

# OFFICE POLICY MANUAL

## FOR

### Home Treasure Finders Inc and/or HMTF Realty Inc.

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Updated as of October 24, 2014

#### COMPANY PHILOSOPHY

Management has spent a good deal of time and thought preparing our new policies and procedures manual. DORA has made it clear we real estate professionals will be more closely scrutinized in the future. The implementation of the broker self audit makes it necessary to take a close look at how we conduct business. We expect 100% compliance with the regulations so management can submit spotless self audits to the board. Special emphasis will be made auditing files to insure all necessary forms (listing and sales agreement, property disclosures, agency disclosures, earnest money check deposit records, any addendums, amendments, releases, etc.) are complete. To ensure this commission checks will not be issued until our contract check list is complete. We welcome questions, suggestions and additions to this document. The intent of this document is not to make your business more difficult, but to avoid the major problems associated with being found to be non compliant with DORA regulations. We expect this document will be modified over time as regulations change and we have more experience with the new regulations.

#### SECTION ONE INTRODUCTION

1. Overview. The purpose of this Office Policy Manual (the “Manual”) is to establish a written resource that governs the conduct between Home Treasure Finders Inc. and/or HMTF Realty Inc. (sometimes referred to as the “Company”) and our real estate professionals (Employing Brokers, Broker Associate, personal assistants and office staff). As used in this Manual, “you” or “your” refers to each real estate professional associated with the Company. Some Sections of this Manual relate solely to Broker Associate and Employing Brokers, but personal assistants and office staff should be familiar generally with these Sections.

This Manual also provides detailed procedures for real estate related activities. At all times, Home Treasure Finders Inc. and/or HMTF Realty Inc. and all of its professionals shall abide by all federal, state and local laws and regulations, as well as the Code of Ethics and Standards of Practice of the National Association of REALTORS® and the Bylaws, Rules and Regulations of the Boulder Area Realtors Association (BARA), or Denver Metro Association of Realtors (DMAR) and any other REALTOR® Association in which you participate (collectively the “Governing Rules”). If any policy in this Manual is in contradiction to, or in violation of, any law or regulation, such law or regulation shall prevail. Please advise the Company’s principal broker or your supervising broker of any such contradiction or violation. Please note, any person employed by the Company as an employee shall be exempt from any provisions relating to independent contractor status.

2. No Creation of Employment Contract. Though all of our professionals must follow the policies in this Manual, doing so is not a guarantee of continued service, nor is this an employment contract. Broker Associate and Employing Brokers may be associated with the Company as independent contractors (see Section Nine of this Manual).

3. Right to Amend. Home Treasure Finders Inc and/or HMTF Realty Inc. reserves the right to amend this Manual as necessary. Changes will be circulated to all of our real estate professionals and/or posted on website [www.HMTFrealty.com](http://www.HMTFrealty.com) click the button “resources” then the pull down “agents”.

4. State Licensure. The Company is licensed by the Colorado Real Estate Commission (“CREC”). All Employing Brokers and Broker Associate (including licensed personal assistants) associated with the Company shall maintain a valid Real Estate license in good standing and on active status. You must maintain at the Company’s office a valid and current DORA license. You must also obtain continuing education courses and credits so as to renew your license in a timely manner. If your license expires, you may not engage in any activities on behalf of the Company for which a real estate license is required. The Company may designate another Broker Associate or broker to handle your prospects, listings and transactions during any time your license lapses, and allocate reasonable compensation to that Broker Associate or broker who performed the work. If you desire to have a concurrent license with another real estate firm, you must first obtain the written consent of the principal broker of the Company before acquiring any concurrent license.

5. Business Entities and “Teams”. If any Broker Associate or broker desires to operate as a corporation or a limited liability company or utilize a “team” approach, then before commencing activities under the entity or team, such person(s) must first obtain the written consent of the principal broker of the Company. With respect to business entities, if written consent is obtained, then such person(s) must register the entity with DORA to act under such entity. The Company shall have no liability for tax consequences associated with disbursing commission and fees to the entity.

6. Changes in Name, Address, Telephone Number and E-mail Address. All changes in your name, address, telephone number or e-mail address shall be reported immediately to your

supervising broker and BARA/DMAR and or the boards you are affiliated with. You must also report any of the above changes to DORA within thirty (30) days.

7. Termination. If any Broker Associate or broker's status with the Company is terminated for any reason, DORA requires the principal broker to return such person's license by certified mail to DORA so that it is received within ten (10) calendar days of the date of termination or status change. The principal broker must indicate on the license the date of termination, sign it, and then return it to DORA.

## **SECTION TWO AGENCY AND NON-AGENCY RELATIONSHIPS**

1. Agency/Non-Agency Disclosure Requirements. You must disclose in writing to a Customer the type of brokerage relationship (e.g. agency vs. non-agency relationship) you are providing (see Section Three regarding Brokerage Agreements). Unless you adhere to the statutory requirements limiting your obligations, such as a limited service agent or an independent contractor, you will be deemed a standard agent while representing your Customer. You must also provide a statutory disclosure form entitled "Disclosure of Brokerage Relationship to Unrepresented Party (ies)" to any unrepresented party in a transaction.

