



# **Policies & Guidelines Manual**

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## Introduction

This Policy Guideline Manual reflects the standard operating procedures of Keller Williams Realty Portland Premiere (KWPP). It is to be used as a guide for Associates of this brokerage to help promote cooperation, provide a clear explanation of standard practices and procedures, and to help prevent and settle disputes in order to enhance your productivity.

In addition to the Policy Guideline Manual, Associates are also held to the policies and guidelines of the Keller Williams Realty International Policies and Guidelines Manual (available online at [KWPPagents.com](http://KWPPagents.com) or through [KW.com](http://KW.com) directly). In the event that the two manuals contain conflicting information, the KWPP manual shall control in areas addressing local concerns.

Associates acknowledge their status as Independent Contractors and understand that the policies and procedures outlined in this Policy Guideline Manual are provided to assist Associates in conducting their business affairs in cooperation with other Associates in a manner consistent with Broker's duties under state law. Nothing in the Manual is intended to create an employment contract or in any way vary the terms of an Associate's separate Independent Contractor Agreement.

The right to amend and change content of the Policy Guideline Manual is reserved for KWPP on an as-needed basis. The amendments and changes shall be reviewed during Weekly Premiere Team Meetings directly following any change to the policy. It is the responsibility of each Associate to keep abreast of all policy changes and to understand the policy set forth.

## Chapter 1: Brokerage and Associate Affiliation

### I. Independent Contractor

The relationship of Associate to KWPP is that of an Independent Contractor. This relationship affords Associate maximum freedom and flexibility. All Associates must sign an Independent Contractor Agreement that includes an explanation as to how listings and compensation will be handled in the event Associate leaves the company. It must be signed by Associate upon affiliation with KWPP. See *current Independent Contractor Agreement in Appendix*.

### II. Associate Affiliation Requirements

Associate accepts financial responsibility for the following:

#### A. Real Estate Licensing & Required Continuing Education for Renewal

1. Associate shall maintain their own current real estate license.
2. Associate shall meet all Continuing Education (CE) requirements as established by the Oregon Real Estate Agency and/or the Washington Department of Licensing.
3. Associate is responsible for completing the Continuing Education Record form and keeping Continuing Education certificates of attendance for three years after date of license renewal.
4. Associate is responsible for all CE, licensing and license renewal fees, and fees relating to name changes.

#### B. Membership in the Board of Realtors®

1. Associate agrees to become a member of the Portland Metropolitan Association of Realtors (PMAR) or other acceptable Portland Area Board of Realtors, the Oregon Association of Realtors® (OAR), and the National Association of Realtors® (NAR), and to be responsible for all applicable dues and fees.
2. Associate agrees to abide by the rules and regulations of these organizations. Associate may join additional Boards/Associations as a secondary membership.
3. Associate understands KWPP is a member of the Oregon Association of Realtors® and the National Association of Realtors®. Associates may belong to any of the Institutes and Societies within the Boards.
4. Associate agrees to become a member the Residential Multiple Listing Service (RMLS), unless granted a waiver from service agreement.

#### C. New Licensee Training Requirements

1. All Associates licensed for less than one year and/or who have closed five or fewer transactions are required to complete all sessions of the **Breakthrough 120** training series within six months of joining Keller Williams Realty Portland Premiere. New Licensees must also attend the Contract Mastery course taught by the Designated Principal Broker.
2. New Licensees must review with Designated Principal Broker and/or Productivity Coach their first five transactions.
3. New Licensees, who are not on teams, are required to participate in the Market Center's Productivity Coaching Program. Complete requirements of the Productivity Coaching Program and additional information regarding mentoring and training may be obtained from the CEO/Team Leader or the Productivity Coach.

### **III. Resolution of Disputes**

#### **A. Relations with Other Associates and Affiliates**

Associates and all individuals associated with KWPP are expected to conduct themselves in a professional manner in their relations with other Associates and other licensees and affiliates within the industry. Each Associate working as an Independent Contractor has agreed to use his or her best efforts to comply with all laws, regulations, policies, and procedures. To that end, courtesy, cooperation, and diligence are expected.

#### **B. Personal Disagreements**

Personal disagreements not involving real estate transactions, office procedures or policies, or real estate rules and laws should be resolved between Associates or other licensees without the matter affecting other Associates or involving participation by Designated Principal Broker. However, the Designated Principal Broker is available to informally assist Associates in resolution of such disagreements. No Associate shall allow any personal dispute to disrupt the operation of the office or interfere in any way with professional real estate activity.

#### **C. Disagreements Concerning Policy or Procedures**

Any dispute among or between Associates with respect to the application of the policies and procedures contained in this Manual will be decided by Designated Principal Broker and CEO/Team Leader. Decisions in such matters will be final; however, no decision regarding policies and procedures shall operate, or be construed, to amend, alter or conflict with any Associate's rights or duties under their Independent Contractor Agreement. The Independent Contractor Agreement shall control regarding any dispute or disagreement relating thereto.

#### **D. Disagreements Concerning Real Estate Law, Rules or Transactions**

Any dispute among or between Associates involving any real estate transaction or application of real estate laws or rules shall be immediately brought to the attention of Designated Principal Broker. Such disputes shall be resolved in accordance with applicable real estate rules and law. Decisions in such matters shall be final. Decisions regarding real estate law and rules as they relate to a transaction are made pursuant to the supervisory duties imposed on Designated Principal Broker or authorized designees under real estate law and shall not be, or construed to be, the exercise of direction or control over Associates in the manner and means by which they conduct their business under independent contractor agreements.

#### **E. Disputes with Outside Brokers**

Agents are encouraged to resolve disputes. In the event a dispute cannot be resolved during the course of business, KWPP reserves the right to make the final decision as needed. This decision will be considered the final decision.

## Chapter 2: Office Policies

### I. Discrimination

#### A. Zero Tolerance Policy

It is the strict policy of KWPP that all professional real estate services and activities conducted under the supervision of the Designated Principal Broker, or authorized designee, be provided equally and fairly to all members of the public without regard to sex, race, color, religion, disability, familial status, national origin, sex (including gender identity and sexual orientation), marital status, sources of income, or age. As independent real estate professionals, all Associates are expected to know and abide by all state, federal, and local laws and regulations prohibiting discrimination. No unlawful discrimination by Associates of any kind will be tolerated, nor shall any Associate be a party to any plan by others to unlawfully discriminate.

#### B. Discrimination Accusations

An investigation by KWPP will follow any accusation of discrimination. If the investigation confirms a violation of KWPP's policy against discrimination, the Associate's affiliation with KWPP will be terminated immediately.

#### C. Harassment

1. KWPP does not tolerate discrimination or harassment in its workplace. Professional and respectful behavior is expected of all associates, employees, staff, and clients. Harassment, in all forms including, but not limited to, verbal, physical, visual, religious, political and sexual is strictly prohibited in this office.
2. In the event Associate, employee, or staff feels that they have been harassed, the incident must be reported immediately to the CEO/Team Leader, Market Center Administrator (MCA), or Designated Principal Broker. KWPP will maintain the confidentiality of the complainant to the extent possible under the circumstances. An investigation will commence, and a written report will be prepared. If the allegation involves the CEO/Team Leader, Market Center Administrator, or Designated Principal Broker as the accuser of such action, an outside investigator may be retained. Retaliation against complainants is strictly prohibited. Any Associate or employee found guilty of engaging in harassment may be subject to disciplinary action including suspension or termination.

### II. Office Security

Anyone issued an office key or building key fob is responsible for the safeguarding of the office. In the event that an office key and/or building key fob is lost or stolen, Associate must immediately inform the Agent Services Coordinator. There will be a charge for replacement of lost or stolen keys or key fob. KWPP and its employees are not responsible for any theft or loss of personal items left in the office. When leaving the office outside of business hours, Associate shall ensure all doors into the building are firmly secured.

### **III. General Office Policy**

#### **A. Dress Standards**

All Associates, employees, and staff shall maintain a professional appearance at all times. Professional appearance standards shall be Business Casual.

#### **B. Pet-free workplace**

The office is a pet-free workplace, except for the possibility of a Service Animal as a reasonable accommodation. Individuals who would like to request an accommodation for a Service Animal should notify the CEO/Team Leader or Market Center Administrator.

#### **C. Smoke/Vape-free workplace**

There is to be no smoking (including vaping) on the property.

#### **D. Firearms**

Can be on the property only if the carrier has a current concealed carry permit issued in the state of Oregon.

#### **E. Drug Use**

Illegal or recreational drug use will not be tolerated in any circumstance.

#### **F. Office Cleanliness**

Associates shall be responsible for keeping any office work area they use neat and clean. Associates, who use office facilities such as conference rooms or other meeting areas, are responsible for making sure the room is returned to its pre-meeting condition and is ready for use by others. KWPP shall be responsible for the general cleaning and maintenance of the office.

#### **G. Changes in Name, Address and Telephone Number**

All changes in name, address, and telephone numbers of Associate must be reported to the MCA. Associate is responsible for making changes with the Real Estate Agency and all memberships. Associate shall pay any fees associated with name, address and telephone number changes assessed by the Board/Association of REALTORS.

#### **H. Maintaining Contact with Office**

To ensure that real estate transactions proceed in a smooth, timely, and efficient manner, Associates are asked to be available to respond to clients and KWPP at reasonable times of the day. Associates should be available to KWPP by phone, text, or e-mail during business hours and should let KWPP know when they will be unavailable (for instance, for vacations).

Any extended absence shall require the Associate to delegate responsibilities to an associate to cover Associate's real estate business during absence. Failure to arrange coverage by an associate will constitute the granting of authority to Designated Principal Broker to make necessary assignment and determine the appropriate commission split, if applicable.

## **I. Weekly Office Business Meetings**

Weekly meetings shall be held on a consistent, scheduled basis for the purpose of providing Associates with information necessary to conduct their business activities. Changes in company policy, announcements, new listings, purchaser requests, market data, financing availability and other information regarding real estate sales will be discussed at Weekly Business Meetings. In addition, real estate and licensing law issues will be covered. Associates are encouraged to take advantage of all meetings as part of their business regimen. In accord, Associates are highly encouraged to attend all Weekly Business Meetings.

## **IV. Auto Insurance Requirements**

Each Associate must provide KWPP with evidence that they have secured and continues to maintain the minimum amount of automobile insurance as follows:

- Bodily Injury Limit \$250,000 per person \$500,000 per occurrence
- Property Damage Limit \$100,000
- In addition, it is highly recommended that each agent has a \$1 million umbrella policy.

