**Fremont Properties Employee Handbook Issue Date: May 21, 2010**

TO FREMONT PROPERTIES EMPLOYEES:

This is our new Employee Handbook. Please review it and sign the attached acknowledgment and return it to your Manager.

You may keep a copy of the Employee Handbook if you wish, but a copy will always be available to you through the Main Office. If you do not wish to keep a copy, please return the Handbook to the Main Office.

This Employee Handbook (the “Handbook”) was developed to describe some of the expectations of our employees and to outline the policies, programs, and benefits available to eligible employees. Employees should familiarize themselves with the contents of the Handbook as soon as possible, for it will answer many questions about employment with Fremont Properties.

# INTRODUCTION

This Handbook is designed to acquaint you with Fremont Properties and provide you with information about working conditions, employee benefits, and some of the policies affecting your employment. This Handbook is not a contract and is not intended to create any contractual or legal obligations. You should read, understand, and comply with all provisions of the Handbook. It describes many of your responsibilities as an employee and outlines the programs developed by Fremont Properties to benefit employees. One of our objectives is to provide a work environment that is conducive to both personal and professional growth.

No Handbook can anticipate every circumstance or question about policy. As Fremont Properties continues to grow, the need may arise and Fremont Properties reserves the right to revise, supplement, or rescind any policies or portion of the Handbook from time to time as it deems appropriate, in its sole and absolute discretion. The only exception is our employment-at-will policy permitting you or Fremont Properties to end our relationship for any reason at any time. The employment-at-will policy cannot be changed except in a written agreement signed by both you and the President of Fremont Properties. Employees will, of course, be notified of such changes to the Handbook as they occur.

Fremont Properties employees work on-site at various apartment properties managed by Tokola Properties. Our customers are the Residents and rental prospects at each property and they are among our organization’s most valuable assets. Every employee represents Fremont Properties to our customers and the public. The way we do our jobs presents an image of our entire organization. Customers judge all of us by how they are treated with

each employee contact. Therefore, one of our first business priorities is to assist any customer or potential customer. Nothing is more important than being courteous, friendly, helpful, and prompt in the attention you give to customers.

Our personal contact with the public, our manners on the telephone, and the communications we send to customers are a reflection not only of ourselves, but also of the professionalism of Fremont Properties. Positive customer relations not only enhance the public’s perception or image of Fremont Properties, but also pay off in greater customer loyalty and increased rental activity.

# GENERAL TERMS OF EMPLOYMENT

**Nature of Employment**

Employment with Fremont Properties is voluntarily entered into and is “at-will,” which means that the employee is free to resign at will at any time, with or without notice or cause. Similarly, Fremont Properties may terminate the employment relationship at any time, with or without notice or cause, so long as there is no violation of applicable federal or state law. No one has the authority to make verbal statements that change the at-will nature of employment, and the at-will relationship cannot be changed or modified for any employee except in a written agreement signed by that employee and the President of Fremont Properties.

Policies set forth in this Handbook are not intended to create a contract, nor are they to be construed to constitute contractual obligations of any kind or a contract of employment between Fremont Properties and any of its employees. The provisions of the Handbook have been developed at the discretion of management and, except for its policy of employment-at-will, may be amended or cancelled at any time, at Fremont Properties’ sole discretion.

These provisions supersede all existing policies and practices and may not be amended or added to without the express written approval of the President or person designated by the President of Fremont Properties.

# Equal Employment Opportunity

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at Fremont Properties will be based on merit, qualifications, and the needs of the company. Fremont Properties does not unlawfully discriminate in employment opportunities or practices on the basis of race, color, religion, sex, national origin, age, disability, ancestry, medical conditions, family care status, sexual orientation, or any other basis prohibited by law.

Fremont Properties will make reasonable accommodations for qualified individuals with known disabilities unless doing so would result in an undue hardship to the extent

required by law. This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.

Any employees with questions or concerns about any type of discrimination in the workplace are encouraged to bring these issues to the attention of their immediate supervisor or the President. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

# Business Ethics and Conduct

The successful business operation and reputation of Fremont Properties are built upon the principles of fair dealing and ethical conduct of our employees. Our reputation for integrity and excellence requires careful observance of the spirit and the letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity.

The continued success of Fremont Properties is dependent upon our customers’ trust and we are dedicated to preserving that trust. Employees owe a duty to Fremont Properties, its customers, and its shareholders to act in a way that will merit the continued trust and confidence of the public.

Fremont Properties will comply with all applicable laws and regulations and expects its directors, officers, and employees to conduct business in accordance with the letter, spirit, and intent of all relevant laws and to refrain from any illegal, dishonest, or unethical conduct.

In general, the use of good judgment, based on high ethical principles, will guide you with respect to lines of acceptable conduct. If a situation arises where it is difficult to determine the proper course of action, you should discuss the matter with your immediate supervisor or you may bring it to the attention of the President of Fremont Properties.

Compliance with this policy of business ethics and conduct is the responsibility of every Fremont Properties employee. Disregarding or failing to comply with this standard of business ethics and conduct could lead to disciplinary action, up to and including possible termination of employment.

# Immigration Law Compliance

Fremont Properties is committed to employing only United States citizens and aliens who are authorized to work in the United States and does not unlawfully discriminate on the basis of citizenship or national origin.

In compliance with the Immigration Reform and Control Act of 1986, each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment

eligibility. Former employees who are rehired must also complete the form if they have not completed an I-9 with Fremont Properties within the past three years or if their previous I-9 is no longer retained or valid.

Employees with questions or seeking more information on immigration law issues are encouraged to contact the Main Office. Employees may raise questions or complaints about immigration law compliance without fear of reprisal.

# Conflicts of Interest

Employees have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee as a result of Fremont Properties business dealings.

No “presumption of guilt” is created by the mere existence of a relationship with outside firms. However, if employees have any influence on transactions involving purchases, contracts, or leases, it is imperative that they disclose to an officer of Fremont Properties as soon as possible the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties.