2. Standard and Limited Service Agency. The Company generally recognizes two forms of agency: (i) standard agency (representing a seller/landlord exclusively or representing a purchaser/tenant exclusively); and (ii) limited service agents. Under standard agency, if the Company is the listing firm, we represent the seller/landlord only, and if the Company is acting through a purchaser/tenant's agency, we represent only the purchaser/tenant. An agent may act as a limited service agent. In such instances, the brokerage agreement must (i) disclose that the agent and broker are acting as a limited service agents; (ii) provide a list of the specific services that the agent and broker will provide to the Customer; and (iii) provide a list of the specific duties of a standard agent as applicable, that the agent and broker will not provide to the Customer. Such disclosure must be either in bold lettering or all capitals, and shall be underlined or in a separate box. In addition, a disclosure that contains language that complies substantially in effect with the following shall be deemed in compliance with this disclosure requirement:

"By entering into this brokerage agreement, the undersigned do hereby acknowledge their informed consent to the limited service representation by the licensee and do further acknowledge that neither the other party to the transaction nor any real estate licensee representing the other party is under any legal obligation to assist the undersigned with the performance of any duties and responsibilities of the undersigned not performed by the limited service agent."

3. Dual and Designated Agency. The Company does offer dual and designated agency to Customers. If you desire to represent both the seller and purchaser (or the landlord and tenant), a dual agency is created. If you have listed a property for sale or lease and another Broker Associate from the Company brings an offer from a purchaser or tenant, a dual agency will be created. A designated relationship is a dual agency whereby the broker designates one agent/broker to represent the seller/landlord and one agent/broker to represent the

purchaser/tenant. BOTH THE SELLER AND PURCHASER (OR LANDLORD AND TENANT) MUST CONSENT IN WRITING to any dual or designated agency PRIOR to entering into such relationship by executing the applicable disclosure dual or designated agency form. Customer confidentiality must continue to be maintained in any dual or designated relationship. If you are not sure how to comply, your employing broker will answer your questions, contact him.

4. Non-Agency and Open Agency Relationships. The Company does offer Non-agency, or Open Agency (i.e. independent contractor) relationships with Customers. The brokerage agreement must specifically state that you are acting as an independent contractor and not as an agent, and must set out the obligations and duties agreed to by the Customer and you.

5. Statutory Duties. When you represent a Customer in a transaction, you must perform in accordance with the terms of the brokerage relationship and carry out all of the applicable responsibilities, such as exercising reasonable care, maintaining confidentiality, disclosing material facts to the Customer regarding the property and/or the transaction, and treating all parties honestly. Note, not all statutory duties are applicable in non-agency relationships. Thus, whether or not our Company offers non-agency relationships with Customers, you must be mindful of the differences between agency and non-agency relationships because you are likely to encounter both types of relationships when dealing with other real estate licensees.

6. Confidentiality. All records of the Company, as well as conversations between Broker Associate, Employing Brokers and parties to the transaction, are considered confidential. No information obtained while working for this Company shall be used to the detriment of the principal broker. All documents containing a party's confidential information shall be kept secured to guard against any unauthorized sharing of this information. Access to this information shall be limited to the Broker Associate and Employing Brokers (and such necessary assistants supervised by the Broker Associate and Employing Brokers) working with the party.

7. Buying from or Selling to a Customer. Under no circumstance shall you enter into any real estate sales contract to buy from or sell to a Customer without first having obtained the written consent of the principal broker. The principal broker may impose certain conditions to approve such transaction.

8. Buying, Selling or Leasing Any Real Property. If any real estate licensee buys, sells or leases any real property, such licensee must disclose that they are a Colorado licensed Broker Associate or broker (as applicable) in the purchase or lease agreement. Any commission or fees due to the Company for the transaction shall be governed by Section Nine, Paragraph 8.

### **SECTION THREE BROKERAGE RELATIONSHIPS**

1. Written Brokerage Agreements. Each brokerage relationship of the Company must be in writing and signed by such person(s) authorized by the Company (agents) or the principal broker. Each signed brokerage agreement must be submitted for review and approval by a

supervising broker on behalf of the Company within five (5) days of execution. All brokerage agreements will be deemed approved after being reviewed by the supervising broker unless an objection is communicated to the Broker Associate/broker submitting the brokerage agreement by the supervising broker. If the Company is representing the seller, a residential listing agreement shall be executed by the seller(s) and an authorized person with the Company. If the Company is representing the purchaser, then a buyer's representation agreement shall be executed by the purchaser(s) and an authorized person with the Company. Any amendments to a brokerage agreement shall be in writing and executed by the Customer and an authorized person with the Company.

2. Electronic Signatures. The Company policy allows agents to use electronic signature services. We expect to offer this service to all agents in the near future..

3. Release of Listing/Withdrawal from Market. The principal broker or your supervising broker must approve and sign any release or withdrawal from the market form on behalf of the Company. A copy of the executed release or withdrawal form shall be kept in Customer's file.

#### **SECTION FOUR CONTRACTS, LEASES, DISCLOSURES AND DEPOSITS**

1. Drafting and Negotiating Contracts or Leases. The Company strongly recommends use of the CAAR/GAAR Residential Purchase Agreement for residential transactions and other forms published by CAAR/GAAR and/or the Colorado Association of REALTORS® unless a principal to the transaction dictates otherwise. Be sure to use up-to-date forms (discard any outdated forms). When preparing an offer to purchase or lease, or completing an addendum or counter-offer, be sure to (i) complete all blanks or place "n/a" if not applicable, (ii) review any written sentences or paragraphs to see if they can be clearly understood by someone who is not familiar with the discussions you may have had with your Customer, (iii) review the document in light of all prior offer terms, addenda and/or counter-offers to ensure that there are no ambiguities or conflicts between the various terms, and (iv) review the document to be sure it reflects your Customer's desires. A Customer should only sign the document after you have finished a complete review. If a Customer desires to execute a listing agreement, purchase agreement, addendum or other contract forms utilizing an electronic signature service, the Company policy permits this. All purchase agreements shall be submitted via email to your supervising broker for review and comment. **A real estate licensee should never sign or initial documents on the behalf of the purchaser and/or seller, even when you have been so instructed to by either party.**

2. MLS Listing Superseded. An executed purchase agreement supersedes the listing information set forth in the MLS. If there is an item or provision in the MLS listing that is material to the transaction, it must be included in the purchase agreement. If any fixture is not included, specify that exclusion on the purchase agreement. All personal property included in the sale must be clearly defined in the purchase agreement or in a separate personal property bill of sale.

