





# **POLICIES AND PROCEDURES MANUAL**

## **Contents**

---

### **Introductory Section:**

Introduction

Our Company Philosophy

Some Facts About Our Firm and the Broker

### **Organization of the Office:**

Agency

Anti-Trust

Broker - Appointments With

Broker - Assistance From

Commissions - Taking Back a Note in Lieu of Cash

Commissions - Payment to Sales Associates

Commissions - Offset for Expenses

Commissions - Agreement with Other Brokers

Commissions - Legal Action to Collect

Commissions - Schedule of Rates Charged

Conduct - Professionalism in the Office

Cooperation

Disputes - Arbitration of

Disputes - between Buyer and Seller

Education

Expectations

Expenses - The Company Will Provide

Expenses - The Sales Associate Will Provide

Messages

In or Out Board

Library

Office - Equipment and Supplies

Office - Forms

Office - Hours of Operation

Office - Housekeeping

**Organization of the Salespersons:**

Absence - Compensation to Another Salesperson

Appointment Calendar

Appointments

Attitude

Automobile

Automobile - Insurance

Business Cards

Caravan

Checks

Checks - Return of

Confidentiality

Discrimination

Dress

Expenses

Floor Time

Integrity

Independent Contractor

Keys

Listings

Listings - Files

Listings - Servicing Suggestions

Listings - Term

Newspaper - Ad Copy to Seller

Newspaper - Ad Promises

Newspaper Advertising - Display

Personal Assistants - Employees of the salesperson

Personal Sales and Purchases

1. Full Disclosure
2. Commission to the Office

Referrals - Out of Town Brokers

Referral Fees - Inter-Office

Sales Contracts

Sales Meetings

Sales Kit

Sexual Harassment

Specialization

Signs and Lockboxes

Smoking

Specialty Advertising

Telephone - Answering

Telephone - Long Distance Calls

Telephone - Personal Calls

Thank You Cards

Time Off

**Organization of the Employees:**

Contract Files

Files

Hours

Office Appearance

Secretary

Supplies

Telephone Answering

Time Off - Doctor's Appointments

Time Off - Holidays

Time Off - Personal Business

Time Off - Sick Time

Time Off - Vacation Time

**Independent Contractor Agreement**

**Commission Addendum**

## Introduction

---

Every organization has certain methods of operation designed to allow the firm to efficiently achieve its objectives. Many organizations are structured to operate informally, and have so few personnel that a written document of policies and procedures is felt to be unnecessary.

The management of our firm believes that our clients and customers can be best served if we establish in writing our business philosophy, our policies and practices and the procedures to be used in carrying out those policies.

Because of these reasons, and because we know that our employees and associates will need guidelines and direction, we have prepared this Policies and Procedures Manual for your reference.

While we have attempted to provide detailed guidelines in this manual, there will be times when problems must be resolved by management decision, guided by the principles of fairness, integrity and good communication.

This is a living document, and we will add to it and change it when appropriate. We hope that you will become well acquainted with it, and refer to it often. If you believe we may have overlooked something that should be included, please make that omission known.

R⇒\~↔ÁOá↑æã~^  
Broker

## Our Company Philosophy

Here at Preview Properties, we believe to be successful, we must set out our philosophy of doing business clearly. These things, above all else, are important to us:

**Integrity.** No other single attribute of a person or of a business can have such an impact on success or failure. We believe that every action must be taken with truth and honesty, and if we must ask ourselves if it is all right to do something, it probably is not. There must be honesty in every action, truth in every word. We expect honesty from our employees and our sales staff.

**Service.** Our clients and customers have a right to expect outstanding service. We are paid not for our time, but for our service. If we expect to be well paid, we must provide the highest level of service available. We expect our employees and our sales staff to provide excellent service.

**Hard Work.** No organization can grow and prosper unless each member of the team puts forth the maximum effort. Often, we feel a tendency to "let down," and to do less than our best. We expect hard work from our employees and our sales staff.