Personal gain may result not only in cases where an employee has an ownership interest in a company with which Fremont Properties does business, but also when an employee or relative receives any kickback, bribe, substantial gift, or special consideration as a result of any transaction or business dealings involving Fremont Properties.

# Confidentiality/Non-Disclosure

Fremont Properties employees frequently have access to confidential records and reports including customer information such name, address, email and credit card numbers. The protection of confidential business information is vital to the interests and the success of Fremont Properties.

Employees who improperly use or disclose confidential business information will be subject to disciplinary action, up to and including termination of employment and legal action, even if they do not actually benefit from the disclosed information.

# Disability Accommodation

Fremont Properties is committed to complying fully with applicable disability laws and ensuring equal opportunity in employment for qualified persons with disabilities.

Reasonable accommodation is available to all disabled employees, where their disability affects the performance of job functions to the extent required by law. All employment decisions are based on the merits of the situation and the needs of the company, not the disability of the individual.

Fremont Properties is also committed to not unlawfully discriminating against any qualified employees or applicants because they are related to or associated with a person with a disability.

This policy is neither exhaustive nor exclusive. Fremont Properties is committed to taking all other actions necessary to ensure equal employment opportunity for persons with disabilities in accordance with the ADA and all other applicable federal, state, and local laws.

# Employment Applications

Fremont Properties relies upon the accuracy of information contained in the employment application, as well as the accuracy of other data presented throughout the hiring process and employment. Any misrepresentations, falsifications, or material omissions in any of this information or data may result in the exclusion of the individual from further consideration for employment or, if the person has been hired, termination of employment.

In processing employment applications, Fremont Properties may obtain a consumer credit report and background check for employment including a criminal background check. If Fremont Properties takes an adverse employment action based in whole or in part on any report caused by the Fair Credit Reporting Act, a copy of the report and a summary of your rights under the Fair Credit Reporting Act will be provided as well as any other documents required by law.

# EMPLOYMENT CATEGORIES

**Employment Categories**

It is the intent of Fremont Properties to clarify the definitions of employment classifications so that employees understand their employment status and benefit eligibility. These classifications do not guarantee employment for any specified period of time.

Each employee will belong to one of the following employment categories:

REGULAR FULL-TIME employees are those who are not in a part time, temporary or introductory status and who are regularly scheduled to work for Fremont Properties on a full-time schedule. Full time is defined as more than 32 hours per week. Generally, they are eligible for Fremont Properties’ benefit package, subject to the terms, conditions, and limitations of each benefit program.

REGULAR PART TIME employees are those who are not in a full time, temporary or introductory status, but who are regularly scheduled to work for Fremont Properties on a part time schedule. Part time is defined as less than 32 hours per week. Generally, they are not eligible for Fremont Properties’ benefit package.

INTRODUCTORY employees are those whose performance is being evaluated to determine whether further employment in a specific position or with Fremont Properties is appropriate. Employees who satisfactorily complete the introductory period will be notified of their new employment classification.

TEMPORARY employees are those who are hired as interim replacements, to temporarily supplement the work force, or to assist in the completion of a specific project. Employment assignments in this category are of a limited duration. Employment beyond any initially stated period does not in any way imply a change in employment status. Temporary employees retain that status unless and until notified of a change.

While temporary employees receive all legally mandated benefits (such as workers’ compensation insurance and Social Security), they are ineligible for all of Fremont Properties other benefit programs.

# “On Call” Responsibilities

The nature of the hotel business and specifically the need and responsibility to meet the needs of our customers requires that all employees be subject to certain “on-call responsibilities.”

Your supervisor will notify employees regarding the schedule for who is on call at any given day or night of the week. The schedule for on call responsibilities varies from location to location based on the property size, location, number of employees, etc.

Employees will know in advance of their on call responsibilities.

On call means to be available by phone and within reasonable proximity of the property in order to be physically present if called in response to after hours emergencies, urgent maintenance needs, lock outs, etc.

During the period in which an employee is on call they are not required to be at the job site and are anticipated to be attending to personal business.

On call responsibility is an inherent part of our business activity and a condition of employment with our company. As a result, your salary as a full time or part time employee takes into account a reasonable level of on-call responsibility and overtime is not paid for routine on-call activity. In certain cases where on-call activity is determined in the judgment of your supervisor to be excessive the subject employee may be provided additional compensation.

# Introductory Period

The introductory period is intended to give new employees the opportunity to demonstrate their ability to achieve a satisfactory level of performance and to determine whether the new position meets their expectations. Fremont Properties uses this period to evaluate employee capabilities, work habits, and overall performance. Either the

employee or Fremont Properties may end the employment relationship at will at any time during or after the introductory period, with or without cause or advance notice.

All new and rehired employees work on an introductory basis for the first 90 calendar days after their date of hire. Any significant absence will automatically extend an introductory period by the length of the absence. If Fremont Properties determines that the designated introductory period does not allow sufficient time to thoroughly evaluate the employee’s performance, the introductory period may be extended for a specified period.

# BENEFITS AND LEAVE

Eligible employees at Fremont Properties are provided a range of benefits. A number of the programs (such as Social Security, workers’ compensation, state disability, and unemployment insurance) cover all employees in the manner prescribed by law.

Benefits eligibility is dependent upon a variety of factors, including employee classification. Your supervisor can identify the programs for which you are eligible. The following benefit programs are available to eligible employees:

* personal time off
* holidays
* health insurance
* worker’s compensation insurance
* bereavement leave
* family leave
* medical leave
* pregnancy leave
* jury duty
* time off to vote

Some benefit programs require contributions from the employee, but most are fully paid by Fremont Properties. Many benefits are described in separate Summary Plan Descriptions, or Plans, which may change from time to time. The Summary Plan Description will have control over any policy in this Handbook. You will receive a copy of each Summary Plan Description applicable to you. Contact the Main Office if you need a Summary Plan Description or have any questions?