3. Residential Property Disclosure. Unless exempted under Colorado law, a seller represented by the Company must complete a Seller's Property Disclosure (SPD) form. **The seller must complete it—not the Broker Associate or broker.** Review the form with the seller to make sure that seller understands their obligation of disclosure of building and zoning code violations identified by written notice to the seller by the local governing authority. The completed SPD must be given to the selling broker/Broker Associate for presentation to the purchasers at or prior to the time of offer. The purchasers must sign and date the Disclosure and you must retain a copy of the fully executed Disclosure.

4. Disclosure of Material Adverse Facts; Defective Drywall. Under Colorado law, a real estate licensee must disclose to prospective purchasers any material adverse facts pertaining to the physical property (including defective drywall) about which the licensee has actual knowledge.

5. Lead Based Paint Disclosure. The U.S. Department of HUD requires that every seller or landlord of residential property built prior to 1978 disclose to the potential purchaser/tenant the possibility for, or the existence of, lead based paint on the property. If the property being listed was built prior to 1978, you must have the Lead Based Paint Disclosure form (available at CVRMLS) completed as instructed, including all initials and signatures as indicated, and then circulated to the parties. The Company must retain an executed copy of the Disclosure for the Customer file.

6. Contract/Lease Deposits. The amount and type of earnest money or security deposit must be clearly identified in the purchase agreement or lease agreement and shall be payable to a licensed real estate brokerage firm, unless otherwise directed by the Customer in the purchase agreement or lease. If our Company is acting as selling broker and/or escrow Broker Associate, you must receive the deposit at the time the purchase agreement or lease agreement is executed, unless a different time period is set forth in such document. The purpose of the deposit is to bind the purchaser or tenant to the purchase or lease agreement. All deposit checks to be held in our escrow account shall be made payable to "Home Treasure Finders Inc. and/or HMTF Realty Inc." It is not recommended that Employing Brokers or Broker Associate accept cash for a deposit. New regulations require the reporting of any deposit or earnest money not deposited within 5 banking days of receipt.

If the deposit is being held by our Company, the deposit must be delivered no later than 2 business days after contract or lease ratification to your office administrator for proper deposit to the Company's escrow account. In the event of an unforeseen delay, please note that DORA regulations require that the deposit be deposited within five (5) banking days of contract or lease ratification, unless otherwise agreed to in writing by all parties to the transaction. The deposit shall remain in that account until the transaction has been consummated or terminated. A post-dated check is not acceptable unless specifically authorized in the purchase agreement or lease and approved by your supervising broker. All deposits must be handled in accordance with the terms of the purchase agreement or lease agreement and according to DORA Regulations. Improper trust fund handling may lead to civil, criminal and DORA action against you and the

Company. Remember, you are handling someone else's money. IT IS ILLEGAL AND UNPERMISSIBLE TO RECEIVE FUNDS IN YOUR PERSONAL NAME.

In the event the transaction is not consummated (and in compliance with DORA Regulations), the broker associate, or employing broker shall hold such funds in escrow until (i) all principals to the transaction have agreed in writing as to their disposition, or (ii) a court of competent jurisdiction orders such disbursement of the funds, or (iii) the broker can pay the funds to the principal to the transaction who is entitled to receive them in accordance with the clear and explicit terms of the contract which established the deposit. If option (iii) is utilized, the Company is required to continue to hold the Deposit per DORA Regulations, and the principal broker or supervising broker must send the "thirty day letter" to the party who is not receiving the deposit indicating that the deposit will be disbursed at the end of the thirty day period to the party entitled to receive it according to the clear and explicit terms of the purchase agreement unless an objection is received. If an objection is received, the Deposit must remain in escrow until resolution is obtained per subparagraphs (i), (ii) or (iii) above.

7. Contract or Lease Contingencies or Deadline. You must notate a Customer's file and/or transactional documents to highlight any contingencies or deadlines contained in the documents so as to advise your Customer as to any required actions or contingencies that need to be completed or to alert you to any important dates so that you can avoid missing a deadline or response time. Use of a calendaring or "tickler" system to input important dates is highly recommended to keep track of dates or deadlines required by the transaction.

8. Addenda/Enclosures. You must attach any necessary addendum to the purchase agreement or lease, such as a lead-based paint disclosure for residences constructed prior to January 1, 1978, and/or include any required disclosures, such as the residential property disclosure for any resale of a single family home. Other addendums may be applicable to a specific transaction. Be sure to discuss any questions with your supervising broker if you are not sure which, if any, addendums may be necessary or appropriate for a transaction.

9. Presenting Offers. A real estate licensee must timely present all offers and counteroffers to their Customer, unless your Customer has given you written instructions to the contrary. It is customary that the purchase agreement or lease agreement be accompanied by an earnest money deposit or security deposit. Verbal offers have no validity and are unenforceable in real estate transactions. Regardless, if an oral offer is made, you must present it to all principals to the transaction and explain that the offer is not binding until it is in writing. Upon receiving an offer or counteroffer, review it thoroughly for completeness, accuracy and clarity. Pay close attention to time limits especially the time within which your Customer must respond. As with all contracts, you must obtain all parties' signatures. If a party signs on behalf of another, you must have a written power of attorney of that person's authority to sign on behalf of another person. If you must present an offer or counteroffer that is missing a signature, you must disclose this fact to the other party and/or his or her broker/Broker Associate. Any document missing a signature is not binding, so you must diligently pursue obtaining the missing signature.