**Each Associate must obtain a certificate naming Keller Williams Realty Portland Premiere as an additional insured, and as an additional insured, the carrier agrees to notify KWPP of any claims or policy cancellations.**

## **V. Phone Use**

### **A. Office Provided VOIP Phones**

An office phone is provided by KWPP upon request for the conduct of real estate business. Associate may use the office telephone for that purpose and should familiarize themselves with the system and its operation.

### **B. Professionalism**

Any office or mobile phone that Associate uses in their daily real estate business shall be answered in a manner, and programmed with a voicemail message, that acknowledges Associate's affiliation with KWPP and properly reflects the professionalism of KWPP.

### **D. Do Not Call List / Telephone Consumer Protection Act**

Associate shall be responsible for adhering to the National Do Not Call Registry and Telephone Consumer Protection Act requirements. The Telephone Consumer Protection Act (TCPA) regulates calls and texts to cell phones and landlines, auto-dialed calls, prerecorded calls, faxes, and calls to numbers on the Do Not Call (DNC) Registry. Class-action litigation for TCPA violations is increasing, potentially exposing associates to catastrophic financial damages. Associates should consult an attorney for guidance on the TCPA and DNC laws, including consent requirements, autodialer restrictions and prerecorded messages.

In the event that Associate is notified by an individual requesting no further contact from them or any other KWPP employee or licensee, Associate must remove that individual

from their database. Associate must also forward the individual's name, address, phone, and e-mail to the Designated Principal Broker. A list of all individuals requesting no contact with KWPP shall be maintained at the Market Center. Associates shall be responsible for reviewing this list to ensure they are respecting the requests of the public and shall bear all financial responsibility for any infraction.

More information on the National Do Not Call Registry can be found at [www.donotcall.gov](http://www.donotcall.gov)

## **VI. Computer Usage**

Community computers are available for Associate use in the common areas. Community computers are for business use only. Associate is not permitted to add programs to the community computers or the server. Associate should not save any work on a community hard drive or server. Community computer files will be routinely flushed.

Associates who want to bring their personal computers or laptop to the Market Center and access the network and printers must have a functioning and updating antivirus program, and anti-spyware program.

## **VII. Legal and Tax Advice Prohibited**

While an Associate may explain the preprinted provisions of the standard listing and sale agreement and any other approved forms the parties may be asked to complete and/or sign, no Associate shall give legal advice to a party, other than the advice to seek independent legal counsel regarding the meaning and effect of the transaction and documentation related thereto.

No Associate shall give tax advice to a party, including advice pertaining to deductions, exemptions, and/or tax liabilities resulting from the purchase or sale of real estate. Tax inquiries, beyond the scope of real estate practice, shall trigger Associate's recommendation that the party consult an attorney, tax accountant or other appropriate expert.

## **VIII. Reporting Procedures**

Immediately report problems to the Designated Principal Broker and the CEO/Team Leader that pertain to:

- Automobile accidents occurring while Associate is participating in real estate brokerage transactions
- Criminal charges against Associate, with the exception of traffic offenses
- Civil lawsuits or administrative actions involving real estate brokerage transactions
- Oregon Real Estate Agency contacts concerning disciplinary actions or other purposes
- Party default under an executory or executed contract
- Threatened legal or administrative actions involving the parties and/or a real estate transaction
- Acts of discrimination committed by Associates or parties to transactions

- Any forms of harassment within the workplace, including conduct by vendors, visitors, and clients
- Unresolved disputes between Associates, within or outside the office
- Physical injuries within the office or while in performance of services or duties in the name of the Broker
- Local Board/Association contacts concerning disciplinary action or other purposes. Designated Principal Broker to be notified immediately upon any formal complaint
- Attorney Inquiry/Notification. Associate is not to respond without consultation with the Designated Principal Broker or CEO/Team Leader.

## **IX. Observance of Safety Practices**

All Associates are encouraged to be cognizant of unsafe situations and to avoid unsafe practices. Some suggestions are:

- Get a prospect's full name, address and telephone number at the first meeting.
- If you are hesitant about meeting for the first time, or are otherwise concerned about a buyer or seller, ask another Associate or trusted person to accompany you.
- Have your buyers and sellers meet you at the real estate office, never at a vacant property, and use your car or take separate cars.
- While showing a property, unlock the door and allow the prospects to enter first, and keep them in front of you at all times.
- Don't carry large amounts of cash or wear expensive jewelry during showings and open houses.
- When leaving the office, always let someone know where you will be.
- Use caution and judgment and practice safety at all times. DO NOT put yourself in an unsafe or compromising position.

## **X. Sign Policy**

### **A. For Sale Signs**

It is Associate's responsibility to adhere to all governmental guidelines and regulations, and Associate is solely responsible for their sign placement. "Offer Pending" signs may be posted after acceptance of an offer. No signs, including "Offer Pending" or "Sold" signs, shall be posted without the express permission of the owner. All signs must adhere to the Keller Williams Identity Standards.

Without a current listing contract, signs are not to be left on the property. Signs must be removed within two days after expiration or closing.

Note: The company's Registered Business Name is "Keller Williams Realty Portland Premiere." State law requires that this Registered Business Name must be prominently and obviously displayed on all marketing material.

### **B. Directional and Open House Signs**

Directional and Open House signs will be sold to Associates at cost. It is Associate's responsibility to adhere to all governmental and HOA guidelines and regulations. Associate is solely responsible for their sign placement.

## XI. Office Hours

Except for holidays, KWPP staff will be available and the Bridgeport office open to the public Monday through Friday from 8:30 a.m. to 5:00 p.m.

The office will be closed for the following holidays:

New Year's Day

Memorial Day

Juneteenth

July 4th

Labor Day

Thanksgiving

Friday After Thanksgiving

Christmas Eve

Christmas Day

Use of the office by Associates outside of office hours is allowed provided Associate follows office security policy, ensuring the office is secured when Associate leaves.

## XII. Commission and Expenses

### A. Associate Business Expenses

KWPP shall not be responsible for any expense incurred by Associate in the performance of their business duties unless assumed and accepted by KWPP in writing in advance. Associate shall indemnify and hold KWPP harmless from any unauthorized charges. Any inspections, services or other inducements offered to customers or clients by Associate must be approved in advance by KWPP and shall be at the Associate's sole expense.

### B. Professional Referrals

If Associate chooses to provide a referral of any third-party vendor or professional, Associate shall provide at least three names in any given category and shall encourage client to exercise their own due diligence. Associate must disclose any financial benefit, direct or indirect, resulting from the referral of a third-party vendor or professional.

**Associate may not tie any inducement to their commission, or share their commission with an unlicensed client, customer, or other person.** Associate shall not accept any inducement from any Settlement Service Provider in violation of the Real Estate Settlement Procedures Act (RESPA) and accepts full responsibility for familiarizing themselves with RESPA requirements and limitations. If in doubt, Associate agrees to confer with the Designated Principal Broker prior to taking any action which may violate RESPA.

### C. Commission Advance Programs

We do not allow the use of Commission Advance Programs/Early Commission Loan Programs.

#### **D. Agent Billing**

Associate will be billed for monthly KWPP Resource Fee plus color copies, signs, office rental, and any other applicable expenses they incur within the billing period. The invoices will be emailed to Associate by the 11<sup>th</sup> of each month and are due by the 15<sup>th</sup> of the month. Associate is required to keep a credit card number on file with KWPP. On the 15<sup>th</sup> of the month, the credit card on file will be used to pay the monthly invoice. Any check payable to Keller Williams Realty Portland Premiere returned by the bank is subject to a returned check fee.

### **XIII. Document Control**

#### **A. Review of Documents**

Oregon Administrative Rules require the Designated Principal Broker to review each document of agreement generated in a real estate transaction within seven business days after it has been accepted, rejected, or withdrawn. In order for the Designated Principal Broker to adhere to this rule, all of these such documents shall be submitted through Command for review **within three business** days of acceptance, rejection or withdrawal.

#### **B. Office Records**

The Designated Principal Broker is required by law to maintain records regarding all professional real estate activity conducted by anyone associated with the office. For that purpose, the Designated Principal Broker shall maintain files on all listings and prospective sales (active, expired, canceled/terminated, rejected). Associate shall direct all written offers and agreements, listing agreements, earnest money documents, receipts, correspondence and other real estate transaction documents to the appropriate file. **Associates are strongly encouraged to keep a journal/communication log of their professional real estate activities for each transaction** and place copies in the relevant files. The entries are for Associate's benefit and safeguards Associate in the event of a dispute. Associate has an affirmative contractual obligation to cooperate and assist the Designated Principal Broker in the maintenance of adequate records of professional real estate activity. To that end, Associate shall be familiar with and act in strict accordance with policies and procedures established to ensure Associate will not have access to nor obtain confidential information concerning another client involved in the same transaction.

#### **C. Confidential Files and Information**

The Designated Principal Broker shall maintain all files in a secured and restricted location. Associates requiring access to the Designated Principal Broker files must obtain permission from the Designated Principal Broker. Associate should not discuss client information with other associates in the Market Center.

### **XIV. Prospective Recruits**

All licensed and unlicensed Associates shall honor the privacy and hold in strictest confidence the identity of prospective recruits who tour the Market Center, attend company functions, or otherwise express an interest in joining KWPP.

## Chapter 3: Errors and Omissions (E&O) Coverage

### I. E&O Claims

KWPP provides Errors and Omissions insurance for Associate's real estate activity. Associates are responsible for a \$56 E&O charge per transaction.

Associates must report any potential claims or disputes immediately to the Designated Principal Broker. Associates are not to settle disputes without Designated Principal Broker discussion and approval. Associate or their Rainmaker/Team Leader is to notify the Designated Principal Broker immediately if they receive a letter through any source from an attorney or real estate association indicating a potential claim against the agent or brokerage.

In the event of a claim, Associates are required to notify the Designated Principal immediately, and cooperate fully with the Designated Principal Broker when they receive notice of a claim or potential claim filed against them. Associates shall not attempt to handle the claim themselves, discuss the matter with any third party, assert any standard of care, admit any liability, agree to attend the meetings with the other party, or initially retain their own attorney. **Lack of timely notification can result in loss of coverage by insurance for the Market Center and Associate.**

**Associate and their Rainmaker/Team Lead are responsible for the full E&O Deductible of \$10,000. Invoices are payable as accrued by legal counsel.**

### II. Regulatory/Legal Assistance

All questions pertaining to regulatory and legal issues shall be directed to the Designated Principal Broker. If a lawsuit or administrative action is filed or threatened against Associate based upon Associate's professional real estate activity, Associate shall notify the Designated Principal Broker and provide the Designated Principal Broker with Associate's entire transaction file and chronology of events. The Designated Principal Broker shall report the matter to the Errors and Omissions carrier as required by the insurance policy and shall provide all relevant documentation to Carrier's appointed legal counsel. The cost of defending the suit, action, or threat shall be apportioned as provided in the Associate's Independent Contractor Agreement.