# Personal Time Off (PTO)

Personal time off with pay is available to eligible employees. Eligible employees do not need to provide a reason for use of personal time off, but must request advance approval from their supervisors. Employees in the following employment classification(s) are eligible to earn and use PTO as described in this policy:

Regular full-time employees

The amount of PTO an employee receives each year increases with the length of their employment, as shown in the following schedule:

* Upon initial eligibility, the employee is entitled to 10 PTO days each year, accrued monthly at the rate of 0.8333 days.
* After two years of eligible service, the employee is entitled to 15 PTO days each year, accrued monthly at the rate of 1.250 days.
* After five years of eligible service, the employee is entitled to 20 PTO days each year, accrued monthly at the rate of 1.666 days.
* After ten years of eligible service, the employee is entitled to 25 PTO days each year, accrued monthly at the rate of 2.083 days.

The length of eligible service is calculated on the basis of a “benefit year.” This is the 12- month period that begins when the employee starts to earn PTO. An employee’s benefit year may be extended for any significant leave of absence except military leave of absence. Military leave has no effect on this calculation. (See individual leave of absence policies for more information.)

Once employees enter an eligible employment classification, they begin to earn PTO according to the schedule. They can request use of PTO time after it is earned.

PTO can be used in minimum increments of one hour. To take PTO, employees must request advance approval from their supervisors. Requests will be reviewed based on a number of factors, including business needs and staffing requirements.

PTO is paid at the employee’s base pay rate at the time taken. It does not include any special forms of compensation such as incentives, commissions and/or bonuses.

As stated above, employees are encouraged to use available PTO time for personal pursuits. In the event that available PTO is not used by the end of their benefit year, the PTO remaining hours are forfeited. Upon termination of employment, employees will be paid for unused PTO time that has been earned through the last day of work.

# Holidays

Fremont Properties will grant holiday time off to all employees on the holidays listed below:

* New Year’s Day (January 1)
* Martin Luther King, Jr. Day (third Monday in January)
* Presidents’ Day (third Monday in February)
* Memorial Day (last Monday in May)
* Independence Day (July 4)
* Labor Day (first Monday in September)
* Thanksgiving (fourth Thursday in November)
* Christmas (December 24 & 25)

Fremont Properties will grant paid holiday time off to all eligible employees immediately upon assignment to an eligible employment classification. Holiday pay will be calculated based on the employee’s straight-time pay rate (as of the date of the holiday) times the number of hours the employee would otherwise have worked on that day. Eligible employee classification(s):

Regular full-time employees

If a recognized holiday falls during an eligible employee’s paid absence (e.g., vacation, sick leave), the employee will be ineligible for holiday pay. If a recognized holiday falls on an employee’s regularly scheduled day off, the employee will receive their next scheduled work day off. For example, if an employee’s regularly scheduled days off are Tuesday and Wednesday and a recognized holiday falls on either of these days, the employee will get Thursday off.

**Health Insurance.** Fremont Properties health insurance plan provides employees access to medical and dental insurance benefits. Employees in the following employment classification(s) are eligible to participate in the health insurance plan:

Regular full-time employees

Fremont Properties pays for health insurance coverage for the employee only. Employees may be eligible to enroll their spouse or dependents subject to the terms of the plan and at the employee’s expense.

Eligible employees may participate in the health insurance plan subject to all terms and conditions of the agreement between Fremont Properties and the insurance carrier.

A change in employment classification that would result in loss of eligibility to participate in the health insurance plan may qualify an employee for benefits continuation under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Refer to the “Benefits Continuation (COBRA)” policy section 3-13 for more information.

Details of the health insurance plan are described in the Summary Plan Description (SPD). An SPD and information on cost of coverage will be provided in advance of enrollment to eligible employees.

# Workers’ Compensation Insurance

Fremont Properties provides a comprehensive workers’ compensation insurance program at no cost to employees, pursuant to law. This program covers any injury or illness

sustained in the course of employment that requires medical, surgical, or hospital treatment. Subject to applicable legal requirements, workers’ compensation insurance provides benefits after a short waiting period or, if the employee is hospitalized, immediately.

Employees who sustain work-related injuries or illnesses should inform their supervisor immediately. No matter how minor an on-the-job injury may appear, it is important that it be reported immediately. This will enable an eligible employee to qualify for coverage as quickly as possible.

# Bereavement Leave

Employees who wish to take time off due to the death of an immediate family member should notify their supervisor immediately.

Up to three days of paid bereavement leave will be provided to eligible employees in the following classification(s):

Regular full-time employees

Bereavement pay is calculated based on the base pay rate at the time of absence and will not include any special forms of compensation, such as incentives, commissions, bonuses, or shift differentials.

Bereavement leave will normally be granted unless there are unusual business needs or staffing requirements. Employees may, with their supervisors’ approval, use any available paid leave for additional time off as necessary.

Fremont Properties defines “immediate family” as the employee’s spouse, parent, child, or sibling.

# Medical Leave

Fremont Properties provides medical leaves of absence without pay to eligible employees who are temporarily unable to work due to a serious health condition or disability. For purposes of this policy, serious health conditions or disabilities include inpatient care in a hospital, hospice, or residential medical care facility and continuing treatment by a health care provider.

Employees in the following employment classifications are eligible to request medical leave as described in this policy:

## Regular full-time employees

Eligible employees should make requests for medical leave to their supervisors at least 30 days in advance of foreseeable events and as soon as possible for unforeseeable events.

A health care provider’s statement must be submitted verifying the need for medical leave and its beginning and expected ending dates. Any changes in this information should be promptly reported to Fremont Properties. Employees returning from medical leave must submit a health care provider’s verification of their fitness to return to work.

Eligible employees are normally granted leave for the period of the disability, up to a maximum of 12 weeks within any 12-month period. Any combination of medical leave and family leave may not exceed this maximum limit. If the initial period of approved absence proves insufficient, consideration will be given to a request for an extension.

Employees who sustain work-related injuries are eligible for a medical leave of absence for the period of the disability, in accordance with all applicable laws covering occupational disabilities.

Subject to the terms, conditions, and limitations of the applicable plans, Fremont Properties will continue to provide health insurance benefits for the full period of the approved medical leave.

Benefit accruals, such as personal time off (PTO), and holiday benefits, will continue during the approved medical leave period.