**Professional Competence.** We should never undertake an assignment for a client or customer unless we have the training and experience to do the job. We believe in continuing education, for only by learning better ways to provide service can we enhance our reputation. We expect our employees and sales staff to continue learning.

**Cooperation.** An organization can be great when all members are working together for a common purpose. It can be only mediocre when some are rowing in a different direction. Helping one another when possible will bring harmony and wealth to us all. We expect cooperation from our employees and sales staff.

**Accountability.** Our clients and customers must be happy with the transaction, or we shall not get repeat business. If we make a mistake, we must be accountable and make it right with the customer. We expect our sales staff to be accountable for mistakes if a client is damaged.

**Professional Ethics.** The laws of this state are clear as to our obligations to our clients and customers.

**These things, above all else, are important to us. We shall not vary from these principles under any circumstances.**

**ORGANIZATION OF THE OFFICE**

## AGENCY

Consumers are often confused about whom the real estate broker represents in a transaction.

Our firm may be employed by the seller or the buyer, or both. Whomever we represent in a transaction, we must observe our duties as described in state law.

Our Salespersons should always remember who has employed us, and never allow the pursuit of a commission to blur the clear-cut responsibilities to our customers.

We must inform our principal of any facts or rumors that might affect their decision, along with the source of these facts or rumors.

Our sellers should not be asked to accept an offer until any other offers are shown.

When representing the seller, we must never suggest that a buyer offer less than the asking price of a property, although we must present all offers when made. We must not disclose to the buyer what price a seller may accept, nor our seller's motivation for selling.

When representing the buyer, we must never suggest that a seller should counteroffer more than the price offered in the contract. We must not disclose to the seller what price a buyer may be willing to pay, nor our buyer's motivation for buying.

We must treat the business of our principals with confidentiality, and never disclose facts to the other party that might work to the disadvantage of our principal.

We must be extra cautious when we become financially interested in a listed property, and must disclose any facts or rumors of which we have knowledge. We must also warn the seller that we are no longer representing his or her interests.

When we are asked to represent a buyer in a transaction, we may become an intermediary between the parties when showing a property listed by our office. Our broker must be made aware of this situation, and both parties to the transaction must agree in writing so that we may never appear to have an undisclosed dual agency.

Perhaps the best way to represent our principals is to treat them as if they were family members: do the best job you can.

**ANTITRUST:**

Brokers do not have a "standard" commission in our area. Each office sets its commissions independently by negotiation with the seller or the buyer.

Accordingly, no individual should suggest to a seller or buyer that there is a "standard" rate charged in this area.

Under no circumstances should an individual with this office discuss with any individual from another office suggested commission rates charged to sellers or buyers.

No salesperson should suggest to a competitor that if they perform or refuse to perform a certain act that the brokerage firms of our area will "boycott" them.

Any of these acts could be construed as a violation of Antitrust laws and subject the individual and our company to severe civil and criminal penalties.

**BROKER - Appointments with:**

The broker is available for assistance and consultation, and will try to be accessible to the salespersons. Often this will not be possible. If you need the brokers assistance, please check with the broker to see when it would be convenient. Confirm the appointment.

**BROKER - Assistance from:**

The broker will provide assistance to the sales staff whenever necessary. The broker should not have to do those things that a salesperson should do. Counsel from the broker should supplement the salesperson's efforts, not replace them.

If the salesperson has a problem, the salesperson should give the broker his or her recommendation for the solution to the problem. This will help the salesperson and the broker.

**COMMISSIONS - Payment to Salespersons:**

Commissions will be paid to salespersons within three working days after Company has received the gross commission.

**COMMISSIONS - Offset for expenses:**

If salesperson owes expenses to the office (whether or not these expenses have been billed to the salesperson), the expense will be deducted from the commission paid to the salesperson with a statement of accounting.

**COMMISSIONS - Agreement with other brokers:**

Commission splits between brokerage offices may be adjusted from time to time by the Company. Salespersons will not discuss commission splits with other offices.

**COMMISSIONS - Legal Action to Collect**

Occasionally, a client may refuse to pay a fee that the Company has earned. The Company will have sole discretion as to the legal remedies to be taken to collect the commission, and will not be bound to do so.

