worked. If an hourly maintenance employee is on-call and is called in for an emergency repair/service, he/she will be paid a premium of time and a half (OT) regardless of whether he/she works more than 40 hrs that week. This premium is for all hours worked while on-call regardless of which day the emergency occurs. The Service/Maintenance Supervisor/Manager will seek to rotate employees for on-call shifts over the holidays. Employees may request to be on-call for certain holidays and exempt from others. However, the manager has the final authority over the on-call schedule. All other hours not specifically mentioned above will be paid at Regular (Straight) time.

WORK WEEK & PAY DAYS - The work week starts on Sunday and ends the following Saturday. Employees are paid bi-weekly for work done in the two week period ending the preceding Saturday. Pay day is Friday. Direct Deposit pay stubs will be handed out through distribution or mailed to your home.

JOB VACANCY POLICY - The purpose of the Job Vacancy Policy is to provide all employees an opportunity to apply and be considered for openings within the organization before hiring external candidates. Positions will be posted on designated company bulletin boards. Management reserves the right to not post certain jobs due to

extenuating circumstances. Interested employees seeking additional information may contact Human Resources or their immediate supervisor.

All interested employees must complete a job vacancy application form and submit the completed form to their immediate supervisor. Their supervisor must complete the performance evaluation section and immediately forward the application to Human Resources. Internal applicants will be evaluated on the following:

- New hires must work a minimum of one year in current position before he/she is eligible to apply for a new position outside the department.
- Employees awarded a new position may not apply for another position for six months.
- Satisfactory performance.
- Meets or exceeds minimum qualifications of new position.
- Length of company service.
- Needs of current department.

FAMILY AND MEDICAL LEAVE OF ABSENCE - FMLA requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to “eligible” employees for certain family and medical reasons. Employees are eligible if they have worked for a covered employer for at least one year, and for 1,250 hours over the previous 12 months, and if there are at least 50 employees within 75 miles.

Reason for taking leave: Unpaid leave must be granted for any of the following reasons:

- To care for the employee’s child after birth or placement for adoption or foster care.
- To care for the employee’s spouse, son or daughter, or parent, In Loco Parentis, who has a serious health condition; or (Contact HR for In Loco Parentis Guidelines)
- For a serious health condition that makes the employee unable to perform his/her job.
- Service Member Caregiver Leave (26 weeks): to care for a servicemember in his or her family (spouse, son, daughter, parent, or next of kin) who is injured while serving on active military duty and to care for veterans who are undergoing medical treatment, recuperation, or therapy for serious injury or illness that occurred any time during the five years preceding the date of treatment.
- Qualified Exigency Leave: To manage Family members (spouse, son, daughter or parent) affairs of active duty service members.

Advance notice and Medical Certifications: Employees may be required to provide leave notice and medical certification. Taking of leave may be denied if requirements are not met.

- The employee ordinarily must provide 30 days advance notice when the leave is “foreseeable.”
- An employer may require medical certification to support a request for leave because of a serious health condition, and may require second or third opinions (at the employer’s expense) and a fitness for duty report to return to work.

Job Benefits and Protection:

- For the duration of FMLA leave, the employer must maintain the employee’s health coverage under any “group health plan.”
- Upon return from FMLA leave, most employees must be restored to their original or equivalent positions with equivalent pay, benefits, and other employment terms.
- The use of FMLA leave cannot result in the loss of any employment benefit that accrued prior to the start of an employee’s leave.

Unlawful acts by Employers:

FMLA makes it unlawful for any employer to:

- Interfere with, restrain, or deny the exercise of any right provided under FMLA;
- Discharge or discriminate against any person for opposing any practice made unlawful by FMLA or for involvement in any proceeding under or relating to FMLA.

Enforcement:

- The U.S. Dept. of Labor is authorized to investigate and resolve complaints or violations.
- An eligible employee may bring civil action against an employer for violations.

For Additional Information: Contact the nearest office of the Wage and Hour Division, listed in most telephone directories under U.S. Government, Department of Labor.

LEAVE OF ABSENCE - A Leave of Absence is defined as an extended period of time away from work with immediate reinstatement of seniority and full benefits upon returning work. There are no benefits or pay during personal or military leave of absence. However, under the Medical and Family Leave of Absence, the Company will continue to pay its portion of medical coverage for employees on leave for a period of 12 weeks. All leave must be requested in writing to the Human Resources Manager at least 30 days in advance, circumstances permitting. A leave of absence will not be granted for more than one (1) year except for required service in the armed forces of the United States. Employees who accept other full-time employment during a leave of absence will be terminated. Leaves of absence are not considered a break in service for determining amount of vacation eligibility or length of continuous service with the company. However, employees do not accrue vacation & sick leave benefits during a medical leave of absence, and do not receive holiday pay.

Personal leave - In cases where the employee does not qualify for a leave of absence under the Medical and Family Leave policy, an employee may apply for an approved unpaid leave of absence from work for personal reasons. Decisions on whether a personal leave of absence may be granted by the company will be based on the employee's reason for the leave, departmental workloads, and the critical importance of the employee's current job assignment. The duration of a personal leave of absence will be determined on an individual basis.

In cases of personal leave of absence, the company cannot ordinarily guarantee the employee a return to his or her job following the expiration of the leave. If business conditions dictate, the employee may be returned to a job of similar status and pay or to a job of lesser status and pay. No benefits will be earned during a personal leave of absence, but upon return to work reinstatement will be with full rights based upon the employee's length of service. Employees who fail to return to work at the conclusion of their leave will be considered to have voluntarily resigned from the company.

An employee who desires to continue medical benefits during a personal leave of absence is required to pay the full cost of maintaining such coverage. The company may, at its discretion, require or permit the use of vacation time during the term of any personal leave.