**Legal fees and costs incurred on Associate's behalf for claims exempt from coverage shall be the sole responsibility of Associate.**

### III. Personal Transaction E&O Coverage

Listings for Associates' personally owned property (owner occupied only) are covered by the E&O insurance. Personal purchases of property are **NOT** covered by the E&O insurance. Personal investment transactions are **NOT** covered by the E&O insurance. Prior to listing or writing an offer for one's own personal transaction, Associate must notify Designated

Principal Broker to ensure all requisite provisions are inserted into the transaction documents.

In order for the sale of an owner-occupied personally owned property to be covered by E&O insurance, the agent seller must ensure all of the following requirements are met: 1) property disclosure was provided to the buyer, 2) a home inspection was performed by a licensed inspector, 3) a home warranty was put in place at closing for the new owners, and 4) a standard sales contract was utilized.

*Additional Information regarding Personal Transactions can be found in Chapter 6.*

#### **IV. Attendance at Client's Hearings or Proceedings**

Associate shall not grant Client's informal requests to attend any hearing or proceeding, including but not limited to Small Claims Court, mediation, or arbitration, without obtaining the Designated Principal Broker's prior consent. Associate shall be especially mindful and cautious of any request to attend a proceeding as support or witness for Client and shall notify and obtain prior consent from the Designated Principal Broker.

## Chapter 4: Partnerships, Teams, and Assistants

*KWPP has adopted the following guidelines for use by the Market Center CEO/Team Leader in determining when it is appropriate for individual members of a team to have a reduced Market Center Cap. Understanding that it is impossible to anticipate and cover every circumstance and situation, the CEO/Team Leader shall have sole discretion in applying these guidelines and for handling situations not covered herein.*

***Teams shall not be created for the sole purpose of receiving a reduced cap.***

### I. Partnership Guidelines (Two Licensed Real Estate Brokers)

#### A. Qualifications

Associates shall demonstrate sound business reasons for forming the partnership. Written Partnership Agreement and all corresponding documents relating to the partnership shall be subject to review by Market Center prior to acceptance, and copies thereof shall be stored at the Market Center

#### B. Written Agreement

Partners are required to have a detailed written agreement between themselves. At a minimum, the agreement must address compensation and split agreements, termination of agreement by either party, and performance expectation for both parties. This agreement is to be approved by the Market Center CEO/Team Leader. Commissions generated shall be shared pursuant to the Written Agreement

#### C. Liability

All liability and responsibility for professional real estate activity shall be shared in its entirety between partners

#### D. Caps

Partnerships are required to carry **two full caps**, as both can act as Rainmakers. The only exception is married couples or domestic partners living in the same household filing one tax return jointly. Commission payouts can only be paid out based upon approved Team Agreements.

#### E. Married Couple/Domestic Partner Partnerships

A Partnership or Team/Group consisting of a married couple or domestic partners living in the same household filing one tax return jointly shall be charged one full cap during each anniversary year.

#### F. Keller Williams Realty International Royalty Cap

The Keller Williams Realty International Royalty cap and the associated 6% split is never reduced or waived. It shall be unaffected by any change in the Market Center cap.

### II. Teams and Groups Guidelines

*For Keller Williams ranking purposes only, a Team is considered to be two Licensed Real Estate Brokers and a Group is three or more Licensed Real Estate Brokers.*

## **A. Qualifications**

To qualify as a Team/Group, one member of the Team shall be designated as the Rainmaker/Team Lead and shall hold a Principal Broker License. The Rainmaker/Team Lead will review Team/Group transaction documents and act as the first line of defense in the supervision of the team members' individual real estate activity.

## **B. Written Agreement**

Rainmaker/Team Lead is required to have a detailed written agreement with each of their Team members. At a minimum, the agreement must address compensation and split agreements, termination of agreement by any member, and performance expectation for all parties. This agreement is to be approved by the Market Center CEO/Team Leader. A copy of the signed written agreements for all Team members shall be provided to the Market Center. Without a written agreement, there will be no cap reduction.

If Team Agreement changes, the changes will need to be reapproved and updated with the Market Center.

## **C. Liability**

All liability and responsibility for professional real estate activity shall ultimately be on Rainmaker/Team Lead.

## **D. Minimum Commission Contributions by Team Members**

In order to qualify for reduced caps for Team Members, the total commission contributions of a Team Member to the Rainmaker/Team Lead must be a minimum of **30%** of every commission received. This guideline is specifically to preclude agents who are simply periodically referring clients to other agents from forming as a team for the purpose of reducing caps. If commission requests are submitted without at least 30% allocated to the Team, additional cap will be charged at 30%.

## **E. Team Caps**

The Rainmaker/Team Lead shall pay a **full cap**. Team members associated with the Team/Group shall each pay a reduced **\$7,500** cap. Each Team member shall bear sole responsibility for their individual cap. If the Rainmaker/Team Lead does not pay a full cap over the course of the year, their Team/Group status shall be terminated.

## **F. Maximum Team Cap**

Teams/Groups may be eligible for a maximum total Team Cap. This may be discussed and approved by the CEO/Team Leader.

## **G. Recruiting**

Teams cannot recruit agents from within the Market Center. The hiring of Market Center staff requires prior consultation with the CEO/Team Leader.

## **H. Keller Williams Realty International Royalty Cap**

The Keller Williams Realty International Royalty cap and the associated 6% split is never reduced or waived. It shall be unaffected by any change in the Market Center cap. Each Team member shall bear sole responsibility for their full royalty fee.

## I. Separation Clause

All Team/Group Written Agreements must include a clause determining what happens in the event the relationship ends. If transactions are in escrow, they will be paid with the current terms unless otherwise noted in the agreement. Agreements must define which clients belong to the team and which clients are solely the team member's and will no longer be owned by the team upon termination. At time of separation, clients will be ruled by separation clause for a maximum of 18 months, after which the agent no longer has a contractual obligation to the team.

## J. Associate Sponsorship

Efforts to improperly influence a new agent's choice of sponsor (for Keller Williams Realty Profit Sharing purposes) over another more appropriate source shall not be tolerated.

## K. Termination

Should the relationship between Team Member and the Team end, or should the Team disband, Associate's cap shall immediately revert to the full Market Center Cap. Associate shall pay toward the full Market Center cap on any new escrows which are opened after the termination of their association with the Team.

## L. Disputes

Disputes between Rainmaker/Team Lead and Team Members should be negotiated between themselves directly to resolve. Ultimately if a resolution cannot be reached, the final decision to be by the CEO/Team Leader and/or Designated Principal Broker.

## III. Assistants

### A. Unlicensed Assistants

1. Associates may employ, or otherwise engage, such Unlicensed Assistants as they believe beneficial to Associate's business. Unlicensed Assistants shall be the responsibility of the Associate alone. The hiring Associate shall supervise closely their Unlicensed Assistant's activities and be solely responsible for any and all employer/employee duties and responsibilities resulting from the hiring of the assistant.
2. The Unlicensed Assistant will be employed by Associate as an employee and not as an Independent Contractor. The Unlicensed Assistant shall be deemed solely an employee of Associate and not an employee or Independent Contractor of KWPP. Associate shall observe and comply with all applicable laws governing employees, including laws governing payment of regular and overtime wages, maintenance of time records, and taxation of employees. **No Associate may pay an Unlicensed Assistant, directly or indirectly, any portion of a real estate commission.**
3. No Cap shall be assessed to the Unlicensed Assistant providing administrative support. Unlicensed Assistants may not hold an open house and must comply with all federal, state, and local laws, rules, and regulations relating to their unlicensed status.
4. **Associate shall strictly prohibit the Unlicensed Assistant from engaging in professional real estate activity.** Such activity by an Unlicensed Assistant may be grounds under the Associate's Independent Contractor Agreement for termination of

the Agreement. An Unlicensed Assistant cannot make inside sales calls, show or hold Open Houses, nor conduct any other professional real estate activity.

## **B. Licensed Assistants**

1. Oregon real estate law requires that Associates who have Licensed Assistants obtain a Principal Broker's license. Qualified Associates may engage Licensed Assistants under a written Broker Associate/Licensed Personal Assistant Agreement. An Associate who engages a Licensed Assistant may pay the assistant directly for services other than those qualifying under OREA regulations as professional real estate activity. However, any agreement regarding the sharing of commissions between an Associate and a Licensed Assistant must be consistent with the Associate's Independent Contractor Agreement, office policy and state law. Associates shall be responsible for making certain any professional fees or necessary dues are paid. No Licensed Assistant may establish an agency relationship with a client that is different from the agency relationship between the hiring Associate and the client.
2. No Cap shall be assessed to the Licensed Assistant who functions in an administrative role. A Cap shall be assessed once the Licensed Assistant negotiates, presents, shows property, or conducts other professional real estate activity. It is the responsibility of the Rainmaker/Team Lead to inform the Market Center if a Licensed Assistant will be doing any of the above-mentioned activities. The Rainmaker/Team Lead shall accept primary financial responsibility for their failure to inform the Market Center of the Licensed Assistant's changed status.

## **C. Associate Accounting Responsibilities**

The State of Oregon and/or Washington and the Internal Revenue Service will likely treat Unlicensed Assistants and certain Licensed Assistants as employees, rather than independent contractors. As an employer, the Associate will have to file reports and pay taxes as applicable: Federal Withholding, FICA (Social Security), State Withholding, Federal Unemployment tax, State Unemployment tax, Tri-Met tax, Workers Compensation Insurance, and city and county taxes. Associates are advised to seek competent legal and tax advice before entering into an employment or independent contractor arrangement with any assistant.

## Chapter 5: Advertising Requirements

### I. Keller Williams Realty Requirements

- A. All marketing materials must include the ownership statement, “Each Office Is Independently Owned and Operated”
- B. The KWPP Market Center logo must appear on all marketing materials. This logo may not be reconfigured.



- C. The complete KW Branding Guidelines can be found online in KW Connect and KWPPagents.com

### II. Real Estate Agency Compliance

- A. Associates agree to comply fully with Oregon Real Estate Agency regulations regarding all advertising for professional real estate activity.
- B. Associates licensed in Washington agree to fully comply with Washington State Real Estate Commissions regulations regarding all advertising for professional real estate activity.