If the Company elects to take legal action, the costs of the action will be borne by the Company and the salesperson in the same proportion as the commission would have been split.

**CONDUCT - Professionalism in the office**

To be a professional, one must act professionally.

A professional atmosphere is necessary for the most effective representation of our clients, and will enhance our income levels.

A professional atmosphere excludes:

Horseplay  
Poor Attitude  
Arguing  
Practical jokes  
Loud laughter  
Profanity  
Long gossip sessions

Salespersons should conduct themselves in a businesslike and professional manner.

**COOPERATION:**

Few real estate salespersons are successful without a spirit of cooperation. We encourage our salespersons to give help to others, both within and outside our firm.

Pitch in without being asked. Give assistance pleasantly, not grudgingly.

Other offices will sell our listings, and will let us know of their good listings sooner.

Appraisers remember a helpful organization.

Lenders appreciate cooperation.

Our company will be more active.

Practice cooperation and receive the rewards of satisfaction, happiness and wealth.

**DISPUTES - Arbitration of**

Salespersons will occasionally disagree about prospects or commission splits. This is to be expected and, if handled promptly and fairly, will usually be settled to the satisfaction of all concerned.

If the two salespersons are unable to resolve the dispute, they

should meet with the broker and explain the situation, so that the broker may try to help them resolve it.

In case the broker cannot help them resolve the dispute, the parties will submit to arbitration by their peers. Two branch managers will be appointed to the arbitration panel.

The parties will present the facts of their case to panel, and the decision of the panel will be final and binding on the parties.

**DISPUTES - Between buyer and seller**

Buyers and sellers often have differing interests, needs and personalities. The result of these differences is occasionally a dispute over the terms of the contract.

We believe in the moral and legal validity of properly drawn real estate contracts.

We do not believe that litigation is the way to resolve these disputes. Litigation is costly, time-consuming and often results in both parties being hurt.

Salespersons should try to move buyers and sellers toward the 'center' to a common ground and encourage reason, flexibility and compromise.

**EDUCATION:**

**"If I saw farther, it is because I stood on the shoulders of giants."  
- Isaac Newton**

Members of our company should not undertake an assignment for a client or a customer unless we have the training and experience to do the job well.

We cannot expect to be called a 'professional' without making an investment of time and money on education.

We encourage our salespersons to continue learning better ways to provide service.

There are many resources for education, including:

- Real estate seminars
- Company Classes
- REALTORS® Institutes
- Sales meetings
- Title Company Classes
- Professional Trainers
- Private Real Estate Schools

State and National Association Conventions  
Books  
Magazines ("Real Estate Today," etc.)  
University courses

Invest in education. It will pay you back tenfold.

#### **EXPECTATIONS**

We believe we have the finest sales staff in this area. We have high expectations of the members of our firm:

1. We expect each salesperson to serve clients and customers with integrity, competence and courtesy.
2. We expect each salesperson to understand, accept, and abide by our Company philosophy, policies and procedures.
3. We expect each trained salesperson to strive to attain the following objectives:
  - a. Make at least two sales each month.
  - b. Take at least four saleable listings each month.
  - c. Earn at least \$50,000 each year.

(While the above should be objectives of all salespersons, they should not be considered as "quotas.")

4. We expect each salesperson to understand that our firm must be profitable if it is to remain viable. This means that all should strive to enhance revenues and keep costs in line. A profitable firm provides an environment of success for all.

#### **EXPENSES**

Questions often arise about which expenses are paid by the Company, and which are the responsibilities of the salesperson. Our policy is as follows:

#### **THE COMPANY WILL PROVIDE**

Office space  
Telephone  
Telephone answering service (VOICE MAIL)  
E-mail

On site computer access  
A copy machine  
Janitorial service  
Secretarial assistance when possible  
Broker assistance  
Training

**THE SALESPERSON WILL PAY FOR:**

Business Cards  
Postage  
MLS Dues  
Specialty advertising items  
Licensing fees  
Personal office supplies  
Personal sales and listing tools  
Long distance telephone charges  
Stationery for mass mailings  
Copies, except those directly related to listings and sales  
Special, additional advertising  
Automobile expenses (including insurance)  
Health insurance  
Self-employment and taxes  
Labor and Industry  
Business and Occupation Tax  
Error and omissions insurance  
Key Boxes and Key Pad  
Continuing Education

Any other expenses incurred by the salesperson not specifically shown above as provided by Company.