10. Listings, Ratified Contracts or Leases. All files for listings, ratified contracts or leases must have the following information for the purchaser/tenant and seller/landlord: a copy of these documents shall be delivered to the office within 48 hours of ratification.

- A. Present address;
- B. Telephone numbers;
- C. E-mail address (if applicable); and
- D. Other personal information pertinent to the transaction.

11. Release of Earnest Money. If possible, an earnest money release should be used when a purchase agreement is terminated unless the party has received legal advice not to execute a release. The employing broker must approve and sign any release on behalf of the Company. If executed by all parties, a copy of the release shall be kept in Customer's file. The release is to be executed by the purchaser, seller, and Employing Brokers. If Home Treasure Finders Inc. and/or HMTF Realty Inc. is holding the deposit, the employing broker will sign last to ensure that all required signatures and terms are accurate; provided however, that if another broker refuses to sign the release, funds will be disbursed to the appropriate party to the transaction after the sellers and purchasers have executed the release. Note, the deposit will not be refunded or disbursed until it has been verified that the deposit check has cleared the purchaser's bank.

12. Rejected/Countered Offers. If an offer/counteroffer is countered or rejected by the seller/landlord and no counteroffer is being made, check the countered or rejected "box" on the corresponding page of the offer/counter offer and have the rejecting party initial and date the notation. The offer/counteroffer should be maintained in the Customer's file.

## **SECTION FIVE MAINTAINING FILES**

1. Customer File Retention. Your files are a record of every event relative to your dealings with your Customer on a listing, sale or lease transaction. You must retain copies of all listings, contracts, deposit receipts, cancelled checks, trust records, settlement statements (for closed transactions) and other documents executed by you or obtained by you in connection with a real estate transaction, whether or not the sale or lease is consummated. You must maintain a neat and orderly file on every listing, sale and lease on which you work. All files are the property of the Company. Agents will remit to office administrator complete copies of contracts, addendums and all pertinent material so that they may be maintained at the office. All files will be held in storage a minimum of four (4) years in accordance with DORA Regulations after which time they may be destroyed. A copy of all documents subsequently created during a transaction shall be delivered to the office file within 48 hours of their creation.

2. Office Records. In addition to maintaining a record of each Customer file, our Company and each real estate professional and office staff within our Company must maintain the following records, if applicable to a transaction, at the Company's office:

- A. All pending sales contracts;
- B. All brokerage agreements;
- C. All property management agreements;
- D. All current leases;
- E. All owner statements;
- F. All tenant statements;
- G. All escrow account bank statements for the past three years;
- H. All escrow account check ledgers for the past three years;
- I. All escrow account deposit slips;
- J. All closed transaction files from the past three years;

All office records will be held in storage (or in an electronic storage format) for a minimum of four (4) years in accordance with DORA Regulations after which time they may be destroyed.

- 3. Electronic Storage. This service is being considered.

## **SECTION SIX FAIR HOUSING**

1. Colorado Fair Housing Laws. It is illegal to discriminate against any person because of age, race, creed, color, religion, sex, handicap, familial status, national origin and elderliness regarding the (i) advertising, sale or rental of housing or residential lots, (ii) financing of housing, (iii) providing of real estate brokerage services, or (iv) appraising of housing.

2. Subscribing to Fair Housing Compliance. Our Company is committed to equal opportunity, fair housing and complying with all applicable local, state and federal fair housing laws. To that end, our Company subscribes to this declaration of general fair housing principles:

- Provide equal professional service without regard to the race, color, religion, sex, handicap, familial status, or national origin of any prospective Customer, customer, or of the residents of any community.
- Keep informed about fair housing law and practices, improving your Customers' and customers' opportunities and your business.
- Develop advertising that indicates that everyone is welcome and no one is excluded; expanding your Customer's and customer's opportunities to see, buy, or lease property.
- Inform your Customers and customers about their rights and responsibilities under the fair housing laws by providing brochures and other information.
- Document efforts to provide professional service, which will assist you in becoming a more responsive and successful REALTOR<sup>®</sup>.

- Refuse to tolerate noncompliance.
  - Learn about those who are different from you, and celebrate those differences.
  - Take a positive approach to fair housing practices and aspire to follow the spirit as well as the letter of the law.
  - Develop and implement fair housing practices for our firm to carry out the spirit of this declaration.
3. Equal Opportunity Slogans and Logos. All Broker Associate and Employing Brokers are encouraged to use the Equal Opportunity slogan or logo in all advertising for real estate services.
4. Prohibited Advertising Language. Be aware that the selective use of words, phrases, symbols, visual aids and media in the advertising of real estate may indicate preferences held by the advertiser and lead to allegations of discriminatory housing practices. Words in a real estate advertisement which indicate a particular race, color, sex, handicap, familial status, national origin or elderliness are considered likely violations of the Colorado Fair Housing Act and may not be used in Company advertisements. Advertising copy used by every member of our Company must describe the property, NOT THE DESIRED BUYER OR TENANT.
5. Resources. The National Association of REALTORS®, your local REALTOR® Association and HUD provide extensive resources and up-to-date educational information on fair housing requirements. Our Company requires all persons associated with the Company to be informed and stay informed about fair housing laws and compliance.
6. Discrimination Accusations. Any accusation of discrimination will be immediately investigated by the Company. If the investigation confirms a violation of discrimination by a Broker Associate or broker, such person's actions will be reported to BARA/DMAR for further investigation and disciplinary action. Your association with the Company may be suspended and/or terminated at the discretion of the Company.