Military leave - A Military leave of absence may be requested by any employee who has compulsory or voluntary, active or reserve military duty in excess of two (2) weeks. Employees who are active military reserves and receive orders for two weeks of active military duty for training will not be paid, but will continue to receive all applicable benefits. Salaried employees who are on two weeks or less active military duty must submit a time card indicating unpaid leave or vacation time.

TEMPORARY LAYOFF - There may be occasions, due to economic conditions, that the Company will be unable to schedule work for an employee. The Company's inability to schedule work for an employee may result in a Temporary Layoff. During Temporary Layoff, an employee retains benefits, providing they do not accept another regular full-time job (part-time work is permissible) and providing they report to work when requested. The employee will continue to be responsible to pay the cost of Coverage under the Plan, as outlined below. An employee on temporary layoff may use available accrued vacation.

If a period of Temporary Layoff overlaps the employee's anniversary, vacation is not earned during the new year until they have returned to work for at least one full week. Employees on Temporary Layoff are not eligible for any other paid time away from work, including, holiday pay, jury duty pay and funeral leave.

When an employee elects Coverage, there is a bi-weekly charge deducted from the paycheck. During a Temporary Layoff period, the deduction cannot be made. If an employee is both laid off and returns to work within a calendar year quarter, the appropriate amount for the number of weeks laid off will be deducted from the

employee's first paycheck upon returning to work. If an employee remains on Temporary Layoff at the end of the calendar year quarter, the employee will be invoiced for the appropriate number of weeks, not to exceed 13 weeks.

After 13 weeks of Temporary Layoff, the employee will no longer be eligible for recall, will be considered permanently laid off, and will be dropped from the benefit rolls.

ACCIDENT-INJURY REPORTING - All claims, no matter how minor, should be reported immediately to the appropriate supervisor. In addition, if the claim involves a serious injury or substantial property damage, it should then be reported to the HRe insurance provider.

In cases where you are talking to the other party involved in an accident/injury, please inform them that the claim will be reported immediately and that our Insurance Company will contact them in the future. Do not make any promises that their injuries or damaged property will be taken care of automatically. Do not make any confession of responsibility as an assessment of cause will be pursued by the insurance company.

- Secure the following general information:
- Name, address, and telephone number of those involved in the accident
- Name, address and telephone number of anyone injured.
- Date of accident/incident
- License plate numbers of vehicles involved
- Location where accident occurred
- Probable cause
- Extent of injuries or property damage
- Name, address, and telephone number of any witnesses

This information is a general procedure for reporting serious and minor claims. All incidents, regardless of severity, must be reported to your immediate supervisor.

WORK-RELATED INJURIES - Should you suffer an injury on the job, no matter how slight, you must report it promptly to your supervisor. If you are hurt on the job, Horst Realty and/or our insurance company must pay for reasonable surgical and medical services and supplies, as well as orthopedic appliances/prostheses, including training in their use.

To make sure Horst Realty and/or our insurance company pays your medical expenses, you must choose one of the physicians on our Panel of Providers listing. This list is posted on each bulletin board for your convenience.

If you need treatment, you must continue to visit one of the doctors on the Panel of Physicians list for 90 days from the date of your first visit.

After 90 days you may go to another licensed doctor or practitioner of the healing arts for treatment. You must notify us of this action within five days of your visit to the physician of your choice. Your bills will be paid IF: Your licensed physician or practitioner files reports as required (these reports must be filed within 21 days after your first visit and at least once a month for as long as treatment continues). If a Panel doctor refers you to another licensed doctor, your employer or their insurance will pay for these services.

RETURN TO WORK POLICY - Our employees are our most important asset and it is our intent to develop policies, procedures and work rules that not only comply with regulatory guidelines and other legal requirements, but also have your well being in mind as well.

During the course of your employment you may sustain an injury precluding you from performing the essential functions of your job with or without reasonable accommodation. The purpose of this policy is to affirm our goal of returning injured workers to productive work as soon as possible. Based on business necessity and your individual restrictions, the company may not be able to accommodate your needs at your normal work location and may assign you to another job or site.

Eligibility for Alternative Temporary Duty - Employees shall be medically evaluated by the Workers Compensation attending physician prior to returning to work after an injury to determine their ability to perform the essential functions of their job. Any restrictions recommended by the physician treating the employee are to be submitted in writing to the employer. All medical information will be kept confidential and communicated only to those persons who have a need to know regarding the employees' return to work.

The company does not maintain any vacant light-duty jobs. However, after determination of restrictions or limitations has been verified, the General Manager of the employing company will determine if the employee can return to that company in an alternative light duty position. Refusal by the employee to accept an offered alternative temporary duty position constitutes voluntary resignation. For alternative duty assignments longer than ten working days, a rate of pay will be assigned based on job responsibilities in the alternative position.

Management of Alternative Duty Assignment - In cases where an employee returns to an alternative duty assignment, the replacement of that employee will be determined on a case by case basis. The employee on temporary assignment must report unexpected absences and make requests for scheduled paid time off to their supervisor in the company where he or she is temporarily assigned.

Clear explanation of the performance standards is the responsibility of the supervisor in the company to which the employee has been temporarily assigned. Employees in an alternative temporary duty assignment will abide by all policies, procedures, and work rules established by the HRe. Failure to do so will subject the employee to disciplinary action as appropriate.

PERSONAL APPEARANCE - Employees are expected to dress in a neat, clean and professional manner. Dress must be appropriate for the activities and meetings which are planned, or may arise. Tattoos, unusual piercings, and eyewear (other than normal corrective lenses) should be removed if possible, or appropriately covered before reporting to work. Clothing should be simple, not depicting messages or images, and fit well. Clothing should not be too revealing or casual. Employees reporting to work that have not met these guidelines will be asked to go home and return with proper dress.

All personnel who have been issued uniforms must wear their uniforms while on duty. Hotel employees who have been issued name tags must wear them while on duty.