## Chapter 6: Personal Transactions

*Purchasing or selling your personal residence and/or investment properties is one of the greatest advantages you have as a real estate professional, and it is our goal to preserve this advantage.*

### I. Guidelines

#### A. Brokerage Association

Associates may engage in the purchase and sale of real estate only under the Designated Principal Broker's supervision and in the Brokerage name. All Personal Transactions must be processed through KWPP. Associates shall not market their personal listings as For Sale by Owner. Associate shall notify the Designated Principal Broker of their intent to purchase or sell real property for their own account prior to entering into any purchase agreement or offering property for sale. **Associate shall be responsible for a \$500 personal transaction fee and KW Royalty fee, if applicable, on any commission received.**

#### B. Personal Transaction Qualifications

Associates are allowed a maximum of two personal transactions per year. This only applies to the agent's immediate family members (associate, spouse, children or mother or father). All personal transactions need to be approved by the Designated Principal Broker or CEO/Team Leader.

#### C. E&O Coverage

E&O coverage applies to personally owned listings that are owner-occupied only. There is no E&O coverage for a purchase transaction or a purchase or sale of investment properties.

*Additional Information regarding Personal Transaction E&O can be found in Chapter 3.*

#### D. Personal Transaction Requirements

1. Seller Property Disclosures are provided to the buyer
2. A home inspection must be performed by a licensed inspector (paid by buyer or seller)
3. Agent Selling must provide a Buyers Home Warranty
4. Agent must disclose that as the Seller or Buyer, they are licensed in Oregon or Washington

### II. Agency and Disclosures

#### A. Dual Agency

Associates, representing themselves in a real estate transaction, may not also represent the buyer or seller in the sale of said property. If Associate enters into a sale agreement with an unrepresented buyer, Associate shall declare in writing that they do not represent buyer and that they represent the seller exclusively.

## **B. Real Estate License Disclosure**

Associates must fully disclose that they are licensed in Oregon or Washington at the first contact with any prospective seller or buyer, or the seller's or buyer's agent. Associates must also disclose any information or advantages gained as a result of their real estate license status. Associates shall state clearly in any disclosure of agency that the Associate is representing only their own interests and is not acting as an agent for the other party in the personal transaction.

### **1. Intent to Profit Disclosure**

When personally purchasing property or when Associate has any personal or financial interest in a transaction, Associate shall disclose their license status and intent to profit from the transaction.

### **2. Purchase of Associate's Own Listing**

If Associate is purchasing property listed with KWPP, Associate shall disclose in full any involvement with the property prior to the offer to purchase and expressly disclose any information gained as a result of the involvement. If Associate intends to purchase one of their own listings, they must give the owner a chance to withdraw the listing and seek other representation prior to making any offer. If the seller wishes to continue to have the Brokerage represent him in the purchase, Designated Principal Broker shall appoint an Associate, other than the purchasing Associate, to represent the seller in the sale.

The following disclosure language shall be included in the Sales Agreement where Associate is purchasing their own listing.

*"The buyer in this transaction is the listing agent. As the listing agent, the buyer has been privy to information regarding the property, the seller's motivation to sell and current market condition not available to other buyers. Seller has consented to the agent representing both the seller and themself in this transaction understanding that agent may apply the real estate commission paid by the seller to agent's transaction costs. Agent is purchasing the property with the intent to resell the property for a profit. Seller is advised to seek such separate legal and financial advice regarding this transaction as they deem appropriate."*

## Chapter 7: RESPA Policy

*Associates are required to comply with the Real Estate Settlement Procedures Act at all times. Referral fees are specifically addressed to clarify the federal law requirements and the necessity for compliance.*

### I. Prohibition Against Kickbacks and Unearned Fees

Regulation X details the elements of a RESPA Section 8 violation:

- A. Pursuant to Section 8, paying or receiving a fee or a "thing of value" for the referral of business related to a settlement service provider without rendering a service is illegal under RESPA. Examples of "settlement service provider" include, among others, real estate brokers and agents, mortgage bankers and mortgage brokers, title companies and title agents, home warranty companies, hazard insurance agents, appraisers, and home and pest inspectors.
- B. Regulation X 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 Section 8.
- C. Regulation X makes clear that any 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.
- D. Regulation X gives a list of the real estate-related services. These "settlement services" include, without limitation, any services related to:
  - 1. The origination, processing or funding of a federally related mortgage loan
  - 2. Mortgage broker services such as counseling, taking applications, obtaining verifications and appraisals, lender-borrower communications, etc.
  - 3. Title company services
  - 4. An attorney's legal services
  - 5. Closing document preparation
  - 6. Credit reports and appraisals
  - 7. Property inspections
  - 8. Conducting the settlement
  - 9. Mortgage insurance
  - 10. Hazard, flood or casualty insurance, and homeowner warranties
  - 11. Mortgage life, disability or similar insurance
  - 12. Real property taxes and assessments
  - 13. Real estate broker services

### II. Regulation X Allowances

- A. Payments for services actually rendered by attorneys, title companies, lenders, and real estate brokers and between real estate brokers "pursuant to cooperative brokerage and referral arrangements or agreements."

- B. Ownership of an interest in a settlement service company, such as a mortgage brokerage or title insurance company, as long as broker (1) discloses the relationship when referring customer or client to the affiliated business; (2) does not require use of the person or entity as a condition for the sale or purchase of a home; and (3) payments received are limited to a return on ownership interest (as compared to volume of referrals received).

### **III. Referral Fee Reminders**

- A. Do not pay referral fees to providers of settlement services other than pursuant to a referral agreement with another real estate broker. RESPA generally forbids paying someone for the mere referral of business.
- B. No "gifts" or fees may be given to individuals who refer business to settlement service providers, including, but not limited to, acceptance of a "gift" from a title company or mortgage broker in the form of advertising fees or flyer production.
- C. When a party performs a service, that party should be paid a fee that is reasonably related to the benefit received. They should not be given an excessive payment that blatantly announces itself as a reward for steering business in the direction of a certain company.
- D. Do not ask for or receive fees for referring business, unless request or receipt is pursuant to an established written broker-to-broker or broker-to-sales agent fee arrangement.

## **Chapter 8: Listing Policy**

### **I. Listing Agreements**

Associates may take listings only in the name of KWPP on an approved form. Associates shall make certain all owners, including spouses, sign the Listing Agreement.

### **II. Agency Disclosure**

Oregon and Washington law requires real estate licensees to provide the seller with a copy of the statutory Real Estate Agency Disclosure Pamphlet upon the first contact with the seller, typically defined as the time of the listing presentation. Associate shall note by date the seller's receipt of the Pamphlet in the listing file and shall explain fully the Pamphlet and the agency relationships involved prior to providing further professional real estate services.

### **III. Disclosed Limited Agency**

Associates shall seek the seller's signature on a Disclosed Limited Agency Agreement simultaneously with presentation of the Agency Pamphlet. Associates must fully explain disclosed limited agency relationships, including Associate's ability to represent both the seller and the buyer and the role of Associate's Designated Principal Broker, prior to seeking such agreement. The signed Disclosed Limited Agency Agreement for Sellers shall be attached to the listing agreement as an addendum.

### **IV. Designated Agency**

In a transaction involving the exclusive representation of the seller and buyer by two Associates within KWPP, the Designated Principal Broker shall represent both the seller and the buyer as the Disclosed Limited Agent, pursuant to a Disclosed Limited Agency Agreement. Such representation must be agreed to by the seller in the Disclosed Limited Agency Agreement for Sellers and shall be consistent with the applicable duties and responsibilities set out in the Real Estate Agency Disclosure Pamphlet. All representation shall be consistent with Company policies and procedures established to ensure Associates will not have access to, and will not obtain, confidential information concerning the other party in the same transaction.

### **V. Seller's Property Disclosure Statement**

Associates shall explain to sellers their duties as owners with respect to property disclosure statements. Unless excluded under Oregon or Washington law, each seller of a 1-4 unit residential property, in order to limit buyer's ability to terminate the transaction, must deliver to each buyer who makes a written offer a seller's property disclosure statement in the statutory form. If seller refuses to complete the form, Associate will note this on the form and provide a copy to Designated Principal Broker. Associates shall not advise or assist the seller in filling out the disclosure form, other than the advice to complete the form to the best of seller's ability and to include not only current defects but also prior problems and efforts to remedy. Associate shall review the form for completeness, bring to the clients' attention any

discrepancies reasonably apparent to the Associate by visual inspection of the property, and ensure that necessary supporting documentation is included with the disclosure statement.

## **VI. Property Security**

The listing Associate shall use reasonable care to ensure that listed properties are reasonably secure. Associates shall oversee the use of lock boxes and monitor the access by real estate agents to confirm they are conducting themselves in a professional manner and are maintaining reasonable security. Associate shall discuss the advantages and disadvantages of lock box use with sellers and abide by the seller's decision regarding lockbox use.

Associate shall counsel seller to safeguard valuables. If the property is occupied by a tenant, Associate must obtain written permission from the tenant prior to the photographing of the interior.

## **VII. Listing Processing Procedures**

Listing Associates shall be responsible for completing all appropriate support forms concerning a new listing. All MLS documents and profile sheets shall be submitted to Designated Principal Broker for review prior to the submission deadline established by MLS rule. Should the seller refuse MLS submission, Associate shall obtain written instructions to that effect, and it shall be the listing Associate's responsibility to honor the seller's wishes. Timely dissemination of listing information is the policy of KWPP and in the seller's best interests. All new listings shall be submitted to the MLS and made available to other Associates in a timely manner and within MLS time constraints.

## **Chapter 9: Buyer Brokerage**

### **I. Buyer Agency – Exclusive and Limited**

An Oregon or Washington real estate licensee may represent a buyer exclusively, the buyer and seller, or two buyers in the same transaction. Prior to agreeing to represent a buyer, Associates shall confirm the buyer has not executed an exclusive representation agreement with another licensee.

At the first substantive contact (when property needs and/or financing are discussed), Associate shall provide buyer with a copy of and fully explain Real Estate Disclosure Pamphlet and the Disclosed Limited Agency Agreement. Associate shall have buyer initial and date the Pamphlet, provide buyer a copy, and retain a copy for the transaction file.

The use of a Buyer Representation Agreement is mandatory per Oregon and Washington Real Estate law. This form must detail the duties and obligations of licensee and client, as well as any fees and/or negotiated compensation.

The signed Disclosed Limited Agency Agreement shall be attached as an addendum to any written agency agreement between the buyer and Associate. Associate shall carefully honor the duties imposed on disclosed limited agents. Associate acting under any disclosed limited agency agreement shall preserve the lawful confidences of each party.

Associate shall fully explain all materials, the resulting agency relationships, and KWPP's role, and shall note within their file the date each was presented.