So that an employee’s return to work can be properly scheduled, an employee on medical leave is requested to provide Fremont Properties with at least two weeks’ advance notice of the date the employee intends to return to work. When a medical leave ends, the employee will be reinstated to the same position, if it is available, or to an equivalent position for which the employee is qualified.

If an employee fails to return to work on the agreed-upon return date, Fremont Properties will assume that the employee has resigned.

# Family Leave

Fremont Properties provides family leaves of absence without pay to eligible employees who wish to take time off from work duties to fulfill family obligations relating directly to childbirth, adoption, or placement of a foster child or to care for a child, spouse, or parent with a serious health condition. A “serious health condition” means an illness, injury, impairment, or physical or mental condition that involves inpatient care in a hospital, hospice, or residential medical care facility or continuing treatment by a health care provider.

Employees in the following employment classifications are eligible to request family leave as described in this policy:

## Regular full-time employees

Eligible employees should make requests for family leave to their supervisors at least 30 days in advance of foreseeable events and as soon as possible for unforeseeable events. Employees requesting family leave related to the serious health condition of a child, spouse, or parent may be required to submit a health care provider’s statement verifying the need for family leave to provide care, its beginning and expected ending dates, and the estimated time required.

Eligible employees may request up to a maximum of 12 weeks of family leave within any 12-month period. Any combination of family leave and medical leave may not exceed this maximum. Married employee couples may be restricted to a combined total of 12 weeks leave within any 12-month period for childbirth, adoption, or placement of a foster child or to care for a parent with a serious health condition.

Subject to the terms, conditions, and limitations of the applicable plans, Fremont Properties will continue to provide health insurance benefits for the full period of the approved family leave. Benefit accruals, such as personal time off (PTO), and holiday benefits, will continue during the approved family leave period.

So that an employee’s return to work can be properly scheduled, an employee on family leave is requested to provide Fremont Properties with at least two weeks’ advance notice of the date the employee intends to return to work. When family leave ends, the employee will be reinstated to the same position, if it is available, or to an equivalent

position for which the employee is qualified. If an employee fails to return to work on the agreed-upon return date, Fremont Properties will assume that the employee has resigned.

# Pregnancy Disability Leave

Fremont Properties provides pregnancy disability leaves of absence without pay to eligible employees who are temporarily unable to work due to a disability related to pregnancy, childbirth, or related medical conditions. Any employee is eligible to request pregnancy disability leave as described in this policy. Employees should make requests for pregnancy disability leave to their supervisors at least 30 days in advance of foreseeable events and as soon as possible for unforeseeable events. A health care provider’s statement must be submitted verifying the need for pregnancy disability leave and its beginning and expected ending dates. Any changes in this information should be promptly reported to Fremont Properties. Employees returning from pregnancy disability leave must submit a health care provider’s verification of their fitness to return to work.

Employees are normally granted unpaid leave for the period of the disability, up to a maximum of four months. Employees may substitute any accrued paid leave time for unpaid leave as part of the pregnancy disability leave period. Subject to the terms, conditions, and limitations of the applicable plans, Fremont Properties will continue to provide health insurance benefits for the full period of the approved pregnancy disability leave. So that an employee’s return to work can be properly scheduled, an employee on pregnancy disability leave is requested to provide Fremont Properties with at least two weeks’ advance notice of the date she intends to return to work.

When a pregnancy disability leave ends, the employee will be reinstated to the same position, unless either the employee would not otherwise have been employed for legitimate business reasons or each means of preserving the job would substantially undermine the ability to operate Fremont Properties safely and efficiently. If the same position is not available, the employee will be offered a comparable position in terms of such issues as pay, location, job content, and promotional opportunities.

If an employee fails to report to work promptly at the end of the pregnancy disability leave, Fremont Properties will assume that the employee has resigned.

# Jury Duty

Fremont Properties encourages employees to fulfill their civic responsibilities by serving jury duty when required. Employees may request unpaid jury duty leave for the length of absence. If desired, employees may use any available paid time off (for example, personal time off (PTO).

Employees must show the jury duty summons to their supervisor as soon as possible so that the supervisor may make arrangements to accommodate their absence. Of course, employees are expected to report for work whenever the court schedule permits.

Either Fremont Properties or employee may request an excuse from jury duty if, in Fremont Properties judgment, the employee’s absence would create serious operational difficulties.

Fremont Properties will continue to provide health insurance benefits for the full term of the jury duty absence.

Personal time off (PTO) and holiday benefits will continue to accrue during unpaid jury duty leave.

# Time Off to Vote

Fremont Properties encourages employees to fulfill their civic responsibilities by participating in elections. Generally, employees are able to find time to vote either before or after their regular work schedule. If employees are unable to vote in an election during their nonworking hours, Fremont Properties will grant up to two hours of paid time off to vote.

Employees should request time off to vote from their supervisor at least two working days prior to the Election Day. Advance notice is required so that the necessary time off can be scheduled at the beginning or end of the work shift, whichever causes less disruption to the normal work schedule.

Employees must submit a voter’s receipt on the first working day following the election to qualify for paid time off.

# Life-Threatening Illnesses in the Workplace

Employees with life-threatening illnesses, such as cancer, heart disease, and AIDS, often wish to continue their normal pursuits, including work, to the extent allowed by their condition. Fremont Properties supports these endeavors as long as the employees are able to meet acceptable performance standards. As in the case of other disabilities, Fremont Properties will make reasonable accommodations in accordance with all legal requirements, to allow qualified employees with life-threatening illnesses to perform the essential functions of their jobs.

Medical information on individual employees is treated confidentially. Fremont Properties will take reasonable precautions to protect such information from inappropriate disclosure. Managers and other employees have a responsibility to respect and maintain the confidentiality of employee medical information. Anyone inappropriately disclosing such information is subject to disciplinary action, up to and including termination of employment.

Employees with questions or concerns about life-threatening illnesses are encouraged to contact the Main Office for information and referral to appropriate services and resources.

# PAY & WORK SCHEDULES

**Paydays**

All employees are paid monthly on the first day of the month. Each paycheck will include earnings for all work performed through the end of the previous payroll period.