## **SECTION SEVEN**

### **RESPA**

1. Prohibition Against Kickbacks and Unearned Fees. Each member of our Company is required to comply with the Real Estate Settlement Procedures Act (RESPA) at all times. In summary, paying or receiving a fee or a "thing of value" for the referral of business related to a mortgage loan settlement without rendering a service is illegal under RESPA. RESPA also prohibits the splitting of any settlement charge except for paying for actual services rendered. If no or nominal services are performed or if duplicative fees are charged, an unearned fee exists and payment of this fee violates RESPA.
2. Agreement for Referral. An agreement or understanding that a thing of value will be given in exchange for a settlement service referral need not be written or even verbalized. This

agreement can be established by a practice, pattern or course of conduct. RESPA generally forbids paying someone for the mere referral of business. Here are some referral fee points:

- Don't accept a referral fee or anything of value from a provider of settlement services (mortgage company, title company, lawyer, insurance company, etc.) other than pursuant to a referral agreement with another real estate broker, unless you have a marketing agreement approved by a RESPA experienced attorney AND YOUR EMPLOYING BROKER HAS APPROVED IT. The interpretations regarding RESPA are forever evolving. For instance, In June 2010, HUD issued an interpretive ruling stating that payment of a commission to a real estate firm, broker or Broker Associate pursuant to a Marketing Agreement with a home warranty company for the sale of home warranties to purchasers **violates** the “anti-kickback” provisions of RESPA.

- When someone performs a service, that party should be paid a fee that is reasonably related to the benefit received. He or she should not be given an excessive payment as a reward for steering business in the direction of a certain company or individual.

- Don't ask for or receive fees for referring business. There is a statutory exemption for broker-to-broker referrals and agreements between Employing Brokers and Broker Associate. Therefore, a real estate licensee should never ask to receive or accept fees for referring business unless he has an established written broker-to-broker or broker-to-Broker Associate fee arrangement.

3. What is Permitted. RESPA specifically permits payments for services actually rendered by attorneys, title companies, lenders, and real estate Employing Brokers and also for real estate Broker Associate pursuant to cooperative brokerage and referral arrangements or agreements. Some other actions have been permitted, but you are cautioned that RESPA interpretations can change at any time. The following activities are currently permitted:

- Allowing a title company to provide, during an open house, a modest food tray in connection with marketing information.

- Allowing you to jointly advertise with a mortgage broker if you pay a share of the costs in proportion with your prominence in the ad.

- Allowing a lender to pay you fair market value to rent a desk, copy machine and phone line in your office to pre-qualify applicants.

- Allowing a hazard insurance company to give you marketing materials such as notepads, pens and desk blotters which promote the hazard insurance company's name.

- Allowing a title company to pay for your dinner when business is discussed, provided that such dinners are not a regular occurrence.

For additional information about RESPA laws, visit: [www.realtor.org/RESPA](http://www.realtor.org/RESPA)

4. Payment of Commissions and Fees. All commissions and fees attributed to licensed real estate activities shall be payable to the Company and not to an individual Broker Associate or broker.

## **SECTION EIGHT ADVERTISING**

1. General Requirements. All advertising must be in compliance with the guidelines contained in Appendix A of this Manual and be approved by a supervising broker before placement or use. [All advertisements must conform to the Company's graphic standards regarding the style, color and uses of the name and logo. These standards are available from your supervising broker.] All online advertising that can be viewed or experienced as a separate unit (i.e., e-mail messages and web pages) must also contain the above disclosure described in Appendix A:

A. The web. If the Company or you own a webpage or control its content, the viewable page must include the disclosure or a link to the disclosure.

B. E-mail, newsgroups, discussion lists, bulletin boards. All such formats shall include the disclosure at the beginning or end of each message (correspondence in the ordinary course of business do not apply).

C. Instant messages. Disclosure is not necessary in this format if the Company or Broker Associate provided the disclosures via another format prior to providing, or offering to provide, licensed real estate services.

D. Chat/Internet-based dialogue. Disclosure is required prior to providing, or offering to provide, licensed real estate services during the chat session, or in text visible on the same webpage that contains the chat session if the licensee controls the website hosting the chat session.

E. Voice Over Net (VON). Disclosure is required prior to advertising or the disclosure text must be visible on the same webpage that contains the VON session.

F. Banner ads. A link to disclosure is required unless the banner ad contains the disclosure.

Additionally, all online listings advertised must be kept current and consistent as follows:

A. Online listing information must be consistent with the property description and actual status of the listing. You must update in a timely manner material changes to the listing status authorized by the seller or property description when you control the online site.

B. You must make timely written requests for updates reflecting material changes to the listing status or property descriptions when a third party online listing service controls the website displaying the listing information.

C. All listing information shall indicate in a readily visible manner the date that the listing information shown was last updated.

2. Advertising Costs. Unless you have an agreement with your supervising broker, all advertising costs, whether by print, broadcast, online, mail, signage or otherwise, shall be your sole responsibility and shall be timely paid so as not to cause any delinquency with any advertiser. If the Company allows you to charge the cost of advertisements to the Company, you agree to reimburse the Company the amount of the advertising when due. The costs of any cooperative advertising conducted between you and the Company and/or other Broker Associate or Employing Brokers shall be apportioned as agreed prior to the placement of the advertisements.

3. Legal and Ethical Considerations. You have both a legal and ethical obligation to be truthful when advertising property or services. All advertising must comply with all DORA and federal advertising requirements as well as the NAR Code of Ethics.