### **II. Designated Agency**

When one KWPP Associate represents a buyer exclusively and another KWPP Associate represents the seller exclusively, KWPP's Designated Principal Broker becomes the Disclosed Limited Agent in the transaction. Confidentiality shall be honored and preserved throughout the transaction and thereafter in accordance with KWPP policy and procedures. Associate's failure to follow these policies and procedures is grounds for termination of the Independent Contractor relationship.

### **III. Procedures When Representing Buyers**

Associate, when representing a buyer, must carefully distinguish between exclusive and limited agency. It is imperative that Associate use the proper forms, obtain the necessary agreements and conduct their activities in a manner appropriate to the created agency relationship. Associate shall, to the best of their ability, anticipate potential conflicts resulting from representation of the buyer and bring any potential conflicts to the attention of Designated Principal Broker in a timely manner. Associates must strictly adhere to Company policies and procedures to honor confidences and secure documentation. When undertaking dual representation in a transaction, Associate shall routinely remind the parties of the dual nature of their representation and the limits that representation places on Associate. Breach

of such policies and procedures may be considered a material breach of Associate's Independent Contractor Agreement.

When acting as a buyer's broker, all communication with a seller shall be through the listing agent. If contacted directly by seller, Associate will immediately explain s/he is the exclusive representative of the buyer and, as such, is legally obligated to relay any conversation between him/her and the seller to the Buyer. At the end of the conversation, Associate shall contact the seller's agent and inform him/her that seller contacted Associate.

## Chapter 10: Selling Policies and Procedures

### I. Information Provisions

Unlicensed Associates may be permitted to provide factual information on listings which is normally found on public websites and property data sheets. These Associates shall indicate that they are not licensed agents, are allowed to relay only limited factual data, and further requests for information may be obtained only through Associate.

### II. Agent Limitations:

Agents are limited to listings and transactions within their scope of knowledge and logistics. If outside of agent's scope of knowledge, agent should refer the business to an agent with appropriate expertise or discuss activity with Designated Principal Broker. **Commercial sales** are defined under a separate Chapter. To handle commercial transactions, an agent needs to be a member of the KW Commercial Group or have a KW Commercial Group member Co-List/sale or refer to a Commercial Group member.

### III. Confidentiality of Offers Intra-office

Do not discuss the possibility of receiving an offer with any associate prior to obtaining a signed Sales Agreement. Limit any discussion of the details of an offer to the Listing Agent and their Designated Principal Broker. Refrain from inquiring about the specifics of a transaction in which you are not involved.

### IV. Representing More Than One Buyer on the Same Property

Associates representing competing buyers shall not attempt to discover the terms or conditions of the other offer. ***No Associate shall represent more than one buyer at a time seeking a particular property without: (1) the express permission of Designated Principal Broker and (2) having a signed Disclosed Limited Agency Agreement with each buyer.***

### V. Offers and the Sales Agreement

#### A. Timeliness in Offers

All offers and counteroffers must be presented in a timely manner. Associate must make every effort to present the offer or counteroffer as soon as possible. Any verbal presentation should be followed as soon as possible with a hard copy forwarded by email or whatever means of communication is most expedient under the circumstances.

The time and date of presentation shall be noted on each offer or counteroffer, and the receiving party shall, as soon as possible, sign and date the form to indicate an acceptance, or initial and date the form to indicate a rejection or counteroffer. A copy of these notations on the offer or counteroffer shall be furnished promptly to the cooperating broker.

## **B. Presentation of Offers**

All offers must be presented to the seller by the listing Associate in a timely manner. Associate must record, for the transaction file, the time and date of presentation. Associate presenting the offer must make a full, fair, complete and coherent explanation of the offer to the seller.

Associate shall not favor one offer over another or fail to present an offer or neglect to inform the seller of any potential offer known to Associate. The selling agent may be present at the presentation if the agent makes such a request, and the seller approves. Upon selling agent's request, Associate must provide selling agent with a copy of seller's written instructions, denying selling agent the opportunity to present the buyer's offer. No offer shall be presented without a final agency disclosure as required by Oregon law.

Associates shall endeavor to have the seller respond promptly in writing to any and all offers. If the seller wishes to allow an offer to lapse by its own terms without making a written rejection or counteroffer, Associate shall document that occurrence in the transaction file, notify the buyer's agent or if no agent, the buyer, and make a record of the date and time of notification for the office file. Signed rejected offers shall be provided to the buyer with the date and time recorded in the transaction file.

In the case of multiple offers which include Associate's client's offer, each shall be presented by the respective client's agent, unless seller, in writing, denies selling agent access. It is recommended that Associate refer the buyer (in a dual representation scenario) to another agent within or outside the company. Associate may request and accept a referral fee from the agent receiving the buyer. Associate shall disclose to buyer any referral arrangement. If Associate, pursuant to seller's written instructions, proceeds with the presentation of all offers, Associate shall, with due diligence, conduct himself/herself in an unbiased, equitable, and ethical manner.

## **C. Source of Funds/Buyer Representations**

The Sale Agreement mandates that buyer have sufficient funds to close unless s/he discloses a contingent source of funds. "Sufficient funds" is analogous with verifiable funds. A seller has the legal right to require confirmation that funds are liquid and immediately available.

It is KWPP's policy to make verification of funds a condition of the sale agreement when the offer involves a large down payment or cash purchase.

## **D. Earnest Money**

Earnest money may be in the form of a check, promissory note, or tangible property. Associates should not accept cash.

All checks accepted by KWPP Associates shall be made payable to the title company agreed upon by the parties.

If client refuses to tender the earnest money in a timely manner or tenders a check rejected by a financial institution, Associate (after reminding client of their legal obligation to provide the contracted sum) must immediately notify seller's agent or seller (if unrepresented) and Designated Principal Broker of buyer's failure to perform.

## **E. Counter Offers**

All counteroffers shall be on the standard form provided by Broker. Associates shall record the date and time of the presentation of any counteroffer.

Associate shall encourage their client to make a counteroffer to, or reject in writing, any unacceptable counteroffer. If the client wishes to allow a counteroffer to lapse by its own terms without making another counteroffer, or written rejection, Associate shall document that occurrence in the transaction file.

A copy of any rejected counteroffer shall be provided to the offeror, with the date and time shall be recorded in the transaction file. This procedure shall be repeated for each, and every counteroffer made and presented during the negotiation of a transaction.

It is incumbent on Associate to explain to buyer or seller that a counteroffer is, in effect, a rejection of the previous offer or counteroffer, and the presentation of a new offer to the other party. With the counteroffer, only the terms which vary from the original offer are inserted on the form and all terms remaining the same from the original offer shall be incorporated by reference. Any terms from previous counteroffers which are intended to be carried forward also must be incorporated by reference.

## **F. Communication To Cooperating Brokers**

Each Associate who is a listing agent may decide whether he or she shall disclose to cooperating agents the existence of other offers with approval of Designated Principal Broker; however, if asked, such disclosure is required. When there is an accepted offer, Associate must disclose its existence to cooperating brokers upon first contact.

## **G. Addenda**

The purpose of an addendum is to elaborate on terms in the original offer or counteroffer(s) or add a provision by mutual agreement to an already existing contract. Addenda never are to be used in place of a counteroffer. Drafting language on an addendum is one of the final arenas in which Associate may inadvertently practice law without a license. Associates acknowledge the import of drafting coherent clear provisions and shall confer with Designated Principal Broker when in doubt of the efficacy and appropriateness of the words written.

## **VI. Referral Fees**

The Associate will have many opportunities to give and receive referrals of prospective buyers and sellers and they are encouraged to make referrals to competent colleagues within the industry. All referral fees must go through KWPP. Associates shall confirm all referral fee agreements in writing prior to sending or accepting a referral. When dealing with brokers from other states, Associates shall request written evidence that the broker is licensed and actively practicing real estate in his or her state, before agreeing to pay that broker a fee. Obtaining a copy of the broker's current license and written verification from their Designated Principal Broker of their active status will satisfy this requirement.

## **VII. Compensation and Cooperation**

KWPP does not offer compensation to the Cooperating Firm/Buyer's Agent Firm from the brokerage fee, listing commission, or listing firm compensation outlined in the Listing Agreement. KWPP Listing Agent acknowledges that any compensation paid to a Buyer's Agent Firm in connection with the sale or lease of property will be sourced solely from a fee/commission agreed to upon by the Seller within a fully executed Sale Agreement. Listing Agent will not contribute any portion of the Seller's agreed-upon Listing fee to a Buyer's Agent compensation without the prior written approval of the Listing Brokerage's Managing Broker.

## **Chapter 11: Closing Procedures**

### **I. Listing Associate**

All real estate transactions conducted through Broker shall be closed in escrow unless the parties specifically agree otherwise in writing. It shall be the listing Associate's responsibility to assist the parties and the escrow company in successfully completing the closing. As KWPP's broker, Associate agrees to exert best efforts to attend all of their closings. Upon acceptance of an offer to purchase, the listing Associate shall open escrow with the escrow company designated in the earnest money agreement by transmitting to the escrow company a copy of the fully executed sale agreement and earnest money check. The listing Associate shall thereafter assist the parties as required in fulfilling the escrow instructions. The listing Associate shall keep the seller fully informed as the escrow progresses and shall plan to attend the closing with the seller's approval.

### **II. Selling Associate**

The selling Associate shall make certain that the listing agent opens escrow as provided in the sale agreement. The selling Associate shall maintain contact with the listing agent and keep the buyer informed as escrow progresses. The selling associate should always attend the signing appointment with their client or send another KWPP associate in their absence.

### **III. Failed Transactions**

Associates shall immediately notify Designated Principal Broker of any sale that may not close or does not close as provided in the sale agreement. Unless excused from performing, failure to perform constitutes a breach of the contract, triggering a duty on the part of Associate to (1) advise client to seek independent legal counsel prior to proceeding and then, if client still refuses to proceed, (2) inform the other party's agent, or if unrepresented, the other party, of client's decision.

If Associate's client wishes to execute their unilateral, contractual, right to terminate the transaction on the basis of a failed condition, Associate shall obtain a signed memo from client or draft one pursuant to client's instructions (and have client sign it), informing the other agent of client's decision, the basis therefore, and instructions for disbursement of earnest money and/or other funds. Associate will forward the memo to the other agent, escrow, and their Designated Principal Broker. In the instance of a unilateral right to terminate following the memo, a standard termination shall be sent to all parties, releasing each and every one of them from liability.

If both parties agree to terminate the transaction, Associate shall obtain a fully executed termination agreement from the parties and provide it to their Designated Principal Broker.

Associates shall not counsel parties on whether agreements are enforceable or make any representation regarding distribution of earnest money without the express consent of Designated Principal Broker.