NO SMOKING - In the interest of employee and customer health, safety, and comfort; and in an effort to provide a work place free from the hazards of environmental tobacco smoke, HRe has developed a No Smoking Policy.

The company encourages all employees not to smoke. However, if an employee does smoke, it must be away from non-smoking employees and customers and may only be done in designated smoking areas. Smoking is not permitted inside any building that Horst Realty manages or on the property at 205 Granite Run Drive. The entire building and grounds will be free of the use of all tobacco products. Additionally, smoking is not permitted in any company vehicle.

KEYS - Most HRe employees are required to use Company keys, master keys, keys to tenants' spaces and residents' apartments. In addition, employees may use keys securing Company property and/or may handle

large sums of cash or money. This places considerable responsibility on the employee to secure property of the Company, property owners, and our many residents.

If a tenant, residents, or guest at an HRe managed property experiences a burglary without evidence of forced entry, the victim may immediately suspect a Company employee, knowing that employees have access. To enable us to clear our employees and provide proper security, we require the following:

- A Key Receipt must be signed for every Company key issued. Duplicate keys may not be made. If a key is lost it should be reported immediately to your supervisor. Keys may not be loaned to anyone without management approval. It is the responsibility of the employee in possession of the key to secure them and restrict access from others. Keys that are no longer needed must be returned to your supervisor.
- Any HRe employee having access to apartment keys or assisting in any way with building maintenance will be provided an identification card complete with their picture. The identification card must be shown to the resident when entering the apartment. Final paychecks due to employees who are terminated will be held until the identification card is returned.

WORKPLACE VIOLENCE - Horst Realty is committed to providing a safe work environment for all employees, free of violence and harassment. The following guidelines are not intended to be an all-inclusive list but have been established to define types of behaviors that will not be tolerated. Employees demonstrating these types of behaviors or violating this policy may be subject to disciplinary action, up to and including termination of employment. The following actions are strictly prohibited:

- Possession, conveyance or storage of any firearms, explosives, or other dangerous weapons or weapon-like objects on or in company premises, work sites, company vehicles, including parking lots.
- Fighting, coercing, interfering with or threatening bodily injury to other employees, customers, clients, vendors, guests, or general public.
- Use of profane, abusive or threatening language or other intimidating conduct toward other employees, customers, clients, vendors, guests, or public.
- Engaging in dangerous, threatening horseplay including unwelcome touching, pinching, grabbing, stroking, slapping or other physical behaviors with other employees, customers, clients, vendors, guests, or public.
- Gambling, immoral conduct, indecency or any other behavior or action prohibited in this handbook or by the law.

SEXUAL AND OTHER FORMS OF HARASSMENT - Title VII of the Civil Rights Act prohibits discrimination in all employment practices, including conditions of employment. Sexual harassment is unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

- submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, or
- submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such an individual, or
- conduct which has the purpose or effect of unreasonably interfering with an individual's work, performance or creating an intimidating, hostile or offensive working environment.

HRe will not tolerate the existence of a hostile or offensive work environment in which sexual or other unlawful forms of harassment and intimidation are present. The company is committed to ensuring that the work environment is free of unlawful harassment and other unlawful discriminatory practices.

An employee who unlawfully harasses another employee(s) will be subject to appropriate disciplinary action. Supervisors who fail to act to correct unlawful harassment that is brought to their attention may be subject to disciplinary action. The severity and frequency of the offense will determine the severity of the discipline.

The company will make every effort to maintain a secure working environment for every employee; however,

there is a shared responsibility for early action. Each employee is responsible for informing management regarding discriminatory practices that are found within the organization.

All employees, who believe they have been subjected to, or witnessed, unlawful harassment, are encouraged to report such occurrences immediately. You may report such occurrences to any supervisor, manager or executive in the company or to the human resources manager. Confidentiality will be maintained. Information will be shared only on a "need-to-know" basis and every effort will be made to keep all findings confidential. Retaliation against employees filing complaints will not be tolerated.

Upon receipt of a complaint, the human resources manager will conduct a thorough investigation of the allegation (s) to establish the facts. The alleged harasser may be removed from the work environment through transfer or temporary suspension with or without pay pending the outcome of the investigation. As part of the investigation process, the company requests the employee supply a written complaint, and the employee should report the occurrence of unlawful harassment when reasonably possible to the Company.

NON-FRATERNIZATION POLICY - An environment where employees maintain clear boundaries between employee personal and business interactions is most effective for conducting business. This policy establishes clear boundaries as to how relationships will progress during working hours and within the working environment. Individuals in supervisory positions or other influential roles are subject to more stringent requirements under this policy due to their status as role models, their access to sensitive information and their ability to influence others.

During working time and in working areas, employees are expected to keep personal exchanges limited so that others are not distracted or offended by such exchanges and so that productivity is maintained. During non-working time, such as lunches, breaks, and before and after work periods, employees are not precluded from having appropriate personal conversations in non-work areas as long as their conversations and behaviors are not perceived as offensive or uncomfortable to others.

Employees may not engage in physical contact that would be deemed inappropriate while anywhere on company premises, whether during working hours or not. Employees who allow personal relationships with coworkers/customers to affect the working environment will be subject disciplinary action. Employee off-duty conduct is generally regarded as private, as long as such conduct does not create problems within the workplace. An exception to this principle however, is a sexual or romantic relationship between a supervisor and a subordinate or between an employee and a customer.

Supervisors, managers, executives or anyone else in sensitive or influential positions must disclose the existence of any relationship with another coworker that has progressed beyond a platonic relationship, is a relative or regarded as a relative (i.e. In Loco Parentis, Domestic Partner, Common-Law, etc.) prior to extending a job offer. Disclosure must be made to the Director of Human Resources. This disclosure will enable the organization to determine whether any conflict of interest exists because of the relative positions of the individuals involved.