DORA(<http://cdn.colorado.gov/cs/Satellite/DORA-DRE/CBON/DORA/1251654864248>) and NAR ([www.realtor.org](http://www.realtor.org)) websites provide extensive information about advertising requirements and compliance. Any false or misleading advertisement will immediately be withdrawn by the Company. Legally, you may be held liable for fraud or misrepresentation if you make material false statements or material omissions in an advertisement. Additionally, you may face disciplinary action from DORA and/or a REALTOR® Association.

4. REALTOR® Trademark. The use of the name REALTOR® must be in compliance with the National Association of REALTORS® guidelines governing the use of that name and mark. Those guidelines are available on-line at [www.realtor.org](http://www.realtor.org). REALTOR® membership is a requirement to affiliate with our Company. The REALTOR® name and mark may only be used by Broker Associate and Employing Brokers holding REALTOR® membership.

5. Do-Not-Call Compliance. You are required to comply with the do-not-call laws which generally prohibit telephone solicitations to residential and cell phone numbers registered on the National Do-Not-Call Registry. You may not call anyone at their home or cell phone number if listed on that Registry unless an exemption applies. Exemptions include written permission or an established business relationship. Further information can be obtained on the Federal Do Not Call Registry website.

**SECTION NINE**  
**YOUR ASSOCIATION WITH OUR COMPANY**  
(Not applicable to salaried/hourly employees)

1. Relationship. You are associated with the Company as an independent contractor, not as an employee. You may also be a shareholder, but you do not have an employee-employer

relationship with the Company. As an independent contractor, you may receive a 1099 from the Company at the end of each calendar year. The Company will not withhold any taxes or Social Security from your compensation. Payment of taxes and Social Security contributions are your sole responsibility. Your income earned and expenses incurred have significant tax consequences. You are encouraged to get competent independent tax advice and keep accurate records of earnings and expenses. You are also considered an independent contractor for purposes of unemployment insurance. Your association with the Company shall be further governed by any written contract entered into between the Company and you. Unless it is otherwise expressly agreed in writing with the Company, either party may terminate your association at any time with or without cause.

2. Expenses. You are responsible for your own expenses, such as business cards, signs and sign riders, specialty advertising items, licensing fees, personal office supplies, personal sales and listing tools, long distance calls made on the office phone, personal copies and faxes (incoming or outgoing), automobile expenses (including insurance), self-employment taxes, E&O insurance, lock box key, MLS fees, continuing education, etc. You may be invoiced for monthly expenses paid by the Company, such as, but not limited to, desk fees, MLS fees, E&O insurance and advertising. All expenses not paid within thirty (30) days will be deemed past due and are subject to a late fee. Past due accounts will be charged interest on the balance due at the rate of 2% monthly.

3. Office Space Provided. The Company may provide you office space (location to be determined from time to time by your supervising broker), and may provide you with in office telephone, and office answering service, on site computer access, copy and fax machine, training, broker assistance and broker supervision.

4. Work Location and Hours. The Company may provide you with access to an office or a work desk, but as an independent contractor, you are permitted to work from your home, own office, car or other places. However, remember that your employing broker is required to supervise your activity. Be sure that all files and documents are maintained at the Company's office as required by DORA regulations. As an independent contractor, you are entitled to schedule your own hours and vacations. However, you are strongly encouraged to attend Company sales meetings and training sessions to stay current on listings and compliance issues. Also, if there are any pending transactions, you must advise your supervising broker of your vacation schedule and how any pending transactions will be handled in your absence.

5. Noncompliance. If you fail to comply with the Governing Rules, or fail to pay your REALTOR® or MLS bill when due, you and/or the Company may be fined, suspended or expelled, and your listings may be removed from the MLS. You will be responsible for payment of any and all fines levied against you and/or the Company resulting from your noncompliance. Furthermore, your noncompliance and/or failure to promptly pay your account balance to the Company may result in the termination of your association with the Company.

6. Termination. If you resign or your association with the Company is terminated for any reason, you must immediately surrender all Company property, including all transactional files pertaining to listings, offers, or other contracts, any other office files, office policy books, office

keys, lock box keys and lock boxes, signs, books and supplies. You shall not engage in any real estate transactions nor shall you act under contract with another firm until completion and transmittal to DORA the change of affiliation form and any required fee.

7. Errors and Omissions Insurance. Each Broker Associate and Employing Broker must be covered by an E & O insurance policy. You are responsible for paying for your policy and supplying a copy of the policy to your Employing Broker each and every year.

8. Personal Transactions Transaction Fee. You may purchase real estate for your own account (personal residence) you receive 100% of the commission. If you purchase real estate for your own investment account the company shall be entitled to receive its standard commission split on the transaction but the amount shall be limited to \$2,000 per transaction. If you sell real estate from your own account the company shall be entitled to receive its standard commission split on the transaction but the amount shall be limited to \$2,000 per transaction.

9. Commission Splits. Shareholder Vesting Agreements, Brokerage Relationship Agreements, and Commission agreements between broker and agents shall be in writing and retained in agents personnel file.

## **SECTION TEN LISTINGS, BPO's, ETC.**

1. Listings (for the sale of property). Listings are the property of the Company and shall remain with the Company even after your resignation or disassociation with the Company, unless released by the principal broker. Within 24 hours after notice of resignation or disassociation, you must provide your supervising broker with a list of all your active listings. If you have any listings or pending transactions that require further work normally rendered by you, the Company will make arrangements with another Broker Associate in the Company to perform the required work. The Broker Associate performing the work shall be reasonably compensated for completing work (determined by your supervising broker) on those listings or transactions, and such reasonable compensation shall be deducted from your share of the compensation. Except for such offset, you shall receive the compensation due as specified in your Independent Contractor Agreement or as set forth in any other contract with the Company.