If a regular payday falls during an employee’s vacation, employee may receive his or her earned wages before departing for vacation if a written request is submitted at least one week prior to departing for vacation.

# Pay Deductions and Setoffs

The law requires that Fremont Properties make certain deductions from every employee’s compensation. Among these are applicable federal, state, and local income taxes.

Fremont Properties also must deduct Social Security taxes on each employee’s earnings up to a specified limit that is called the Social Security “wage base.” Fremont Properties matches the amount of Social Security taxes paid by each employee.

Fremont Properties offers programs and benefits beyond those required by law. Eligible employees may voluntarily authorize deductions from their paychecks to cover the costs of participation in these programs. Pay setoffs are pay deductions taken by Fremont Properties, usually to help pay off a debt or obligation to Fremont Properties or others. If

you have questions concerning why deductions were made from your paycheck or how they were calculated, the Main Office can assist in having your questions answered.

# Performance Evaluation

Supervisors and employees are strongly encouraged to discuss job performance and goals on an informal, day-to-day basis. A performance evaluation will be conducted following an employee’s introductory period and annually thereafter. Interim performance evaluations may also be conducted when considered helpful or necessary by your supervisor.

# Work Schedules

Work schedules for employees vary throughout our organization. Supervisors will advise employees of their individual work schedules. Staffing needs and operational demands may necessitate variations in starting and ending times, as well as variations in the total hours that may be scheduled each day and week.

# Rest/Break Periods

**Rest Periods** All employees working a shift between 2 hours and 4 hours will receive one 10-minute paid rest period nearest to the middle of the shift as possible. Employees working between 4 hours and 8 hours on a shift will receive a second, paid 10-minute paid rest period nearest to the middle of the shift as possible. These breaks must be taken, and may not be exchanged for a shorter shift. For example, the employee cannot elect to waive a 10 minute break and then leave their shift 10 minutes early. In the case of employees working the front desk when no other front desk workers are present, such as in the evening or overnight, these 10-minute breaks will be taken, and, if there is an unexpected, necessary interruption of a break, the 10 minute break will begin immediately upon completion of the necessary task.

**Meal Period.** For hourly employees working a shift other than at the front desk longer than 6-hours, one 30-minute, paid meal break will be provided. Due to the fact that there will be only 1 front desk employee on each shift, and the need for front desk employees to respond to guest’s needs at unpredictable times, employees will receive adequate, paid time to eat a meal, but this process may be interrupted per guest’s needs. The State of Oregon provides an exception to an uninterrupted meal period for employees working shifts under certain conditions, and employees that work front desk shifts will be provided the appropriate form to sign acknowledging and explaining that exception.

# Emergency Closings

At times, emergencies such as severe weather, fires, power failures, or earthquakes can disrupt company operations. In extreme cases, these circumstances may require the closing of a work facility.

In cases where an emergency closing is not authorized, employees who fail to report for work will not be paid for the time off. Employees may request available paid leave time such as unused personal time off (PTO).

# WORK PLACE REQUIREMENTS

**Use of Phone and Mail Systems**

Personal use of the telephone for long-distance and toll calls is not permitted. To ensure effective telephone communications, employees should always use the approved greeting, for example; “Good Morning, Inn at Red Hills, this is Bill, how may I help you?” or “Good Afternoon, Inn at Red Hills, this is Lucy, how may I help you? and speak in a courteous and professional manner.

The mail system is reserved for business purposes only. Employees should refrain from sending or receiving personal mail at the workplace. The e-mail system is the property of Fremont Properties. Fremont Properties will not guarantee the privacy of the e-mail system except to the extent required by law.

Use of personal cell phones, iPod, MP3 players and other personal electronic devices during work hours is prohibited.

# Smoking

Smoking and vaping of any kind and chewing tobacco are is prohibited while on duty and throughout the workplace, as required by law. This policy applies equally to all employees including office and maintenance personnel. Smoking is only allowed during break and/or meal periods and only in designated outside areas.

# Computer and E-mail Usage

Computers, computer files, the e-mail system, and software furnished to employees are the property of Fremont Properties and intended for business use. Employees should not use a password, access a file, or retrieve any stored communication without authorization.

Fremont Properties strives to maintain a workplace free of harassment and is sensitive to the diversity of its employees. Therefore, Fremont Properties prohibits the use of computers and the e-mail system in ways that are disruptive, offensive to others, or harmful to morale.

For example, the display or transmission of sexually explicit images, messages, and cartoons is not allowed. Other such misuse includes, but is not limited to, ethnic slurs, racial comments, off-color jokes, or anything that may be construed as harassment or showing disrespect for others. Employees should notify their immediate supervisor, the President, or any member of management upon learning of violations of this policy.

Employees who violate this policy will be subject to disciplinary action, up to and including termination of employment.

# Internet Usage

Internet access to global electronic information resources on the World Wide Web is provided by Fremont Properties to assist employees in obtaining work-related data and technology. The following guidelines have been established to help ensure responsible and productive Internet usage. Internet usage is intended for job-related activities.

All Internet data that is composed, transmitted, or received via our computer communications systems is considered to be part of the official records of Fremont Properties and, as such, is subject to disclosure to law enforcement or other third parties.

Employees should expect only the level of privacy that is warranted by existing law and no more. Consequently, employees should always ensure that the business information contained in Internet e-mail messages and other transmissions is accurate, appropriate, ethical, and lawful. Any questions regarding the legal effect of a message or transmission should be brought to the attention of management for review.

Data that is composed, transmitted, accessed, or received via the Internet must not contain content that could be considered discriminatory, offensive, obscene, threatening, harassing, intimidating, or disruptive to any employee or other person. Examples of unacceptable content may include, but are not limited to, sexual comments or images, racial slurs, gender-specific comments, or any other comments or images that could reasonably offend someone on the basis of race, age, sex, religious or political beliefs, national origin, disability, sexual orientation, or any other characteristic protected by law.