Where problems or potential risks are identified, the organization will work with the parties involved to consider options for resolving the conflict. In some cases, an employee may need to be transferred to another position or department. Refusal of reasonable alternative positions, if available, will be deemed a voluntary resignation. Any employee who feels (s)he has been disadvantaged as a result of this policy, or believes this policy is not being adhered to, should report it to the Director of Human Resources or another member of management.

Additionally, it is expressly prohibited for an employee to use personal customer or client information obtained in the course of normal operations for personal use outside of the scope of company business for any reason.

COMPUTER POLICY - If you are assigned to a company computer, or use a company computer, understand that the use of the computer must remain for legitimate business purposes only. Because of the pervasive spread of malware (software that contains harmful intent, such as to spy on your computer activities, or to steal confidential information) it is important that no unauthorized programs be downloaded or installed on a company

computer. Programs may look interesting or harmless, such as customizations for cursors (comet cursor), weather trackers, spam blockers, free games, screen savers, etc., but are actually a tremendous security risk. In addition to the potential to compromise the computer you are using and the network it is attached to, these programs typically run functions in the background which use valuable processor capacity and slows the computer, reducing your potential productivity.

If there is a program or file that you are interested in, and it is intended for a legitimate business purpose, you are welcome to contact our system administrator to confirm the trustworthiness of the source. It is the policy of HRe to reload computers that are found to contain undesirable programs, rather than doing extensive work to sanitize the infected machine. The process of reloading the machine will wipe out any customizations that you have made to the computer. Important files should be stored on a network drive, such as the common S: or your individual share on H:, so that valuable data is not lost.

Employees with internet access or email may not use company equipment to view or transmit illegal, obscene, vulgar, pornographic, or any other information that is not beneficial or for a specific company purpose. All passwords and access to company computers and software are confidential and may not be shared or given to a person not employed by the company. Any information or programs stored on company computers is the property of the company and may not be distributed or destroyed without prior permission from management. Violation of this policy may result in any of the disciplinary actions discussed under Disciplinary Procedures.

DISCIPLINARY PROCEDURES - The following is the general route of disciplinary procedures that is taken. However, depending on the severity or frequency of the action, the discipline may involve any of the following, and the company is not required to give any warning prior to discharge:

- **First Discussion.** When an employee's performance is inconsistent with the company objectives or job requirements, (except major rule violations or gross misconduct) the supervisor will normally discuss the situation with the employee. The purpose of this "problem solving" discussion is to solve the problem with input from both the employee and the supervisor. Experience indicates that most employees will take positive steps to correct the problems after this discussion.
- **Verbal Warning.** If the performance or behavior does not change, the supervisor will have another discussion in an attempt to solve the problem. In this discussion, however, the supervisor will clearly point out the consequences (written warning, probation, suspension, etc.) if the problem is not corrected.
- **Written Warning.** This is a written document outlining the reasons for the discussion, requirements to avoid further discipline and the consequences of failure to correct the performance or behavior. This document is acknowledged with the employee's signature and is placed in his/her personnel file.
- **Suspension.** As a final attempt to retain the employee, a suspension without pay may be involved. A document of the discussion that notifies the employee of the suspension is acknowledged with the employee's signature and is placed into the employee's personnel file.
- **Probation.** For inadequate performance or improper behavior, supervisors may place an employee on a probationary period to allow the employee opportunity to show improvement. Failure to meet job requirements during the probation may result in a discharge. A document advising the employee of the probation status is signed by the employee and placed into their personnel file. Please note, though, that under these conditions, you may also be discharged immediately if it appears you are unable or unwilling to correct the problem, if dismissal or layoff is necessary for economic reasons, or if your continued employment would be contrary to the company's best interests of the welfare and safety of other employees.
- **Discharge.** Any employee may be discharged at any time for any reason. The company is not required to provide any prior warning, verbal or written, and is not required to first suspend the employee or place the employee on probation prior to discharge.

SAFETY

Accident prevention is the most important goal in promoting a safe workplace. Accidents which result in personal injury and damage to property and equipment represent needless waste and loss. Therefore, it is the policy of the Company to conduct all operations safely thereby preventing injuries to employees, injury to the public, and damage to property.

Planning for safety shall be incorporated in all phases of the Company's work. To eliminate accident and health hazards, adequate protective and corrective equipment will be provided and must be used by all persons at work locations in accordance with industry standards. All supervisory personnel are responsible for the prevention of accidents in work areas or projects under their direction and are responsible for thorough safety and accident control and instruction of their employees. In addition, all supervisory personnel are responsible for being alert and for the identification of potential safety hazards.

Learn the safe way to do your job before you start. If you are not sure you thoroughly understand the job, ask your supervisor for further instructions.

You are expected to strictly adhere to these rules and regulations, and failure to do so may result in disciplinary action up to and including discharge. Serious infractions may result in immediate discharge.

Personal Protection - Required

- Appropriate personal protective equipment (PPE) is to be used as required by the job according to industry standards.
- Use of appropriate eye protection by all Company personnel shall be required as indicated by the operation being performed.
- When lifting material, keep back straight, bend knees, and lift with your legs. Get help if the load is too heavy.
- Work clear of suspended loads. If a load is moving above where you are working or walking, stand clear until it has passed.
- Unless it is part of your regular work, do not attempt to repair or adjust any electrical equipment.
- Kill any circuit before attempting to work on it. Even voltages lower than 110 will cause death under certain conditions.
- Treat all electric wires as live. Do not touch exposed wires. Report them immediately to your supervisor.