2. Listings (for the leasing of property/property management). Listings and property management agreements are the property of the Company and shall remain with the Company even after your resignation or disassociation with the Company, unless released by the principal broker. Within 24 hours after notice of resignation or disassociation, you must provide your supervising broker with a list of all your active listings and property management agreements. If you have any listings, pending transactions or property management agreements that require further work normally rendered by you, the Company will make arrangements with another Broker Associate in the Company to perform the required work. The Broker Associate performing the work shall be reasonably compensated for completing work (determined by your supervising broker) on those listings, transactions or property management issues, and such reasonable compensation shall be deducted from your share of the compensation. Except for

such offset, you shall receive the compensation due as specified in your Independent Contractor Agreement or as set forth in any other contract with the Company.

3. Broker Price Opinions. Broker Associate and Employing Brokers associated with our Company may perform broker price opinions for compensation. Any compensation for such opinions shall be paid to the Company and will be paid to you without any brokerage split deductions.

4. Commissions and Fees. The real estate brokerage commission and fees payable by a seller or purchaser to the Company shall be set forth in the written brokerage agreement and shall be determined by the supervising broker. All fees and commissions must be made payable to the Company. Broker Associate and Employing Brokers will be paid out of the fees and commissions earned by such Broker Associate or broker, based on the terms set forth in any Independent Contractor Agreement or as set forth in any other contract with the Company.

## **SECTION ELEVEN PERSONAL ASSISTANTS**

1. General Guidelines. Personal assistants may be employed by Broker Associate and Employing Brokers associated with the Company. A written agreement shall be executed between assistant, the Broker Associate or broker and the Company. Any assistant hired by a Broker Associate or broker will be required to abide by this Manual. Any compensation due the assistant shall be arranged between Broker Associate or broker and their assistant, and will be the Broker Associate or broker's responsibility. No Workers Compensation insurance is provided by the Company for assistants employed by Broker Associate or Employing Brokers. Broker Associate or Employing Brokers who employ assistants shall be responsible for providing Workers Compensation insurance.

2. Unlicensed Assistants. It is unlawful for anyone without a real estate license to directly work with the public in the sale or leasing of real estate. Because most Broker Associate and Employing Brokers work as independent contractors, it's tempting to employ your unlicensed assistant in the same category, but it is generally not permissible under income tax and Workers' Compensation laws. You must seek professional legal and tax advice when deciding whether an assistant will be an independent contractor or employee. It is improper to compensate an unlicensed assistant by paying a percentage of the fees earned by the licensee.

3. Typical Duties of an Unlicensed Assistant. An unlicensed personal assistant may provide the following services:

- A. Deliver documents and pick up keys.
- B. Answer the telephone and forward calls.
- C. Secure public information from courthouse, utility companies, etc.
- D. Provide courier services.
- E. Schedule appointments with other offices, existing Customers or customers.
- F. Place signs on property.
- G. Type forms for approval by licensee and the supervising broker.

- H. Write ads for approval of licensee and the supervising broker, and place classified advertising.
  - I. Hand out objective, written information on a listing.
  - J. Transmit listings and changes to a multiple listing service.
  - K. Follow up on loan commitments after a contract has been executed.
  - L. Assemble documents for closing.
  - M. Have keys made for company listings.
  - N. Order items of routine repair as directed by licensee and/or the supervising broker.
4. Duties Not Permitted of an Unlicensed Assistant. An unlicensed personal assistant may not perform the following services:
- A. Host open houses, kiosks, home show booths or fairs.
  - B. Show property.
  - C. Answer any questions on listings, title, financing, closing, etc.
  - D. Discuss or explain a contract, agreement, listing or other real estate document with anyone outside the brokerage company.
  - E. Be paid on the basis of real estate activity, such as a percentage of commission, or any amount based on listings or sales.
  - F. Negotiate or agree to any commission, commission split or referral fee on behalf of a licensee.
  - G. Solicit by telephone or in person potential sellers, purchasers, tenants or landlords.
  - H. Give additional information not included in prepared written promotional material that has been distributed to the public.
  - I. Represent himself or herself as a Broker Associate on behalf of a real estate broker, Broker Associate or the owner/seller of a property.
  - J. Negotiate the terms of a sale or lease.
  - K. Act as a go-between with a seller and a purchaser.
  - L. Answer questions concerning properties listed with the firm, except to confirm that the property is listed and identify the listing broker or Broker Associate.
5. Office Policies. Except as noted in this Manual, all office policies and rules apply to personal assistants. Assistants are encouraged to attend all office meetings.

## **SECTION TWELVE ELECTRONIC COMMUNICATIONS & SOFTWARE**

1. Electronic Communication. In addition to the Advertising requirements set forth in Section Eight of this Manual, your use of e-mail, instant messaging, social media and the Internet shall exemplify your professionalism and an adherence to all Governing Rules at all times. This means that electronic media may not be used in any manner that is discriminatory or harassing in nature, derogatory to any individual or group, pornographic, or for any other purpose which is illegal or against company policy or contrary to the Company's or your best interests. Keep in mind that electronic communications are forever and can easily be misinterpreted. All

communication over the Company's electronic and computer systems are the property of the Company and can be audited and read at any time. Therefore, you should not assume that any communication of this nature is confidential or private. The office computers are for business use only. Be very careful what you put out there. It can come back to haunt you.