**FORMS - Office**

We have designed and printed certain forms to organize information into a permanent, written record. Very often, a form can be effective in sales presentations.

Critical questions will occasionally arise about a listing or a contract when the salesperson is not available. At such times it is good to be able to get the necessary information. Salespersons must fully complete all necessary paperwork during the listing and sales process.

If a salesperson has suggestions for improving a Company form, the broker should be informed.

If a salesperson sees that the supply of a certain form is low, the secretary should be informed.

**HOURS OF OPERATION - Office**

Our normal business hours vary by office however, generally each office is open:

8:30 a.m. to 5:30 p.m. Monday through Friday;

Agents are welcome to access the offices by Keybox 24/7. Agents are required to leave a business card and secure the building upon leaving.

Successful salespersons are frequently at work before and after the normal office hours.

**MESSAGES**

All messages should be carefully taken by every member of the Company, and promptly made available to the appropriate salesperson.

**IN OR OUT BOARD**

A successful salesperson is much in demand. We can be more professional in our conversations with clients and customers if we have some idea when a salesperson will return.

Please use the "in-or-out" board. if you will be late in the morning, please inform the office. If you will be out for an extended period, please check in regularly for messages.

**LIBRARY**

We have purchased books and tapes on various real estate subjects for our salespersons to read and enjoy. We hope all associates will take advantage of this self improvement opportunity.

When a salesperson wishes to take a book, we ask that the book be checked out by the secretary so that a record will be available.

Each book may be checked out for 10 days and should be returned to the Secretary. The secretary will note the return on the card, and the book will then be available to others.

The salesperson will be responsible for the replacement cost of the book if it is lost.

**OFFICE - Equipment and Supplies**

Equipment and supplies, including reference material, should not be removed from the office for any reason.

Upon termination, salespersons will return any supplies and reference materials in his or her possession.

**OFFICE - Housekeeping**

Clients and customers develop their first impressions from the appearance of our office.

We ask all members of the firm to help in keeping the office neat and clean. This includes reception area, desks, file cabinets, conference areas, and parking lot.

**ORGANIZATION OF THE SALESPERSON**

**ABSENCE - Compensation to another Salesperson**

Salespersons must occasionally leave town for education seminars, business or vacation. Our customers should not experience any decrease in service during this period.

The broker should not be expected to assume the workload. Another salesperson should be selected to serve our customers, and the salesperson who takes care of the absent salesperson's work must be compensated. If the broker must handle the salesperson's work, the broker will be compensated.

We have set a standard compensation to be paid by the absent salesperson; this does not preclude a different written agreement between two salespersons.

<u>Work performed</u>	<u>Compensation</u>
Taking a listing	50%
Writing a contract	50%
Presenting a contract	50%
Presenting a contract (sold) (i.e. home inspection, addendums)	20%

The salesperson who is to be absent should arrange with another salesperson to handle any business.

**APPOINTMENT CALENDAR**

It is our experience that the most successful salespersons have a written plan of action for each day.

We strongly recommend that our salespersons keep a daily calendar for appointments, for completing necessary tasks, and for prospecting effectively.

### **APPOINTMENTS**

It is imperative that we maintain the good reputation of our Company by making and keeping appointments.

Before showing any listing to a prospective buyer, call the seller to make a showing appointment so that the seller can be prepared. This will result in a property that shows better, and a seller who respects our professionalism.

If a salesperson has made an appointment to show a property, the appointment should be kept, or the seller called with an explanation of why the property was not shown.

Appointments should not be made at bars or cocktail lounges or under the influence of drugs or alcohol.

### **AUTOMOBILE**

First impressions are lasting impressions.