Proper Use of Equipment & Tools

- When operating equipment containing seat belts, the belts must be worn at all times when the equipment is in operation. Use of seat belts is mandatory when riding in Company vehicles, and employee owned vehicles on Company business.
- Company vehicles are to be operated in a safe manner and at speeds according to existing conditions.
- Compressed air tools or hose nozzles should never be pointed at persons.
- Unless you have been told how to operate a machine, stay away from it.
- When you find it necessary to leave the machine you are operating, shut it down.
- Stop machine before fueling, oiling, or cleaning. Never attempt to make repairs or adjustments while the machine is running.
- Ground wires, leading from electrical apparatus, must not be disconnected or broken.

Special Precautions

- Obey warning flags and signs. They are posted to point out hazards.
- Never leave an opening unprotected or uncovered. Provide a cover or guard rail.
- Don't use gasoline to clean parts. Don't use gasoline or kerosene to start a fire.

- Be sure to check whether underground utilities will be encountered before you begin digging. Also, check for overhead power lines.
- Work at a speed consistent with safety. Running in passageways or on stairs and ladders is dangerous and unnecessary.
- Loads on trucks, trailers, etc. must be secured before being moved.
- Help promote good housekeeping. This includes the proper disposal of lunch bags, bottles, and personal trash.
- Keep stairways and landing clear and free of material and debris.
- Keep aisles, passageways, and walkways clean and clear. Exits should be kept clear at all times.
- Learn where fire extinguishers are located and how to use them.
- Do not park your automobile, Company vehicle or machine where it is exposed to danger or where it will interfere with operations.
- Flammable liquids must be stored in proper containers away from open flame and high temperature areas.
- Be aware of all exits. In case of fire, do not use elevators.
- Possession, use, sale or distribution of alcohol or controlled substances (drugs) on Company property, job sites, Company vehicles, or managed property locations is prohibited. It is also prohibited to report to work under the influence of alcohol or other controlled substances.

ALCOHOLIC BEVERAGES - This policy establishes strict guidelines concerning the serving and consumption of alcoholic beverages during working hours and on Company owned, leased or managed property. As a part of your job requirement, you must adhere to the following:

- The consumption of any alcoholic beverage, by any employee during working hours or while on-call duty, is prohibited (including during lunch or any break period).
- Company funds may not be used to purchase any alcoholic beverages during normal business hours except when entertaining and the customer/client orders an alcoholic beverage. When a customer orders an alcoholic beverage and the employee did not, full reimbursement will be made to the employee.
- No consumption of any alcoholic beverage is permitted by employees, whether during working hours or non-working hours, in any office, shop, Company vehicle, or any common area of any property managed by HRe.

This includes Company managed properties, where alcoholic beverages are served under license. (An exception to this policy - any employee who is not assigned to a Horst managed property where alcoholic beverage is served under license, is not restricted during non-working hours, or if not on-call duty, and not participating in a company function).

Employees are prohibited from storing alcoholic beverages for themselves, customers, residents, or guests on any Company owned or managed property. (An exception to this Policy - if an employee is renting and living in an apartment managed by the Company, or living in a condo managed by the Company, the employee is not restricted any differently than if they were living in a home that they owned - not managed by the Company).

Purchase of any alcoholic beverage by any employee at any time (regardless of whether or not on duty), for any customer, resident, or guest of any customer or resident at the property where they are assigned is prohibited. Restrictions concerning the purchase, transporting, storage, sale and serving of alcoholic beverages on Company managed property does not apply to employees who are acting within the approved guidelines of their position.

SUBSTANCE ABUSE - It is in the interest of HRe to maintain a workplace that is free from the presence of alcohol or drugs and free from the impairments associated with alcohol or drug usage. Concerns with respect to employee safety, employee health, and workplace environment require HRe to take an active approach to the resolution of suspected or identified substance abuse situations. The Company will discipline any employees for violation of its policy on drugs and alcohol or other appropriate work-related reasons. HRe will not impose discipline on any employee solely on the grounds that the employee has admitted a problem and sought help. HRe encourages employees to seek help through established channels, such as the Company EAP program. HRe also encourages employees at all levels of the Company to urge co-workers who appear to have such a

problem to seek help at an early stage rather than facing possible job loss for work-related reasons if the problem goes unchecked.

The Scope of this policy applies to any controlled substance listed under the Controlled Substance Act. The following will be considered prohibited conduct:

- The use of any item listed within the scope of this policy by an employee on Company premises, or on the premises of a managed property.
- The transport of any item listed within the scope of this policy either on their person or in a vehicle while on Company business or premises, or premises of a managed property.
- The distribution to or receipt from others of any item listed within the scope of this policy while on Company business or premises, or premises of a managed property.
- The use of any item listed within the scope of this policy by an employee while not on Company time, if an employee reports to work under the influence of the item or if it affects an employee's work performance.

When there is a reasonable suspicion that an employee's performance is being impaired because of substance abuse, HRe will conduct an appropriate investigation that may include requiring employees to undergo testing for substance abuse. Reasonable suspicion may exist by virtue of: an employee's visible impairment on the job; an objective evaluation of an employee's declining productivity, quality performance, or attendance; a serious accident or grossly unsafe act; otherwise unexplainable behavior by the employee; or other objective signals. The results of the testing will become part of the employee's medical file, but not the employee's personnel file. The employee will be provided access to test information.

Where substance abuse testing based on reasonable suspicion has resulted in confirmed positive readings, receiving counseling and/or medical rehabilitation may be appropriate for an employee. This determination will be made based on an evaluation made by appropriately trained professional outside HRe, and based in part on the other offenses committed by the employee and the particular stage of the disciplinary process that the employee has reached.

When an employee tests positive for substance abuse by these guidelines, HRe may invoke a period of post-counseling/post-rehabilitation substance abuse testing. Such testing will be done no more than once a month. The maximum period in which the testing will be conducted will be one year from the date of return to work.

Any employee who tests positive more than once for substance abuse, will be subject to automatic termination. Failure of any employee to undergo substance abuse testing when required under this policy will be considered insubordination and will subject the employee to appropriate discipline for that offense. Efforts by employees to "beat" the test by any method including substitution or altering urine will result in immediate discharge.