The unauthorized use, installation, copying, or distribution of copyrighted, trademarked, or patented material on the Internet is expressly prohibited. As a general rule, if an employee did not create material, does not own the rights to it, or has not gotten authorization for its use, it should not be put on the Internet. Employees are also responsible for ensuring that the person sending any material over the Internet has the appropriate distribution rights. Any questions regarding the use of such information should be brought to the attention of management for review.

Internet users should take the necessary anti-virus precautions before downloading or copying any file from the Internet. All downloaded files are to be checked for viruses; all compressed files are to be checked before and after decompression.

Abuse of the Internet access provided by Fremont Properties in violation of the law or Fremont Properties policies will result in disciplinary action, up to and including termination of employment. Employees may also be held personally liable for any violations of this policy. The following behaviors are examples of previously stated or additional actions and activities that are prohibited and can result in disciplinary action:

* Sending or posting discriminatory, harassing, or threatening messages or images
* Using the organization’s time and resources for personal gain
* Stealing, using, or disclosing someone else’s code or password without authorization
* Copying, pirating, or downloading software and electronic files without permission
* Sending or posting confidential material, trade secrets, or proprietary information outside of the organization
* Violating copyright law
* Failing to observe licensing agreements
* Engaging in unauthorized transactions that may incur a cost to the organization or initiate unwanted Internet services and transmissions
* Sending or posting messages or material that could damage the organization’s image or reputation
* Participating in the viewing or exchange of pornography or obscene materials
* Sending or posting messages that defame or slander other individuals
* Attempting to break into the computer system of another organization or person
* Refusing to cooperate with a security investigation
* Sending or posting chain letters, solicitations, or advertisements not related to business purposes or activities
* Using the Internet for political causes or activities, religious activities, or any sort of gambling
* Jeopardizing the security of the organization’s electronic communications systems
* Sending or posting messages that disparage another organization’s products or services
* Passing off personal views as representing those of the organization
* Sending anonymous e-mail messages
* Engaging in any other illegal activities

# Workplace Violence Prevention

Fremont Properties is committed to preventing workplace violence and to maintaining a safe work environment. Given the increasing violence in society in general, Fremont Properties has adopted the following guidelines to deal with intimidation, harassment, or other threats of (or actual) violence that may occur during business hours or on its premises.

All employees, including supervisors and temporary employees, should be treated with courtesy and respect at all times. Employees are expected to refrain from fighting, “horseplay,” or other conduct that may be dangerous to others. Firearms, weapons, and other dangerous or hazardous devices or substances are prohibited from the premises of Fremont Properties without proper authorization.

Conduct that threatens, intimidates, or coerces another employee, a customer, or a member of the public at any time, including off-duty periods, will not be tolerated. This prohibition includes all acts of harassment, including harassment that is based on an

individual’s sex, race, age, or any characteristic protected by federal, state, or local law.

All threats of (or actual) violence, both direct and indirect, should be reported as soon as possible to your immediate supervisor or any other member of management. This includes threats by employees, as well as threats by customers, vendors, solicitors, or other members of the public. When reporting a threat of violence, you should be as specific and detailed as possible.

All suspicious individuals or activities should also be reported as soon as possible to a supervisor. Do not place yourself in peril. If you see or hear a commotion or disturbance in your work place, do not try to intercede. Fremont Properties will promptly and thoroughly investigate all reports of threats of (or actual) violence and of suspicious individuals or activities. The identity of the individual making a report will be protected as much as is practical.

Anyone determined to be responsible for threats of (or actual) violence or other conduct that is in violation of these guidelines will be subject to prompt disciplinary action, up to and including termination of employment.

Fremont Properties encourages employees to bring their disputes or differences with other employees to the attention of their supervisors before the situation escalates into potential violence. Fremont Properties is eager to assist in the resolution of employee disputes and will not discipline employees for raising such concerns.

# EMPLOYEE CONDUCT

**Work Rules & Behavior**

To ensure orderly operations and provide the best possible work environment, Fremont Properties expects employees to follow rules of conduct that will protect the interests and safety of all employees and the organization.

It is not possible to list all the forms of behavior that are considered unacceptable in the workplace. The following are examples of infractions of rules of conduct that may result in disciplinary action, up to and including termination of employment:

* Theft or inappropriate removal or possession of property
* Falsification of timekeeping records
* Working under the influence of alcohol or illegal drugs
* Possession, distribution, sale, transfer, or use of alcohol or illegal drugs in the workplace, while on duty or while operating employer-owned vehicles or equipment
* Fighting or threatening violence in the workplace
* Boisterous or disruptive activity in the workplace
* Negligence or improper conduct leading to damage of employer-owned or customer-owned property
* Insubordination or other disrespectful conduct
* Violation of safety or health rules
* Smoking in the workplace
* Sexual or other unlawful or unwelcome harassment
* Possession of dangerous or unauthorized materials, such as explosives or firearms, in the workplace
* Excessive absenteeism or any absence without notice
* Unauthorized disclosure of business “secrets” or confidential information
* Violation of personnel policies
* Unsatisfactory performance or conduct

Nothing in this policy is intended to change the company’s at-will employment policy. Employment with Fremont Properties is at the mutual consent of Fremont Properties and the employee, and either party may terminate that relationship at any time, with or without cause, and with or without advance notice.

# Drug and Alcohol Use

It is Fremont Properties desire to provide a drug-free, healthful, and safe workplace. To promote this goal, employees are required to report to work in appropriate mental and physical condition to perform their jobs in a satisfactory manner. All employees are subject to random drug testing. If notified by your supervisor of a random drug test, you will be immediately directed to a drug testing facility. Failure to comply may result in disciplinary up to and including immediate termination of employment. Employees will be paid at their regular rate for time away from their job in order to complete the required drug testing. Also, drug testing will occur following any job related injury.

While on Fremont Properties premises and/or associated properties or while conducting business-related activities, no employee may use, possess, distribute, sell, or be under the influence of alcohol or illegal drugs. The legal use of prescribed drugs is permitted on the job only if it does not impair an employee’s ability to perform the essential functions of the job effectively and in a safe manner that does not endanger other individuals in the workplace.

Violations of this policy may lead to disciplinary action, up to and including immediate termination of employment, and/or required participation in a substance abuse rehabilitation or treatment program. Such violations may also have legal consequences.