## Chapter 12: Washington State Compliance Supplemental Policy

This supplemental policy is intended to ensure compliance with Washington State real estate regulations and must be followed in full by all brokers licensed in the state. Failure to adhere may result in disciplinary action, including retraining, transaction holds, or reassignment of files.

### I. Home Inspector Referral Policy

KWPP affirms the client's right to freely select a home inspector of their choosing, without influence or pressure from any affiliated licensee. When providing referrals to a buyer or seller for home inspection services, brokers must adhere to the following:

- A. A minimum of three (3) unaffiliated home inspectors must be offered when referrals are provided.
- B. Brokers must not imply or assert that a client is required to use any inspector recommended by the firm or its licensees.
- C. If the referring broker has or has had any relationship (business, familial, or otherwise) with an inspector, this relationship must be fully disclosed in writing prior to the client engaging that inspector's services.
- D. All disclosures must be uploaded to the client's transaction file in Command or another firm-approved system.
- E. Any form of collusion, compensation-sharing, or preferential treatment between licensees and inspectors is strictly prohibited.

### II. Supervision of Brokers, Managing Brokers, and Branch Managers

KWPP maintains clearly defined levels of supervision for all licensees affiliated with the firm, consistent with Washington State regulatory requirements.

- A. The Designated Broker is responsible for oversight of brokerage activities and may delegate supervisory responsibilities to Managing Brokers or Branch Managers in writing.
- B. Levels of supervision will reflect the licensee's experience, scope of activity, and transaction complexity.
- C. All licensees are required to adhere to transaction review timelines, recordkeeping practices, and reporting procedures as outlined elsewhere in this manual.

### III. Contract Review Policy for Brokers Licensed Less Than Two Years

In accordance with Washington law, the following policy applies to all brokerage service contracts (e.g., listings, buyer agreements, purchase and sale agreements) involving a broker who has held a license for less than two (2) years:

- A. The Designated Broker or delegated Managing Broker must complete a review of all fully executed brokerage service contracts within five (5) business days of mutual acceptance.
- B. Documented proof of the review must be maintained in the firm's designated records location, such as Command.
- C. Acceptable forms of documentation include digital audit logs, date/time-stamped notes, or initials of the reviewing broker on the agreement.
- D. Brokers subject to this review policy are expected to submit documents promptly and remain available for coaching or compliance correction as needed.



## Chapter 13: Commercial Policy Guidelines

### 1. Agent Conduct

- A. All residential and commercial agents will adhere to the rules in the KWPP Policies and Guidelines. Any violation of the P&G will result in additional training, potential fines, and/or separation from the Commercial Division and/or the Market Center.

### 2. Qualifications to do Commercial Transactions

- A. ***All commercial real estate transactions are to be done by a designated commercial broker or referred to a designated commercial broker only.***
- B. Definition of an approved “Designated Commercial Broker:”
  - a. Be a current member of KW Commercial
  - b. Be a Senior Associate or above; and
  - c. Be competent in the commercial real estate asset class of the transaction
- C. All agents within the Market Center will follow Article 11 of the NAR Code of Ethics, which addresses the issue of competency by stating: “REALTORS® shall not undertake to provide specialized professional services concerning a type of property or service that is outside their field of competence unless they engage the assistance of one who is competent on such types of property or service, or unless the facts are fully disclosed to the client.”
- D. Residential agents not following these guidelines expose the Market Center to litigation, higher E&O insurance costs, risk exposing themselves personally to litigation, and are generally not complying with Article 11 of the NAR Code of Ethics.
  - a. On the first offense, residential agents not on the commercial agent roster and not enlisting assistance from a designated commercial broker, will pay 50% of the commercial transaction commission back to the Market Center.
  - b. On any repeat offense, a minimum of 50% commission will be paid directly to the Market Center, and the residential agent will risk expulsion from the Market Center.

### 3. Commercial Real Estate Property Standards

- A. Property Guidelines:
  - a. Zoned: Commercial, Industrial, 5 Unit and above Multi-Family, Agricultural 40 acres or more
  - b. Business: Any sale involving the inclusion of a sale of a business
  - c. Proposed or highest and best use: land or buildings where the highest and best use is commercial, industrial or is best suited with a commercial, industrial zoning change.
  - d. Platted or residential subdivision sales where the sale or purchase is for 4 or more lot sales (excludes minor partitions).
- B. Client Guidelines:
  - a. Client looking to buy, sell, lease or rent any property or business included in property guidelines above.
  - b. Property is used exclusively for business or workplace purposes or to generate cash flow in some way for the owner or lessee.
- C. Commercial Real Estate Asset Classes/Types
  - a. Office (workspace areas for various businesses and their workforce)

- b. Industrial (includes manufacturing, warehouses)
- c. Multi-family (5 or more units)
- d. Retail (properties used as storefronts from single tenant to strip malls to shopping centers)
- e. Hospitality/Hotels
- f. Mixed Use (i.e. retail shops/restaurants below and apartments above in the same complex)
- g. Land (depending on zoning, previous use, and end use)
- h. Special Purpose (theaters, zoos, anything that does not fit above)

#### **4. Commercial Managing Director**

- A. Commercial Managing Director for the Market Center is responsible for leading the Commercial Division.
- B. They work closely with the CEO/Team Leader to recruit and qualify new commercial agents, ensure all associate-level members have oversight as appropriate in their commercial practice, and ensure commercial agents have access to regularly scheduled commercial education, and commercial best practices.
- C. Commercial Managing Director is responsible to educate the Commercial Division through in-house courses, mentorship, and to provide expert guidance to the commercial agents, and those residential agents looking to expand their practice to commercial

#### **5. Commercial Associate Levels**

##### **A. Junior Associate**

- a. Junior Associate level members of KW Commercial are new to commercial real estate and are required to work all commercial transactions with a Senior Associate level commercial agent as their mentor. This requirement will protect the Market Center and mitigate potential E&O claims that often result from untrained personnel who are out of compliance with Article 11 of the NAR Code of Ethics.
- b. All Junior Associate level members must complete *Nucleus for KW Commercial* training courses within 6 months of joining KW Commercial.
- c. Junior Associate Mentor Splits– Gross commission is 50% to Junior Associate / 50% to the Senior Associate. All splits are then subject to the standard KWPP split and KW Royalty.
- d. This will be considered a co-brokerage where both parties are actively involved in and fully working the commercial transactions.
- e. The Senior Associate is involved in procurement, strategy, negotiations, property tours, and due diligence during the commercial transactions.
- f. Junior Associates must complete a minimum of five closed commercial transactions within two years to move up to the “Associate” level.

##### **B. Associate**

- a. Associate level members of KW Commercial have closed five commercial transactions within two years but have closed less than ten total commercial transactions. Associates are required to work all commercial transactions with a Senior Associate level commercial agent as their mentor.

- b. Associate – Gross commission is 70% to Associate / 30% to the Senior Associate. All splits are then subject to the standard KWPP split and KW Royalty.
- c. Both parties are working the transaction, with limited involvement from the Senior Associate.
- d. The Senior Associate will provide teaching/training to the Associate, and the Associate will lead the transaction.
- e. All Associate-level members must complete *Nucleus for KW Commercial* before advancing to Senior Associate.
- f. Associates must complete a minimum of ten closed commercial transactions within four years.

**C. Senior Associate**

- a. Senior Associate level members of KW Commercial are experienced commercial real estate who have closed ten or more commercial transactions.
- b. Senior Associates will be solely responsible for all aspects of the transaction and will also meet all compliance requirements.

**6. Joining KW Commercial**

Agents can join KW Commercial by following the required steps below:

- A. Obtain approval from CEO/Team Leader or Commercial Managing Director
- B. If new to commercial real estate, develop a training plan to complete the full series of *Nucleus for KW Commercial* training webinars. This coursework can be completed through the self-guided program or the intensive version over an 8-week period.
- C. Designate a Senior Associate level commercial broker to be listed as agent's mentor on the KW Commercial application.
- D. Sign-off on the required monthly Commercial Fees billed by Market Center including \$199 KW Commercial Membership and \$635 CoStar monthly subscription. Commercial agents must maintain a PMAR membership. MLS is optional.

**7. Commercial Referrals**

- A. All referrals that come into the Market Center will be shared with the appropriate qualified commercial broker. If a residential agent refers a deal to a commercial broker, then they will provide the commercial broker a completed Commercial Referral Agreement
- B. The distribution of commission will follow the guidelines listed below and will be settled formally, prior to execution of the deal, and be uploaded in Command to ensure appropriate distribution:
  - Level 1:** 10% to Referring Residential Agent
    - a. The residential agent refers a "cold lead" (does not know the referral) and does not want to be involved in the transaction.
  - Level 2:** 25% to Referring Residential Agent
    - a. The residential agent knows the referral, sets up the meeting between the referral and commercial broker, and wants to be involved.
- C. Referral distributions for transactions with total commission under \$5,000 or over \$100,000 are generally lower and can be negotiated outside of the guidelines

## **8. Commercial and Residential Agent Co-Listing Agreements**

- A. Residential agents may co-list a commercial property with a designated commercial broker, and only the commercial broker's contact information will be displayed on all marketing products. This ensures the client that a commercial broker capable of answering technical questions regarding commercial real estate is reached through all marketing.
- B. The residential agent responsible for securing the lead may attend meetings with the client with the approval of the commercial broker. Once the referral is passed to the commercial broker, the commercial broker is the primary agent representing the commercial transaction and is responsible for its progression.
- C. The KW Commercial logo should be on all commercial signs to reinforce brand recognition and can only be used by current KW Commercial members per Keller Williams Realty International.

## **Appendix A:**

### **TCPA Compliance & Indemnity Agreement**

The Do Not Call Registry is a list of phone numbers from consumers who have indicated their preference to limit the telemarketing call they receive. I agree that I will not call registrants on the Do Not Call Registry and that I will comply with federal, state, and local regulations related to telemarketing. I agree to comply with any Market Center Policies and Guidelines related to telemarketing, TCPA Compliance, and the Do Not Call Registry. I agree to stop calling anyone who requests that I stop calling them for a period of five hears after that request.

### **RESPA**

The Real Estate Settlement Procedures Act (“RESPA”) governs the provision of settlement services to consumers. It requires certain disclosures and outlaws kickbacks between real estate brokers and the providers of settlement services. I agree to comply with RESPA and to have any agreements that I have with a settlement service provider reviewed by legal counsel knowledgeable about RESPA.

### **Fair Housing**

Fair Housing laws protect consumers from discriminatory practices. Discrimination in the sale, rental and financing of dwellings is prohibited. I agree to comply with federal, state, and local fair housing laws and regulations.