The appearance of a salesperson's automobile is as important as his or her personal appearance.

The automobile need not be new, but must be neat and clean. Air conditioning and heat will help to keep your buyer's loyalty.

Your automobile should be in good mechanical order. Reliability is very important. Safety is everything.

The automobile is a traveling office and should be stocked with the tools of our business, such as: maps, business cards, forms, contracts, tape measure, flashlight, hammer, screwdriver, pliers, WD-40, "under contract" signs, and nuts & bolts for signs.

### **AUTOMOBILE - Insurance**

Each salesperson must carry automobile liability insurance in amounts not less than \$100,000 for each person, \$300,000 for each accident. The company must be included on the policy as insured.

A copy of the paid insurance policy will be provided to the Company annually.

### BUSINESS CARDS

Business cards must be in the format prescribed by the Company.

### ATTITUDE

Probably the single most important attribute of a successful salesperson is attitude.

It is said that the act of smiling releases a chemical into the blood stream that brings on a feeling of happiness.

Whether or not this is true, good things clearly come to those with good attitudes. A positive attitude allows us to do difficult tasks more easily. A negative attitude renders difficult tasks impossible.

Attitude, good or bad, cannot be concealed. A smile can be "heard" by phone. Caring for others will be easily recognized by clients and customers.

Success comes from attitude.

### CHECKS

**All NSF checks are required to be replaced with a cashiers check immediately. If not, the listing agent and seller needs to be notified by selling agent immediately.**

**If buyer for any reason fails to deliver earnest money check or notes per terms of agreement, agent must notify listing agent and seller immediately.**

When a salesperson receives a check as an earnest money deposit the check will be submitted to the office in accordance with the terms of the Real Estate Purchase and Sale Agreement, along with appropriate contract forms.

Under no circumstances will a salesperson accept as an earnest money deposit a 'postdated' check.

Under no circumstances shall a salesperson void, refund, or return an earnest money without proper documentation.

### CHECKS - Return of

Occasionally, a sales contract takes an extended time to negotiate, and is never completed. Often, the Company will have deposited the earnest money.

The salesperson should inform the buyers that the Company will not refund earnest money until the customer's check has cleared our bank.

In cases of a completed contract that later falls through, the salesperson must have both buyer and seller sign a 'Rescission Agreement' form to show who is to receive the binder check.

### CONFIDENTIALITY

We often learn a great deal about our clients and customers because they have placed their trust in us. It is good practice to keep all problems of our clients strictly confidential.

### DISCRIMINATION

Salespersons may not discriminate based on race, color, religion, sex, or national origin, family status or disability. This is the law, and it is a good law. We expect all salespersons to assist all customers to purchase the home of his or her choice.

### DRESS

The attitudes of others toward us are frequently shaped by the way we dress.

We cannot think of an instance when a sale was lost because the salesperson was professionally dressed, but many customers have been put off by "sloppy," "over-casual," or "sexy" clothing.

When we expect customers and clients to trust us with the largest single transaction of their lives, the purchase of real property, we must understand why they expect us to dress and act as if we are serious and professional.

It is acceptable, while showing vacant land, to dress in jeans. It is not appropriate in most other business situations.

The title of a well-known book says it all: **DRESS FOR SUCCESS.**

### **EXPENSES**

Salespersons will be billed monthly for expenses paid by the Company that are properly chargeable to the salesperson. Such expenses may include E&O, L&I, desk fees, long distance telephone charges, color copies advertising, business cards etc.

The salesperson is expected to pay the Company within 5 days. If payment is not received by Company within that time, the past-due balance will bear a late fee and interest at 18%.

### **FLOOR TIME**

The company will have a salesperson available to customers from 8:30 a.m. until 6:00 p.m.

The salesperson who is scheduled for floor time is called the "floor salesperson."

The floor salesperson may take telephone and "walk-in" prospects who do not ask for a specific salesperson.

Floor time is not mandatory.

Floor time will be scheduled by the Company, taking into account requests by salespersons.