Employees are prohibited from reporting to work if they've consumed alcohol within 4 hours of the start of the shift, have an alcohol concentration of .04 or greater, are in the possession of alcohol or refuse testing/treatment.

AUTOMOBILE DRIVERS - It is very important that employees operate Company vehicles in a lawful, courteous, and safe manner at all times. The employee driving the Company vehicle will:

- Be responsible to pay for any fines, parking violations, speeding tickets, or any other unlawful handling of the vehicle.
- Keep the vehicle clean and maintained at Company expense.
- Not place unauthorized stickers, emblems, on the Company vehicle.

Any driver involved in an accident in which a citation for a moving vehicle violation or where loss of human life has occurred must undergo post-accident testing. The driver is responsible to provide a urine specimen and submit for alcohol testing within 2 hours after the accident. If this is not possible the driver must be tested within 8 hours for alcohol and provide a urine sample within 32 hours following the accident for drug testing. Drivers who are injured in an accident and for valid medical reasons are unable to supply a specimen within 2 hours are required to sign a document releasing medical information to the Company.

The following guidelines are provided to assist any driver involved in a motor vehicle accident:

- Call the police and request medical assistance if necessary.
- Cooperate fully with law enforcement officials.
- Collect names, addresses and phone numbers of all other parties involved.
- Determine from law enforcement officials if a citation will be issued.
- Call the appropriate manager.

Drivers may be subject to random drug and alcohol testing. An employee who tests positive for alcohol or a controlled substance loses the privilege of operating vehicles owned by HRe or the properties it manages. Follow-up testing will occur at least 6 times following the first 12 months of a driver's return to duty. If no additional positive test occurs during follow up testing, driving privileges may be reinstated. Participation in a rehabilitation program will not insulate an employee from layoff, discipline or discharge for other business reasons.

BLOOD BORNE PATHOGENS - Treat all blood or bodily fluid exposures as potentially infectious. We can protect ourselves through infection control procedures, which include the use of proper personal protective equipment. The main source of protection includes disposable gloves, which should be worn during any first aid procedures or patient contact.

CODE OF CONDUCT

HRe expects each individual to whom this Code of Conduct applies to abide by the principles and standards set forth herein and to conduct the business and affairs of HRe in a manner consistent with the general statements of principle set forth herein. HRe will not tolerate retaliation in any form against any individual bringing suspected Code of Conduct violations to the attention of management. Any individual who feels they have been retaliated against should immediately contact the manager of Human Resources or a member of Management.

Failure to abide by this Code of Conduct, or the policies and procedures that the Code of Conduct represents, may lead to disciplinary action. In investigating alleged violations of the Code of Conduct, HRe will weigh relevant facts and circumstances, including, but not limited to, the extent to which behavior was contrary to the express language or general intent of the Code of Conduct, the egregiousness of the behavior, the individual's history with the organization and other factors that HRe deems relevant.

LEGAL COMPLIANCE - It is the policy of HRe that all activity by or on behalf of the company is in compliance with applicable laws and regulations. The following standards are intended to provide guidance to individuals to assist them in their obligations to comply with applicable laws. Individuals are required to comply with applicable laws, whether or not specifically addressed in these policies. If questions regarding the existence, interpretation or application of any law arise, they should be directed to a member of Management.

The following lists several areas of particular importance to the Company:

- **Fraud and Abuse** - HRe requires all individuals to refrain from conduct that may violate fraud and abuse laws. In general, these laws prohibit: (1) direct, indirect or disguised payments (whether in the form of cash or other benefit of value) in exchange for or to reward the referral of a customer; (2) the submission of false, fraudulent or misleading claims (or billings) for services not rendered, claims (or billings) that characterize the service differently than the service actually rendered, or claims (or billings) that do not otherwise comply with applicable or contractual requirements; and making false representation to any person or entity in order to gain or retain a business relationship or obtain payment for service.

- **Discrimination** - HRe believes that the fair and equitable treatment of customers and other people is critical to fulfilling our mission and goals. It is the policy of HRe to treat customers without regard to race, color, religion, sex, ethnic origin, age or disability, or any other classification prohibited by law.

No form of harassment or discrimination on the basis of sex, race, color, disability, age or ethnic origin or disability or any other classification prohibited by law will be permitted. Each allegation of harassment or discrimination will be promptly investigated in accordance with applicable human resource policies. Any incidents of harassment or discrimination should be reported to the manager of Human Resources immediately.

- **Communications** - All employees should use reasonable care regarding the creation and dissemination of all documents; both in paper and electronic form, and should avoid creating anything that they would not want to see on the front page of a newspaper. Nearly every document, be it a letter or memorandum, is subject to being examined in court and possibly to public disclosure. Therefore, it is important that you thoughtfully consider everything that you are putting in writing and how you express your ideas and conclusions.

E-mail and voice mail should be used for business purposes only, with distribution limited to the necessary individuals. Please remember that any message you create is considered a business record with potential legal implications. The company may have access to these records, as may parties bringing actions against the company and you may be required to deliver to the company your e-mail files. In addition, the use of the Internet is intended for business purposes only. E-mail, voice mail, and all other communications may be monitored by the company. Inappropriate use of e-mail, voice mail or other means of communication is strictly prohibited and the dissemination of objectionable material, harassing messages, or other inappropriate communication will not be tolerated.

- **Copyright** - It may be permissible to make a single copy of an article for your own use or to include it in a file. However, copying on a large scale, whether on paper or in electronic media, may violate the author's copyright and expose the company to a lawsuit. The same principles apply to documents from databases and other services.

The copyright laws also protect computer programs. As a general rule, you may not copy software except for backup or archival purposes. Any works of authorship, including computer programs, created by you as part of your job, are the exclusive property of the company.