2. Personal Time. The Company respects your right to interact and communicate about non-work related matters using the Internet. In order to protect the Company from the posting of comments and information that may have a harmful effect on its reputation and/or its Employing Brokers, Broker Associate and employees, we have developed the following policy. For the purpose of this policy, "engaging in social media" means posting or uploading content to all types of interactive electronic communications including but not limited to, websites, weblogs, social networks, discussion boards, and listing services. Since the Internet is public space, you must refrain from engaging in any social media communication that may disparage or harm the image or reputation of the Company and/or any of its Broker Associate, Employing Brokers or employees. When blogging, you must make clear to readers that the views expressed are yours alone and that statements, opinions, and beliefs do not reflect the views of the Company or those persons associated with it. When engaging in social media, be vigilant to ensure that you do not disclose any information that is confidential or proprietary to the Company, our Customers or to any third party that has disclosed information to us.

3. Software Piracy. No person associated with the Company shall download or copy any software residing on the Company's computers unless it is permitted by the software's license AND approved by your supervising broker. Software piracy is illegal and therefore strictly prohibited.

### **SECTION THIRTEEN CHANGES IN THE LAW**

1. Distribution of Information. The Company will utilize the following methods to keep its Broker Associate, Employing Brokers, personal assistants and office staff informed about changes in law or regulations that affect the licensed real estate services being offered by the Company:

A. Company sales meetings/training sessions. The Company will hold sales meetings/training sessions when needed to update agents on changes in the law. The principal broker and other speakers will provide pertinent updates on changes in the law or regulatory compliance. Any Broker Associate or Company office staff member unable to attend should receive any necessary updates from their supervisor or supervising broker.

B. Emails and other electronic communications. The Company will send emails highlighting any new or revised laws or regulations, and any change in established procedures.

C. Circulations of Bulletins. The Company will circulate notices, bulletins and other written materials (printed or electronic) from sources such as BARA, DMAR, NAR and DORA.

D. Policy Manual Updates. From time to time, this Manual will need to be updated. The Company will provide updated policies either in person or electronically.

E. Posting of Information. The Company may post notices in the office to draw attention to any new or revised laws or regulations, and any change in established procedures.

2. Educational Opportunities. In addition to guest speakers that may attend Company sales meetings/training sessions, the Company strongly encourages its Broker Associate and Employing Brokers to attend educational seminars to remain up-to-date on real estate practices, procedures, laws and regulations.

## **SECTION FOURTEEN OTHER ISSUES**

1. Your safety. You are encouraged to be aware of unsafe situations and prepare yourself to avoid unsafe practices. As a Broker Associate or broker, following these suggestions:

- A. Get a prospect's full name, address and telephone number at the first meeting or call.
- B. Always have your purchasers and sellers meet you at the office or other public venue, never at a vacant property, and use your car or take separate cars. If you are uncomfortable in any situation, remove yourself immediately and go to a public area, or call for assistance.
- C. While showing a property, unlock the door and allow the prospects to enter first and keep them in front of you at all times.
- D. Don't carry a lot of cash or wear expensive jewelry during showings and open houses.
- E. When leaving the office, always let someone know where you will be at all times and how they can reach you.
- F. If you are meeting someone for the first time or are otherwise concerned about a purchaser or seller, ask another Broker Associate or person to accompany you.
- G. Use caution and good judgment--DO NOT put yourself in an unsafe or compromising position.

2. Expertise. All Broker Associate and Employing Brokers should practice real estate and represent Customers only in their respective areas of expertise. If you need assistance in a transaction, you must contact your supervising broker for assistance.

3. Dispute Resolution. If a dispute arises between the seller, purchaser, the cooperating broker and/or the Company which cannot be resolved by negotiations between the parties and the Broker Associate(s) involved, and the Company determines that it is in the best interest of the Company to resolve the matter rather than risk a potential claim, arbitration or litigation, then the principal broker or supervising broker has the right to negotiate a resolution of the dispute, which may involve a reduction in the commission to be received, or a credit given to one of the parties. In that event, and regardless of actual Company or Broker Associate's liability or responsibility in the dispute, the Broker Associate(s) and the Company will participate in the commission reduction or credit pro rata based upon the commission split.



**APPENDIX A**

**ADVERTISING GUIDELINES**

All online and print advertisements by all Broker Associate, Employing Brokers and the Company shall be in strict accordance with the following disclosure requirements:

<b>Online Advertising by Firm REQUIRED DISCLOSURE INFORMATION</b>	<b>Print Advertising by Firm REQUIRED DISCLOSURE INFORMATION</b>
Firm's licensed name City and State where firm office is located State where the firm holds a license	Firm's licensed name
<b>Online Advertising By Licensee REQUIRED DISCLOSURE INFORMATION</b>	<b>Print Advertising By Licensee REQUIRED DISCLOSURE INFORMATION</b>
Licensee's Name Licensee's Firm Name City/State where firm's main office is located State in which The licensee holds a license	Licensee's Name Firm's Licensed Name
<b>Examples of Online Advertising</b> Real estate related emails to the general public, customers and Customers Electronic newsletters Internet advertisements/banner ads Web sites Blogs Face Book Page My Space Page	<b>Examples of Print Advertising</b> Business cards Print newsletters Flyers Newspaper ads Real estate magazines Letters and postcards Car Signs Television

DORA Regulations require that the Company's name be clearly and legibly displayed in the newspaper ads and signage.

All property specific online advertisements must be current and consistent with the actual status of the listing. Online property ads must contain an "as of date" to show when the listing information was last updated. An example of this type of disclosure can be found in the IRES requirements for Internet Data Exchange (IDX).

Any electronic correspondence relating to a licensed activity, such as responding to an inquiry about a listed property or sending a list of available properties to a prospective Customer must contain full disclosure information. Adhering to these disclosure requirements is not only required but good business practice. By including your firm affiliation and contact information in all advertising and real estate related correspondence, you are maximizing your opportunities to promote yourself and your profession.