In the event the floor salesperson is busy, unavailable, or unable to properly handle a call or walk-in prospect, the inquiry will be referred to a split commission salesperson (if available) or to a 100% salesperson who agrees to take this lead as a split commission (70%/30%).

Salespersons should avoid scheduling appointments during floor time, and should attempt to secure a replacement if leaving is necessary. In the event there is no salesperson to substitute, the floor salesperson should notify the secretary before leaving.

### **INTEGRITY**

This subject has been covered in this manual in several sections. Expressing again our strong feelings is not redundant.

A prospect who buys based on half-truths will probably not close the transaction. If there is a defect in the property, be "up-front" about it. If you must lie to sell it, do not show it.

If you say you will do something, do it.

Never deviate from the truth.

### **INDEPENDENT CONTRACTOR**

Salespersons are considered to be independent contractors, not employees.

The Company will not withhold income taxes nor social security taxes (self employment taxes).

The salesperson is under the direction of the broker as to the results of the work, but not the methods by which such results are accomplished.

The Company and the salesperson will execute an Independent Contractor Agreement that defines the relationship in detail.

### **KEYS**

When a client entrusts the key to his or her property to us, that trust must never be violated. Always request permission to make extra copies of keys.

Keys should never have an address tag attached. A coded tag should identify the key. Thus, if the key is lost, the property will remain secure.

When keys are checked out by other offices or individuals (such as appraisers) who have been approved by the seller, careful notation should be made in the files, and the expected time of return.

Under no circumstances should keys be given to buyers or tenants until the transaction has been closed or occupancy granted.

After showing the property, the salesperson should be careful to see that all windows and doors are locked, and the lights are out.

## LISTINGS

Listings are the lifeblood of the real estate business. Without listings, the phone does not ring, our name is not known, and our income will drop substantially.

A listing well taken is half-sold. Salespersons who take listings within 5% of market value, who are candid with the seller about necessary repairs or cleaning, and who prepare the seller for an offer, will sell more of their listings.

### LISTINGS - Files

A listing file will be made, labeled and filed in the office listings section of the file cabinet. All forms should be completed and filed with the listing, including:

- Listing cover sheet
- Property information sheet (Form 17)\*
- Lead based paint
- Legal description
- Prelim title
- Listing agreement
- Correspondence

Listing files are for the reference of all salespersons and the Company. They should never be removed from the office.

**\* - Salespersons must not fill out Form 17 for client. (seller discloser form)**

### LISTING - Servicing Suggestions

It is imperative that we maintain regular contact with the seller who has entrusted the sale of his property to our Company. A salesperson who does not service his or her listings properly will find referral business substantially reduced, and sellers will not renew.

We recommend that salespersons set aside one evening each week as "servicing" night. Call each of your sellers and discuss your efforts. If you are not able to reach them, write a note or letter to them immediately. A contact reminder should be placed on your calendar for tomorrow.

Calling a seller each week is often difficult because we do not know what to say week after week. Don't feel uncomfortable. Call! Nothing is worse than not calling for several weeks, and feeling guilty about your performance.

We suggest that you clip the seller's advertising and mail it to the seller. Ask the seller to call if another agent shows the

property so that you can follow up.

Our business is built on service. Service your listings.

**LISTINGS - Term**

Salespersons should list properties for a minimum ninety days to six months. A shorter term does not give us a fair chance to sell the property, and could result in an unfortunate interruption of service to the seller. Do not take listings for less than six months without the permission of the manager.

**LISTINGS - Withdrawal**

Occasionally, when a property is not sold as quickly as sellers would like, the sellers ask to have the listing withdrawn so that they can sell it themselves or list with another broker.

We invest considerable effort, money and time in listing and marketing a property, and expect to be reimbursed if the listing is taken from us.

Our standard withdrawal fee is 1% of the listed price, and should be placed on the Listing Agreement. It should be brought to the sellers' attention.

A withdrawal fee, if collected, will be split with the salesperson on the same basis as if the property had sold.

In certain circumstances, the Company may decide that charging such a fee would not be appropriate. Such situations include a seller whose transfer to another city is canceled, or a seller who can show that we have not serviced the listing properly.