BUSINESS ETHICS - As part of HRe's commitment to the highest standards of business ethics and integrity, individuals will accurately and honestly represent HRe in all its business dealings, and will not engage in any activity intended to defraud any person, organization or governmental entity of money, property or honest services.

The standards set forth below are designed to provide guidance to ensure that HRe's business activities consistently reflect high standards of business ethics and integrity. Conduct not specifically addressed by these standards must be consistent with legal compliance as discussed above.

- **Billing for Services Rendered** - It is the policy of HRe that invoices submitted to customers for services rendered shall be complete and accurate. Specifically, all billing shall be submitted in accordance with the terms and conditions of any contract between HRe and its customers. Any billing errors that are discovered must be corrected promptly, and any improper or inaccurate payments received must be promptly refunded.

Any individual who has a question about appropriate billing policies, procedures, or contractual requirements is encouraged to promptly seek clarification from the appropriate supervisor or manager.

- **Honest Communication** - HRe requires candor and honesty from individuals in the performance of their responsibilities. No individual shall knowingly make false or misleading statements to any customer, vendor,

person or other entity doing business with HRe about customers, vendors, people or entities doing business or competing with HRe, or about the product or services of HRe or its competitors.

- **Misappropriation of Proprietary Information** - Individuals associated with HRe shall not misappropriate confidential or proprietary information belonging to another person or entity nor utilize any publication, document, computer program, information or product in violation of a third party's interest in such product. All individuals are responsible to ensure they do not copy for their own use documents or computer software in violation of applicable copyright laws, patents, trademarks or licensing agreements. Individuals shall not utilize confidential business information obtained from competitors, including customer lists, price lists, and confidentiality agreements or in any other manner likely to provide an unfair competitive advantage to HRe.

CONFIDENTIALITY - Each individual will maintain the confidentiality of customer and other confidential information in accordance with applicable legal and ethical standards.

Individuals may come into possession of and have access to a broad variety of confidential, sensitive and proprietary information, the inappropriate release of which would be injurious to customers, other individuals, HRe's business partners and associates and HRe itself. All individuals have the responsibility and obligation to actively protect and safeguard confidential, sensitive and proprietary information in a manner designed to prevent the unauthorized disclosure of information. Confidentiality requirements extend as well to the use and access of HRe information services and communications systems, including, but not limited to, telephone, voice mail and e-mail.

- **Customer Information** - All individuals have an obligation to conduct themselves in accordance with the principle of maintaining the confidentiality of customer information. Individuals may not reveal any business, personal or confidential information concerning customers unless its disclosure is supported by a legitimate business purpose.
- **Proprietary Information** - Information, ideas and intellectual property assets of HRe are important to organizational success. Information pertaining to HRe's competitive position or business strategies and plans must be protected and shared only with individuals having a need to know such information in order to perform their responsibilities
- **Personnel Actions/Decisions** - Salary, benefit and other personal information relating to employees are treated as confidential information. Personnel files, medical history files, payroll information, disciplinary matters and similar information must be maintained in a manner designed to ensure confidentiality in accordance with applicable laws and HRe policies. Individuals must exercise due care to prevent the release or sharing of information beyond those persons who require such information to fulfill their job function.

CONFLICTS OF INTEREST - Employees owe a duty of undivided and unqualified loyalty to HRe. Individuals may not use their positions to profit personally or to assist others in profiting in any way. All individuals are expected to conduct their activities so as to avoid actual impropriety and/or the appearance of impropriety that might arise from the influence of those activities on business decisions of HRe, or from disclosure or private use of business affairs or plans of HRe. To the extent that an individual believes that a situation may present a conflict of interest or the appearance of impropriety, it is the duty of that individual to disclose the facts and circumstances to a supervisor or manager.

- **Outside Financial Interests** - While not all inclusive, the following will serve as a guide to the types of activities by individuals, or household members of individuals, which might cause actual conflicts of interest, the appearance of conflicts of interest, or the appearance of impropriety. These conflicts should be disclosed:
 - Ownership in, employment by, or control of any outside organization that does business with HRe. This does not apply to stock or other investments held in a publicly held corporation, provided the value of the stock or other investments does not exceed 5% of the corporation's stock. HRe may,

following a review to the relevant facts, permit ownership interests that exceed these amounts if management concludes such ownership interests will not adversely impact HRe's business interest or the judgment of the individual.

- Representing HRe in any transaction in which the individual or a household member has a substantial personal interest.
 - Disclosure or use of confidential, proprietary or inside information of or about HRe, particularly for personal profit or advantage of the individual or a member of their household.
 - Competition with HRe by an individual, directly or indirectly, in the purchase, sale or ownership of property or property rights or interest, or business investment opportunities.
 - Solicitation of other employees, vendors or other individuals for personal business or fund raising activities. Display or advertising media, distribution of literature or cards, or other promotion for personal business or fund raising is also prohibited.
- **Services for Competitors/Vendors** - No individual shall perform work or render services for any competitor of HRe or for any organization with which HRe does business or which seeks to do business with HRe outside of the normal course of his/her employment with HRe without the express approval of Management. In addition, no individual shall be a director, officer, or consultant of such an organization, nor permit his/her name to be used in any fashion that would tend to indicate a business with such organization without the approval of Management.

BUSINESS RELATIONSHIPS - Business transactions with vendors, contractors and other third parties shall not be influenced by offers or solicitations of gifts, favors, excessive entertainment or other inappropriate inducements in exchange for influence or assistance in a transaction.

The standards set forth below are intended to guide individuals in determining the appropriateness of the listed activities or behaviors. It is the intent of HRe that this policy be construed broadly to avoid even the appearance of improper activity.