Employees with questions or concerns about substance dependency or abuse are encouraged to discuss these matters with Lifecare Employee Assistance Program that is provided separately, and with employee’s doctor, insurance company and health professionals.

Employees with problems with alcohol and certain drugs that have not resulted in, and are not the immediate subject of, disciplinary action may request approval to take unpaid time off to participate in a rehabilitation or treatment program through Fremont Properties health insurance benefit coverage, if the employee qualifies for the Fremont Properties health insurance benefit coverage. Leave may be granted if the employee agrees to abstain from use of the problem substance and abides by all Fremont Properties policies, rules, and prohibitions relating to conduct in the workplace; and if granting the leave will not cause Fremont Properties any undue hardship.

Employees with questions on this policy or issues related to drug or alcohol use in the workplace should raise their concerns with their Manager or the Main Office without fear of reprisal.

# Sexual and Other Unlawful Harassment

Fremont Properties is committed to providing a work environment that is free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, including sexual harassment. Actions, words, jokes, or comments based on an individual’s sex, race, color, national origin, age, religion, disability, sexual orientation, or any other legally protected characteristic will not be tolerated.

Sexual harassment is defined as unwanted sexual advances, or visual, verbal, or physical conduct of a sexual nature. This definition includes many forms of offensive behavior and includes gender-based harassment of a person of the same sex as the harasser. The following is a partial list of sexual harassment examples:

* Unwanted sexual advances
* Offering employment benefits in exchange for sexual favors
* Making or threatening reprisals after a negative response to sexual advances
* Visual conduct that includes leering, making sexual gestures, or displaying of sexually suggestive objects or pictures, cartoons, or posters
* Verbal conduct that includes making or using derogatory comments, epithets, slurs, or jokes
* Verbal sexual advances or propositions
* Verbal abuse of a sexual nature, graphic verbal commentaries about an individual’s body, sexually degrading words used to describe an individual, or suggestive or obscene letters, notes, or invitations
* Physical conduct that includes touching, assaulting, or impeding or blocking movements

Unwelcome sexual advances (either verbal or physical), requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when:

1. submission to such conduct is made either explicitly or implicitly a term or condition of employment; (2) submission to or rejection of the conduct is used as a basis for making employment decisions; or (3) the conduct has the purpose or effect of interfering with work performance or creating an intimidating, hostile, or offensive work environment.

If you experience or witness sexual or other unlawful harassment in the workplace, report it immediately to your supervisor. If the supervisor is unavailable or you believe it would be inappropriate to contact that person, you should immediately contact management at the Main Office. You can raise concerns and make reports without fear of reprisal or retaliation.

All allegations of sexual harassment will be quickly and discreetly investigated. To the extent possible, your confidentiality and that of any witnesses and the alleged harasser will be protected against unnecessary disclosure. When the investigation is completed, you will be informed of the outcome of the investigation.

Any supervisor or manager who becomes aware of possible sexual or other unlawful harassment must immediately advise management at the Main Office or the President of the company so it can be investigated in a timely and confidential manner. Anyone engaging in sexual or other unlawful behavior will be subject to disciplinary action, up to and including termination of employment.

# Attendance and Punctuality

To maintain a safe and productive work environment, Fremont Properties expects employees to be reliable and to be punctual in reporting for scheduled work. Absenteeism and tardiness place a burden on other employees and on Fremont Properties. In the rare instances when employees cannot avoid being late to work or are unable to work as scheduled, they should notify their supervisor or management at the Main Office as soon as possible in advance of the anticipated tardiness or absence.

Poor attendance and excessive tardiness are disruptive. Either may lead to disciplinary action, up to and including termination of employment.

# Training

Fremont Properties employees are required to attend periodic training sessions which may include on or offsite meetings, seminars or classes. Most, but not all training is mandatory and notice of the training events will include a reference to whether the class is mandatory or voluntary. For mandatory training events, Fremont Properties will pay all fees for attendance and transportation costs for employee attendance. Fees and transportation costs for voluntary classes or training specifically requested by an employee will be considered on a case by case basis and subject to pre-approval of the Property Manager.

# Personal Appearance

Dress, grooming, and personal cleanliness standards contribute to the morale of all employees and affect the business image that Fremont Properties presents to the community.

During business hours or when representing Fremont Properties, you are expected to present a clean, neat, and tasteful appearance. You should dress and groom yourself according to the requirements of your position and accepted social standards.

Your supervisor or department head is responsible for establishing a reasonable dress code appropriate to the job you perform. If your supervisor feels that your personal appearance is inappropriate, you may be asked to leave the workplace until you are properly dressed or groomed. Under such circumstances, you will not be compensated for the time away from work. Consult your supervisor if you have questions as to what constitutes appropriate appearance. Where necessary reasonable accommodation may be made to a person with a disability.

Some positions, but not all, will require the employee to wear a company uniform. The Property Manager will designate those positions which require a uniform and designate the specific manor in which the uniform is to be worn. In general, and unless otherwise informed by the Property Manager, employees required to wear a uniform must be in uniform at all times while on duty. The employee is responsible to clean and press their uniform on a regular basis and uniforms are expected to be in good condition. If your supervisor feels the condition of your uniform is not appropriate and/or the manner in which you are wearing the uniform is not appropriate, you may be asked to leave the workplace until you are properly dressed or groomed. Under such circumstances, you will not be compensated for the time away from work. Consult your supervisor if you have questions as to what constitutes appropriate appearance. Where necessary, reasonable accommodation may be made to a person with a disability.

# Return of Property

Employees are responsible for all Fremont Properties property, materials, or written information issued to them or in their possession or control. Employees must return all Fremont Properties property immediately upon request or upon termination of employment. Where permitted by applicable laws, Fremont Properties may withhold from the employee’s check or final paycheck the cost of any items that are not returned when required. Fremont Properties may also take all action deemed appropriate to recover or protect its property.

# Solicitation

In an effort to ensure a productive and harmonious work environment, persons not employed by Fremont Properties may not solicit or distribute literature in the workplace at any time for any purpose.