**NEWSPAPER - Ad Copy to Seller**

The salesperson should regularly clip ads on listings and mail them to the client. A postcard is satisfactory, with wording such as:

"Just thought you might like to see a recent advertisement that ran in the newspaper on Sunday, July 16. We are doing our best to market your home."

### **Newspaper - Ad promises**

Salespersons should use caution in promising an owner that we will do extensive newspaper advertising. Such promises can cause ill will and resentment if we do not follow through.

Our advertising is designed to generate calls on homes in certain price ranges so that, after the salesperson has qualified the buyer's needs and capabilities, the buyer can be matched with one or more of our listings. Often, the buyer never saw the ad on that particular home.

We should not promise what we ought not, lest we be called upon to perform what we will not or cannot.

### **NEWSPAPER ADVERTISING - Display**

Display advertising is used to supplement classified advertising, and is often the only way to show a property to its full advantage.

Besides the institutional advertising placed by the Company, such display advertising is the responsibility of the salesperson.

To be effective, it must be:

Attention-getting; brief, with lots of white space; attractive and professional.

We request that, before insertion, it be approved by the broker.

### **PERSONAL ASSISTANTS - Employees of the salesperson**

We believe that a personal assistant can help a salesperson be more productive in every aspect of his or her business. Personal assistants can do many of the tasks which do not require marketing and sales skills, such as preparing brochures on properties for sale, inserting advertising, measuring listed properties, placing signs on properties and even, when properly trained, comparative market analyses.

If a personal assistant is engaged by a salesperson of this office the following requirements apply:

- A. The Company, the salesperson, and the personal assistant must enter into a written agreement which:
  1. states that the assistant is an employee of the salesperson and not the Company.

2. states that the personal assistant is an employee, not an independent contractor, for income tax purposes. The salesperson must agree to withhold taxes and FICA contributions, as well as make all required payments to IRS for those taxes. The salesperson agrees to abide by other laws, including unemployment compensation taxes or workmen's compensation insurance, and to hold the Company harmless from any claims for those items.
3. sets forth the compensation to be paid to the assistant, including any bonuses.
4. outlines the duties of the personal assistant, as well as a list of activities which an unlicensed personal assistant cannot perform in this state.
5. gives the Company the right to approve the continued employment of the assistant from time to time. The approval shall not be unreasonably withheld, but if the assistant is causing problems in the operations of the Company, the assistant will not be allowed to continue to work in the offices of the Company.

Salespersons may decide to hire licensed personal assistants because of additional duties which may be performed. Often the licensed assistant will work under a split-commission basis. A salesperson may not pay a portion of the commission to the assistant. Commissions split between the salesperson and the personal assistant must be paid by the broker.

Personal assistants who work in the office use many of the office facilities, such as parking areas, plat books, office space, telephones and supplies. Because of the additional expense to the Company, the Company shall charge the salesperson \$\_\_\_\_\_ per month, per assistant for the assistant's use of the facilities.

#### **PERSONAL SALES AND PURCHASES**

We feel that real estate is one of the best investments, and we encourage our salespersons to buy real estate for investment. We have several important policies regarding purchase and sale of real estate by our salespersons:

##### **1. FULL DISCLOSURE**

When a salesperson buys or sells real estate, the seller or buyer must be informed about the salesperson's license status, and must be aware that the salesperson is not representing the

interests of the other party. To protect ourselves, this fact should be clearly revealed in the contract for sale and purchase, and in all discussions.

When a salesperson is buying a property, the manager will review the contract. If the property is a listed property, the manager may be present when the offer is presented.

## **2. COMMISSION TO THE OFFICE**

Many purchases and sales involve office prospects, office listings or potential listings, supplies, as well as potential liability to the office. Therefore, the Company must be paid its share of the scheduled brokerage commissions whenever a salesperson buys or sells any property.

It is our policy that, when buying property, the salesperson accepts no commission. Accepting a commission may later result in charges of a conflict of interest. The salesperson should take this fact into consideration at the time of purchase. At closing, the salesperson shall pay to the company its share of the scheduled brokerage commission as if the purchased property were listed.