- **Gifts, Gratuities, and Entertainment** - It is HRe's intent to at all times preserve and protect its reputation and to avoid the appearance of impropriety. Consequently, all gifts and entertainment that exceed standard business courtesies are prohibited. In any situation where an individual is unsure of the appropriateness of accepting a specific gift or invitation for entertainment, it is the individual's responsibility to disclose the gift or entertainment, or offer of a gift or entertainment, to their supervisor for approval.
- **Gifts from Customers** - Individuals are prohibited from soliciting tips, personal gifts from customers. Individuals may accept gifts of a nominal value from customers. Tips may be accepted from hotel guests.
- **Gifts Influencing Decision-making** - Individuals shall not accept gifts, favors, services, entertainment or other things of value to the extent that decision-making or actions affecting HRe might be influenced or reasonably perceived to be influenced. In addition, the appearance of impropriety must always be avoided. Similarly, the offer or giving of money, services or other things of value with the expectation of influencing the judgment or decision making process of any purchaser, supplier, customer, government official or other person by HRe is absolutely prohibited.
- **Gifts from Existing Vendors** - Individuals may retain gifts from vendors that have nominal value. If an individual has any concern whether a gift should be accepted, he or she should disclose the gift for approval prior to acceptance of the gift. To the extent possible, these gifts should be shared with individual's co-workers. Individuals may not accept excessive gifts or entertainment, or other offers of goods or services that have more than a nominal value or that exceed common business courtesies.

- **Vendor Sponsored Entertainment** - At a vendor's invitation, an individual may accept meals or refreshments at the vendor's expense. Occasional attendance at a local theatre or sporting event, or similar entertainment at vendor expense may also be accepted. In most circumstances, a regular business representative of the vendor should be in attendance.
- **Contracting** - All business relations with contractors and subcontractors must be conducted at arm's length both in fact and in appearance, and in compliance with HRe policies and procedures. Individuals must disclose personal relationships and business activities with contractor or subcontractor personnel who may be construed by an impartial observer as influencing the individual's performance or duties.
- **Business Inducements** - Individuals shall not seek to gain any advantage through the improper use of payments, excessive business courtesies or other inducements. Offering, giving, soliciting or receiving any form of bribe or other improper payment is prohibited.

Appropriate commissions, discounts and allowances are customary and acceptable business inducements provided they are approved by HRe management and that they do not constitute illegal or unethical payments. Any such payments must be reasonable in value, competitively justified, properly documented, and made to the business entity to which the original agreement or invoice was made or issued. Such payments may not be made to individuals or agents of business units.

In addition, individuals may provide gifts, entertainment and meals of nominal value to HRe customers, current and prospective business partners and other people when such activities have a legitimate business purpose, are reasonable and consistent with all applicable laws and common business courtesies.

PROTECTION OF ASSETS - All individuals will strive to preserve and protect HRe's assets and the assets of the owners we manage for, by making prudent and effective use of resources and properly and accurately reporting financial conditions. The standards set forth below are intended to guide individuals by articulating HRe expectations as they relate to activities or behaviors which may impact HRe's health or which reflect a reasonable and appropriate use of assets.

- **Internal Control** - HRe has established control standards and procedures to ensure that assets are protected and properly used, and that financial records and reports are accurate and reliable. All individuals share the responsibility for maintaining and complying with required internal controls and procedures.
- **Financial Reporting** - All financial reports, accounting records, research reports (including marketing research), expense accounts, payroll records and other documents must accurately and clearly represent the relevant facts or the true nature of a transaction. Improper or fraudulent accounting, documentation or financial reporting is contrary to the policy of HRe and may be a violation of applicable laws.
- **Travel and Entertainment** - Travel and entertainment expenses should be consistent with the individuals' responsibility and company's needs and resources. Individuals are expected to exercise reasonable judgment in the use of HRe's funds and to spend them as carefully as they would spend their own. Individuals must also comply with HRe policies relating to travel and entertainment expense documentation and reimbursement.
- **Personal Use of Corporate Assets** - Individuals are expected to refrain from using HRe & Owner (i.e., Horst Hotels, Granite Properties, etc.) assets for personal use. All property shall be used and business shall be conducted in a manner designed to further HRe & Owners interest rather than the personal interest of any individual. Unless authorized by HRe President, individuals are prohibited from unauthorized use, taking and selling of HRe & Owner equipment, supplies, materials or services, computers, software, telephone, voicemail including items left behind from residents, tenants, hotel guests and club members.



EMPLOYEE HANDBOOK ACKNOWLEDGEMENT

MUST BE COMPLETED BY ALL REGULAR FULL TIME AND PART TIME EMPLOYEES

The Employee handbook describes important information about Horst Realty, and I understand that I should consult my immediate supervisor regarding any questions not answered in the handbook.

This handbook is not intended to constitute a contract of employment or a guarantee of the benefits or policies stated in it. The Company reserves the right to alter, rescind, or amend benefit plans and any other term and condition of employment at any time. The Company also reserves the right to interpret the provisions of any benefit plan or policy, to determine eligibility for benefits, and to use discretion in interpreting and applying the provisions of the handbook and all other employee benefits.

An employee's employment and compensation can be terminated with or without cause and with or without notice at any time by either the Company or the employee. No manager or representative of the Company has the authority to enter into any agreement for employment for a specified period of time or make any agreement contrary to this section, unless the agreement is in writing and signed by the president of the Company.

As personnel policies and procedures change, this handbook will also change. Updates reflecting these changes will be distributed periodically. In the event a personnel policy or procedure requires clarification, please contact Human Resources. Also, where a benefit plan, health or life insurance provision or statute is described in general terms, the complete and controlling description is the official and current plan document or statute.

I acknowledge I have access to a hard copy of the Horst Realty Employee Handbook. I understand it is my responsibility to read and comply with the policies and any revisions made to it.

I understand that this acknowledgement becomes a part of my personnel file.

Employee Signature

Date

Print Name

Property