### **Indemnification**

I agree to familiarize myself with federal, state, and local laws and regulations governing telemarketing, the provision of settlement services (including RESPA) and fair housing. I AGREE TO INDEMNIFY, DEFEND AND HOLD HARMLESS THE DESIGNATED PRINCIPAL BROKER, KWPP, AND KELLER WILLIAMS REALTY INTERNATIONAL, INC. FOR ALL DAMAGES AND EXPENSES, INCLUDING FEES AND COSTS, INCURRED DUE TO ANY INVESTIGATIONS, CLAIM OR DISPUTE ARISING FROM OR RELATED TO MY ACTIVITIES, INCLUDING ANY ALLEGED VIOLATIONS OF FEDERAL, STATE AND LOCAL LAWS OR REGULATIONS GOVERNING TELEMARKEETING (including alleged violations of the Do Not Call Registry), THE PROVISION OF SETTLEMENT SERVICES (including alleged violations of RESPA) AND FAIR HOUSING. I have read and understood this Compliance Indemnity Agreement and I have been encouraged and given the opportunity to have this agreement reviewed by my own legal counsel.

### **Code of Ethics and Standards of Practice of the National Association of Realtors®**

I agree to follow and comply with the current NAR Code of Ethics and Standards of Practice.

## Appendix B – Independent Contractor Agreement:

## INDEPENDENT CONTRACTOR AGREEMENT

This Agreement is by and between Keller Williams Realty Portland Premiere ("KWPP") and \_\_\_\_\_ ("Associate").

Associate is a duly licensed Real Estate Broker in good standing within the State of Oregon or Washington or both, who is ready, willing, and able to provide professional real estate services exclusively to KWPP. Associate is free to associate with KWPP and is not bound by a promise or commitment to any other real estate company, agency, association, firm, person, or corporation that may cause a conflict of interest.

KWPP and Associate enter into this Agreement with the purpose of defining the terms of their relationship. The parties have the specific intention of setting forth mutually agreed upon provisions that establish Associate's independent contractor status with KWPP. Therefore, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

**1. TERM:** The term of this Agreement shall commence on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ and continue for an indefinite period. Either Associate or KWPP may terminate Associate's association with the Market Center at any time, with or without cause or prior notice.

**2. RELATIONSHIP OF PARTIES:** It is understood by the parties that Associate is an **Independent Contractor** and not an employee with respect to KWPP and shall not be subject to the control of the Company regarding the manner and means utilized by Associate in achieving the objectives contemplated by this Agreement, except as may be required by Oregon or Washington law and the KWRI and KWPP Policy & Guidelines Manuals. This Agreement does not constitute hiring of Associate and the working relationship shall not be construed as a partnership or joint venture agreement. KWPP will not provide fringe benefits, including worker's compensation insurance, health insurance benefits, paid vacation, or any other employee benefit, for the benefit of Associate. Associate shall not sign any contract, open any accounts, secure any credit, negotiate or enter into any settlement agreement or attempt to resolve any dispute or incur any expense in the name of KWPP.

a. The parties agree that each party individually shall bear sole and complete responsibility for filing appropriate tax and withholding reports, submitting necessary insurance forms and reports, maintaining appropriate insurance, and complying with all applicable laws and regulations relating to employment or income for and on their own behalf, and shall have no responsibility for ensuring compliance with the other party of any obligation under any law or regulation. Associate acknowledges that KWPP will not withhold from Associate's payments for state or federal purposes and Associate agrees to file such self-employment returns as may be appropriate.

b. Associate agrees to provide workers' compensation coverage and unemployment insurance coverage to the extent required by law for Associate and for their employees and agents, if any, and to make all required withholding and tax reports and payments on account of such employees and agents.

c. Associate acknowledges that Associate's ability to generate an income in the real estate business rests squarely and solely on Associate's shoulders and Associate is relying solely on their own efforts and skill.

**3. DESCRIPTION OF SERVICES:** KWPP, an established Oregon and Washington licensed real estate entity, enjoys the good will of and a reputation for fair dealing with the public and is possessed of valuable information, skill, and experience in said business and desires to have services provided by Associate.

Associate shall provide the following services:

Work diligently, legally, and exert their best efforts to engage in all professional real estate activities including, but not limited to, showing, selling, purchasing, exchanging, and leasing in

KWPP's name in order to derive the greatest possible profit and benefit from the respective businesses of Associate and KWPP.

Adhere to the best of their ability to the high standard of performance and values of KWPP and comply with all Company policies (which KWPP may amend at any time), rules and regulations, all Federal, State, local laws, regulations, the Realtor® Code of Ethics and the directives of the Designated Managing Broker and Designated Principal Broker (hereinafter referred to as "Managing Broker") who will retain supervisory responsibility over Associate's activities to the full extent required by Washington and Oregon law. Failure to comply with these standards of conduct may result in termination.

Display solely in a prominent and conspicuous manner the KWPP logo and branding on all advertising including, but not limited to, business cards, signage, and the Internet;

Submit all transaction paperwork for review within 3 business days of mutual acceptance and copies of transactions that are rejected or sale fail. Listing agreements shall not be binding until approved by the Managing Broker;

Maintain all licenses, certifications, and memberships (NAR, OAR, PMAR or other association(s) to which KWPP is a member, RMLS) required to perform the services at Associate's sole expense;

Keep and maintain appropriate records pertaining to all services rendered.

**Associate shall not:**

Do anything by action, conduct, statement, or association that may damage the goodwill associated with KWPP's name, trademarks or reputation or cause the public to lose confidence in the Company.

Participate in the lease or sale of mobile homes within a mobile home park, whereas the mobile home shall not be transferred without real property.

**4. OFFICE OVERSIGHT:** Associate assumes responsibility for all personal property brought to the office and shall secure it accordingly. KWPP shall not be responsible for lost or stolen items. Associate shall be vigilant in the securing KWPP offices during hours when no staff is present.

**5. COMPENSATION AND EXPENSE ALLOCATION:**

For the duration of Associate's tenure with KWPP, all income earned from Associate's real estate sales activities will be accounted for and disbursed through KWPP in accordance with the KWPP Policy & Guidelines Manual. Any fee or commission collected in Associate's name or in the name of any third party on Associate's behalf shall be forfeited in partial payment for the damage to KWPP suffered as a result of violating this Agreement. Associate also shall reimburse KWPP for all attorney fees and costs incurred by the Brokerage for collection of said fee/commission.

KWPP will share the commissions earned on real estate transactions in which Associate represents a KWPP client or customer in accordance with the commission splitting and capping policies of KWPP. KWPP's current commission splitting and capping policies are described in Addendum A to this Agreement. Associate acknowledges that KWPP retains sole discretion to change these policies. Associate's compensation, sans any sums due the Brokerage and Keller Williams Realty International ("KWRI"), will be payable only from closed transactions.

For the purposes of this Agreement, the term "commission" shall mean any fee actually received by KWPP in cash or cash equivalent acceptable to KWPP as a result of Associate's professional real estate activity (after any portion of the co-op or referral commission owing to

other brokerage(s) has been deducted). KWPP shall have no duty or obligation to pay Associate any commissions that have not been actually received. There shall be no guaranteed minimums, commissions, or salaries paid, and Associate may not draw or borrow against any commission payment. KWPP shall have the sole discretion, without any liability to Associate, to decide whether to pursue collection of any unpaid commissions generated by Associate and may allocate portions of any commissions received to cooperating or referring brokerages as it may deem appropriate. Associate is prohibited from reducing, altering, or deferring payment of the agreed upon commission or fee, or the payment thereof, without the written consent of Managing Broker.

Associate shall be solely responsible for paying the cost of their own (1) real estate license fees and occupational taxes, (2) Association Fees and RMLS dues, (3) insurance and deductibles, including but not limited to auto insurance, (4) errors and omission liability insurance deductibles (4) transportation, (5) business cards, yard signs, brochures, and other marketing materials, (6) entertainment costs, club dues and other expenses incident to the conduct of its services as an Associate, (7) third party Internet website development and maintenance.

Associate agrees that if they do not pay required KWPP monthly invoice (see Addendum A) in full when due, KWPP may deduct any unpaid amount from Associate's commissions or other amounts due to Associate from the Company.

Associate will be eligible to participate in the Keller Williams Profit Sharing program. Associate understands that KWPP must be profitable before it participates in the Profit Sharing program and that participating sales associates must remain with the Keller Williams organization for a minimum period before their benefits become vested. In the event any Profit Sharing check is drawn in error during or after Associate's tenure with KWPP, Associate shall promptly return it so that a correct check may be issued. Associate may sponsor and recommend other real estate licensees to become affiliated with KWPP. Associate shall exercise the utmost care in recruiting licensees to ensure as well as possible that they will properly serve the needs of the public and be a credit to KWPP. The terms of this program are outlined in the KWRI Policy & Guidelines Manual which Associate acknowledges having received and read.

**6. TRANSACTION RELATED DOCUMENTS:** All Listing Agreements ("LA") and Purchase and Sale Agreements ("PSA") obtained by Associate on KWPP's behalf shall be the sole and exclusive property of KWPP. The Company shall have the sole and exclusive right to cancel any LA or declare forfeiture of or return any earnest money deposited in connection with any PSA without liability to Associate for loss of commission earned or to be earned by virtue of the LA or PSA.

**7. AUTOMOBILE LIABILITY INSURANCE:** Associate shall acquire and maintain during the term hereof an automobile insurance policy naming Keller Williams Realty Portland Premiere as an additional insured party. The policy shall provide minimum limits of liability of \$500,000 for injuries per person, and \$1,000,000 for injuries to all persons resulting from any one accident, and \$500,000 for property damage resulting from any one accident. Before using an automobile in their business, Associate shall furnish KWPP with a copy of the policy or certificate of insurance and shall obtain the insurer's agreement not to cancel or amend the policy or allow it to expire without 10 days prior written notice to KWPP.

**8. EXPENSE REIMBURSEMENT:** Except as provided herein, Associate shall be responsible for paying all their own expenses and shall not be entitled to reimbursement by KWPP.

**9. TIMELY PAYMENT:** All fees, expenses, and payments due to KWPP shall be paid in a timely manner. Associate shall place on file a valid credit card. Payments not made within 30 days of receipt of invoice shall incur a \$15 monthly late fee assessed against the balance owed. If payment is not received within 60 days of receipt of invoice, the credit card shall be charged for all amounts owed, including the late fee.

**10. PLANNED ABSENCE:** In the event Associate plans to be out of town or out of cell phone

range for more than 24 hours, Associate shall (1) secure the agreement of another broker within KWPP to handle their business during Associate's absence, and (2) notify the Managing Broker of the planned absence and the name of the broker who will be handling Associate's business.