Fremont Properties recognizes that employees may have interests in events and organizations outside the workplace. However, employees may not solicit or distribute literature concerning these activities during working time. (Working time does not include lunch periods, work breaks, or any other periods in which employees are not on duty.)

Examples of impermissible forms of solicitation include:

* + The collection of money, goods, or gifts for community groups
	+ The collection of money, goods, or gifts for religious groups
	+ The collection of money, goods, or gifts for political groups
	+ The collection of money, goods, or gifts for charitable groups
	+ The sale of goods, services, or subscriptions outside the scope of official organization business
	+ The circulation of petitions
	+ The distribution of literature in working areas at any time
	+ The solicitation of memberships, fees, or dues

In addition, the posting of written solicitations on company bulletin boards and solicitations by e-mail are restricted. Company bulletin boards display important information; employees should consult them frequently for:

* + Affirmative Action statement
	+ Employee announcements
	+ Workers’ compensation insurance information
	+ State disability insurance/unemployment insurance information

If employees have a message of interest to the workplace, they may submit it to the Property Manager for approval. All approved messages will be posted by the Property Manager.

# DRUG TESTING & SCREENING

**Pre Employment Drug Testing**

All applicants for employment with Fremont Properties will be subject to pre-

employment drug testing. Applicant’s testing positive for illegal drugs use will be denied employment with Fremont Properties.

# Random Drug Testing

All employees are subject to random drug testing. If notified by your supervisor of a random drug test, you will be immediately directed to a drug testing facility. Failure to comply may result in disciplinary action up to and including immediate termination of employment. Employees will be paid at their regular rate for time away from their job in order to complete the required drug testing.

# Post Injury Testing

Drug testing may be required following any job related injury.

# Security Inspections

Fremont Properties wishes to maintain a work environment that is free of illegal drugs, alcohol, firearms, explosives, or other improper materials. To this end, Fremont Properties prohibits the possession, transfer, sale, or use of such materials on its premises. Fremont Properties requires the cooperation of all employees in administering this policy.

Desks, lockers, and other storage devices may be provided for the convenience of employees, but remain the sole property of Fremont Properties. Accordingly, they, as well as any articles found within them, can be inspected by any agent or representative of Fremont Properties at any time, either with or without prior notice.

# DISCIPLINE

**Progressive Discipline**

The purpose of this policy is to state Fremont Properties position on administering equitable and consistent discipline for unsatisfactory conduct in the workplace. The best disciplinary measure is the one that does not have to be enforced and comes from good leadership and fair supervision at all employment levels.

Fremont Properties own best interest lies in ensuring fair treatment of all employees and in making certain that disciplinary actions are prompt, uniform, and impartial. The major purpose of any disciplinary action is to correct the problem, prevent recurrence, and prepare the employee for satisfactory service in the future.

Although employment with Fremont Properties is based on mutual consent and both the employee and Fremont Properties have the right to terminate employment at will, with or without cause or advance notice, Fremont Properties may use progressive discipline at its discretion.

Disciplinary action may call for any of three steps—verbal warning, written warning, or termination of employment—depending on the severity of the problem and the number of occurrences.

Progressive discipline means that, with respect to many disciplinary problems, these three steps will normally be followed. However, there may be circumstances when one or more steps are bypassed.

Fremont Properties recognizes that there are certain types of employee problems that are serious enough to justify termination of employment, without going through the usual progressive discipline steps.

While it is impossible to list every type of behavior that may be deemed a serious offense, the Employee Conduct and Work Rules policy includes examples of problems that may result in immediate suspension or termination of employment. However, the problems listed are not all necessarily serious offenses, but may be examples of unsatisfactory conduct that will trigger progressive discipline.

By using progressive discipline, we hope that most employee problems can be corrected at an early stage, benefiting both the employee and Fremont Properties.

# EMPLOYMENT RESIGNATION/TERMINATION

**Resignation**

Resignation is a voluntary act initiated by the employee to terminate employment with Fremont Properties. Although advance notice is not required, Fremont Properties requests

at least two weeks’ written notice of resignation from nonexempt employees and two weeks’ written notice of resignation from exempt employees.

Prior to an employee’s departure, an exit interview will be scheduled to discuss the reasons for resignation and the effect of the resignation on benefits.

# Employment Termination

Termination of employment is an inevitable part of personnel activity within any organization and many of the reasons for termination are routine. Below are examples of some of the most common circumstances under which employment is terminated:

* resignation—voluntary employment termination initiated by an employee.
* discharge—involuntary employment termination initiated by the organization.
* layoff—involuntary employment termination initiated by the organization because of an organizational change.
* retirement—voluntary employment termination initiated by the employee meeting age, length of service, and any other criteria for retirement from the organization.

Nothing in this policy is intended to change the company’s at-will employment policy. Since employment with Fremont Properties is based on mutual consent, both the employee and Fremont Properties have the right to terminate employment at will, with or without cause, at any time. Employees will receive their final pay in accordance with applicable state law.

Employee benefits will be affected by employment termination in the following manner. All accrued, vested benefits that are due and payable at termination will be paid. Some benefits may be continued at the employee’s expense if the employee so chooses. The employee will be notified in writing of the benefits that may be continued and of the terms, conditions, and limitations of such continuance. See the “Benefits Continuation (COBRA)” policy section 3-13.

# Benefits Continuation (COBRA)

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) gives employees and their qualified beneficiaries the opportunity to continue health insurance coverage under Fremont Properties health plan when a “qualifying event” would normally result in the loss of eligibility. Some common qualifying events are resignation, termination of employment, or death of an employee; a reduction in an employee’s hours or a leave of absence; an employee’s divorce or legal separation; and a dependent child no longer meeting eligibility requirements.

Under COBRA, the employee or beneficiary pays the full cost of coverage at Fremont Properties group rates plus an administration fee. Fremont Properties provides each eligible employee with a written notice describing rights granted under COBRA when the employee becomes eligible for coverage under Fremont Properties health insurance plan. The notice contains important information about the employee’s rights and obligations.

Contact the Main Office for more information about COBRA.