**11. INJURIES.** Associate acknowledges their obligation to obtain appropriate insurance coverage for the benefit of themselves (and their licensed or unlicensed administrative assistants). Associate waives any rights to recovery from KWPP for any injuries that Associate (and/or Associate's licensed or unlicensed administrative assistants) may sustain while performing services under this Agreement and that are a result of acts or omissions (whether negligent or intentional) of Associate or Associate's licensed or unlicensed administrative assistants.

**12. PERSONAL TRANSACTIONS:** Associate shall submit all personal real estate transactions to KWPP and all such transactions shall be documented and filed with KWPP in accordance with Oregon or Washington law and Company policy. The term "personal real estate transaction" shall mean and include all business arrangements intended to result in the sale or purchase of real estate or any interest therein, by Associate, their spouse or significant other, or on behalf of a dependent child. Commissions generated on the closing of personal real estate transactions shall be disbursed as if the transaction were arms-length in accordance with section 6 ("Commission") infra and attached Addendum A, except as follows: If the property is sold to a relative or tenant in possession of the premises, Associate may forego payment of any commission as long as proper disclosure is made and the purchaser is advised in writing to seek independent legal counsel regarding the meaning and effect of the agreement. Additional information can be found in the KWPP Policy & Guidelines Manual.

**13. INDEMNIFICATION.** Associate shall indemnify and hold harmless KWPP, its principals, employees, and agents and all its respective successors in interest from and against any and all claims, losses, liabilities, expenses, fees including attorney fees, mediator fees, arbitrator fees, costs, awards, and judgments (collectively "Liabilities") arising out of or in connection with Associate's direct or indirect conduct or activities or the acts or omissions of Associate's licensed or unlicensed assistants. To secure this promise of indemnification, Associate hereby assigns to KWPP any commissions (or advances thereon) otherwise payable to Associate to the extent necessary to satisfy any indemnified loss incurred by the Company as a result of their actions. Notwithstanding the foregoing, Associate shall remain liable to KWPP for any amount of Liabilities in excess of the amount of any commissions received by the Company that may be used by KWPP to satisfy Liabilities of Associate.

**14. ERRORS & OMISSIONS INSURANCE:** KWPP provides Errors and Omissions insurance for Associate's real estate activity. The Insurer will pay on behalf of the Insured (KWPP) all sums in excess of the deductible that the Insured shall become legally obligated to pay as damages because of claims first made against the Insured and reported to the Insurer during the policy period.

**15. COMPLIANCE AND NOTIFICATION:** Associate shall comply with all Oregon and Washington laws including, but not limited to, the licensing provisions of ORS Chapter 696 and/or Chapter 18.85 RCW, applicable Oregon and Washington Administrative Rules and the provisions of NAR's Code of Ethics. Associate shall promptly notify the Managing Broker of any and all claims, threats of claim, complaints, and all other similar matters, whether written or oral, which allege a possible violation of any law, ordinance, regulation, or the breach of the NAR Code of Ethics. Associate shall refrain from discussing the matter with any third party, asserting any standard of care, admitting any liability, responding to any communication from attorneys or state investigators regarding current or past real estate transactions and shall *immediately* direct all further communication and forward any such contact information to the Managing Broker.

**16. CONFIDENTIALITY.** Associate recognizes and attests to the fact that KWPP and its agents have spent and will continue to spend substantial time, effort, and money to develop their client base. In accord, the names and profiles of customers and clients who have bought, sold, leased, exchanged real estate through KWPP and through its agents, along with their respective marketing materials, policies,

systems, and other proprietary information constitute valuable, special, and unique assets of KWPP and are entitled to protection as “Confidential Information.” Associate agrees that they shall not at any time or in any manner, either directly or indirectly, use any Confidential Information for Associate’s own benefit, or divulge, disclose, or communicate in any manner any Confidential Information to any third party without the prior written consent of KWPP. Associate will protect these assets and treat them as strictly confidential. A violation of this paragraph shall be a material violation of this Agreement.

**17. UNAUTHORIZED DISCLOSURE OF INFORMATION.** If it appears that Associate has disclosed (or has threatened to disclose) Confidential Information in violation of this Agreement, the Company shall be entitled to an injunction to restrain Associate from disclosing, in whole or in part, such information, or from providing any services to any party to whom such information has been disclosed or may be disclosed. KWPP shall not be prohibited by this provision from pursuing other remedies, including a claim for losses and damages.

**18. ASSIGNMENT.** Associate’s rights or obligations under this Agreement may not be assigned or transferred to any other person, firm, or corporation without the prior written consent of KWPP.

**19. TERMINATION** This agreement may be terminated in writing by either party at any time, with or without cause or prior notice.

- a. **Closed Transactions.** Any fees fully accrued on closed transactions prior to termination shall not be divested by the termination of this Agreement.
- b. **Pending Transactions.** Any commission collected after the termination date for transactions generated prior to termination shall be paid to Associate in accordance with the commission split and capping policies that applied on the date of Associate’s termination. Associate, in good faith, shall provide assistance to close transactions. At KWPP’s sole discretion and with written approval of Associate’s subsequent Brokerage, Associate may continue to work on any pending transactions held by KWPP. Any fees paid to KWPP prior to termination shall not be reimbursed.
- c. **Listings.** KWPP will release and allow Associate to take all solo listings that Associate was responsible for obtaining. If Associate shares listings with other Associates in the Market Center, the listings will remain with the Market Center, but Associate will receive his or her full share of the related commission when a sale of the property closes.
- d. **Outstanding Balance.** Upon termination or thereafter, all office fees and expenses owed to KWPP and KW International by Associate shall be due and payable to KWPP in full. Failure to pay these amounts within 30 days of notice to KWPP shall result in the total being subject to a \$15 additional fee per month on the balance. Associate hereby authorizes KWPP to deduct all delinquent fees, pending resolution of a dispute, from Associate’s commissions, Profit Share checks, and other amounts due to Associate from KWPP. This authorization is in addition to any and all other rights and remedies KWPP has under OR or WA law. Failure to pay may result in balance being sent to collections.
- e. **Return of Property.** Upon termination of this Agreement, Associate shall immediately deliver all keys, key fobs, data, lists, memoranda, equipment, and supplies that are in Associate’s possession, or under Associate’s control, and that are KWPP’s property or relate to the KWPP’s business.

**20. SURVIVAL CLAUSE.** The rights and obligations as set forth in all provisions and disclaimers in this Agreement shall remain in full force and effect and survive (1) the termination of this Agreement by either party, or (2) the default of this Agreement by either party, unless expressly stated otherwise.

**21. DISPUTE RESOLUTION.**

- a. **Dispute with Outside Broker.** In the event of any disagreement or dispute between Associate and another agent outside the company, Associate shall immediately contact Managing

- Broker for resolution or submission of the matter to the local Board of Realtors® for arbitration pursuant to the association's rules and regulations.
- b. Dispute Internally. In the event of any disagreement or dispute between Associate and one or more associates within KWPP, the matter shall be submitted to KWPP for final and binding decision and Associate agrees to be bound thereby.
  - c. Dispute between Associate and KWPP. In the event of any disagreement or dispute between Associate and KWPP including, but not limited to, all claims arising in contract or tort which arose or occurred during the term of this Agreement, regardless of when discovered, the matter shall be submitted to final and binding arbitration in accordance with the then-existing rules of the Arbitration Service of Portland, Inc. or the Washington Arbitration and Mediation Services and the award shall be final and binding on all parties. The controlling jurisdiction and venue of any dispute shall be in the City of Portland, Multnomah County if Associate is licensed in Oregon or dual licensed in OR and WA or in the City of Vancouver, Clark County if Associate is licensed in Washington. The prevailing party shall be entitled to all reasonable attorney fees, filing fees, costs, and arbitrator fees.

**22. COLLECTION:** KWPP, at its sole discretion, shall have the sole and exclusive right to take legal action to collect any commissions owed KWPP, to employ counsel and incur expense in connection therewith, and to negotiate settlements thereof as KWPP may deem desirable. Any expenses incurred in connection with such proceedings shall be deducted from the commission prior to distribution of the commission between KWPP and Associate including, but not limited to, amounts due cooperating or referring brokerages. KWPP and Associate shall share all expenses equally in connection with the collection of a commission in the same proportion as they would have shared the commission resulting from the transaction were there no dispute or litigation. Associate shall cooperate with KWPP in the prosecution of any action to collect a commission owing or the settlement of such claim.

**23. BINDING AUTHORITY.** It is expressly understood and agreed by Associate that this Agreement shall not become binding upon the Company unless, and until, the original is signed by the Company's Managing Broker.

**24. AMENDMENT/MODIFICATION.** The terms and provisions of this Agreement may be amended/modified by the Company at any time with thirty (30) day written notice.

**25. NOTICES.** All notices required or permitted under this Agreement shall be in writing and shall be deemed delivered when delivered in person or deposited in the United States mail, postage prepaid, addressed as follows:

For KWPP:  
Keller Williams Realty Portland Premiere  
7504 SW Bridgeport Road  
Portland, OR 97224

For Associate:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Such addresses may be changed by either party by providing written notice to the other in the manner set forth above.

**26. CONSULTATION.** Associate acknowledges and agrees that they have had adequate opportunity to consult with counsel of their choice as to the scope, advisability, legal effect, sufficiency, and binding effect of this Agreement.

**27. ENTIRE AGREEMENT.** This Agreement, along with related documents and attachments, contain the entire agreement of the parties. There are no other agreements, oral promises or conditions relating to the professional relationship between KWPP and Associate. This Agreement supersedes any prior written or oral agreements between the parties.

**28. INCORPORATION and SEVERABILITY.** Addendum A (regarding commission), hereby

attached, and the KWPP Company Policy & Guidelines Manual, available online or in hard copy upon request, are incorporated into this Agreement. If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If an arbitrator or court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

**29. WAIVER OF CONTRACTUAL RIGHT.** The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

**30. APPLICABLE LAW.** This Agreement shall be governed by the laws of the State of Oregon or State of Washington, as deemed appropriate.

## SIGNATURES

On Behalf of KWPP:

---

Signature Date

Associate:

---

Print Full Name

---

Signature Date

---

Phone Number Social Security Number

## ADDENDUM A - STANDARD FEE STRUCTURE & COMMISSION AGREEMENT

KWPP Base Commission Split **70%** Agent / **30%** KWPP Capped at **\$18,000** maximum annually

KW International Royalty Fee **6%** Capped at **\$3,000** maximum annually

Errors & Omissions Insurance Fee **\$56** per transaction

After Cap Transaction Fee **\$50** per transaction with a maximum of **\$200** per month

Personal Transactions **\$500** per transaction

Monthly KWPP Service Fee **\$120** per month