## **REFERRALS - Out of town brokers**

Referrals can be a substantial source of income to alert salespersons.

Send a referral on every client or customer who is leaving our area.

When you meet a buyer who intends to move from another city, send a "reverse" referral to a broker in that city if the property is not yet listed.

Out of town referrals should be handled by the manager. Our Company expects to receive a minimum of \_\_\_\_\_% on referrals we send. We pay a maximum of \_\_\_\_\_% on the listing or the selling side of the transaction of referrals from another broker.

Salespersons should prepare a memorandum and place it in the referral files on all referrals sent and received. The Company can later follow up on prospects who have been referred so that we may promptly pay referring brokers.

### REFERRAL FEES - Interoffice

We encourage salespersons to refer customers to each other if doing so will provide greater service to the customer.

When this is done, if compensation is involved, the salespersons must come to an agreement as to compensation due, and put it in writing. It should be placed in the files, and each salesperson should keep a copy. When the commission is to be paid, the broker should be given a copy of the agreement so that commission checks can be properly prepared.

### SALES CONTRACTS

Until a salesperson has been told otherwise, sales contracts may be reviewed by the manager before presenting them to the seller. This policy has saved time and litigation, and is a protection to the buyer, seller, and salesperson.

Before signing the sales contract, the buyer should sign a cost disclosure statement that itemizes the amount of the down payment, closing costs and pre-paid costs, and the monthly payment. The buyer should receive a copy. While the wording of the statement might show that it is an "estimate," the salesperson should be sure the information is correct. It is the Company's policy that if a customer incurs loss from a salesperson's negligent estimate of costs, the salesperson must repay the loss.

The salesperson should prepare an information sheet showing the personal information of the buyer, and items such as mortgage company, title closing agent, temporary address of the buyer, etc.

The earnest money deposit must be held in trust according to state law.

### **SALES MEETINGS**

Weekly/monthly meetings help to provide effective communication of important information. Topics at these meetings might include:

- Review of advertising
- Discussion of Company policies
- Review of current financing
- For sale by owners
- Sharing of experiences - good or bad
- Guest speakers
- Review of new listings
- Sales results
- Training

The meetings are held on \_\_\_\_\_ morning beginning at \_\_\_\_\_ a.m., and usually ending at \_\_\_\_\_ a.m. After the meeting, if there are new listings to see, we will have a caravan to inspect the properties. [ See "Caravan" ].

Salespersons are not required to attend the sales meetings, but are encouraged to participate.

### **SALES KIT**

Each salesperson should prepare a sales kit that is ready for use when needed. Ideas for some items to be included are:

- Ad copies
- Market report forms
- Listing agreements
- Contracts for Purchase and Sale
- Sellers "net" sheets
- Buyers cost disclosure forms
- City map
- Office Listing Book
- Listing presentation book
- Measuring tape
- School district maps
- "Giveaway" advertising items

### **Sexual Harassment**

Sexual harassment is any kind of sexual behavior that is unwelcome and/or inappropriate for the work place.

Whether the harassment is verbal (dirty jokes), visual (posters, cartoons, drawings, or emails that can cause embarrassment), or physical (continually requesting a date or sexual favors).

Members of this firm have the right to work in an environment free of such behavior, and should not be subjected to any type of harassment. Such conduct is expressly forbidden by management.

Staff members who have been subjected to conduct they believe constitutes sexual harassment should report the incident to management immediately.

### **SPECIALIZATION**

When a salesperson becomes proficient in the general brokerage side of the business, we recommend that he or she become a specialist.

By "specialist" we mean that one attempts to become most knowledgeable about a given neighborhood, type of property, or area of real estate.

The specialist soon finds it easier to compete, because of the additional knowledge.

Whether you decide to farm a certain area, specialize in the sale of restaurant properties, or work in multi-family properties, specialization may increase your income potential.

### SIGNS - And Lockboxes

Each salesperson is responsible for the signs and lockboxes put on listings. Every listing file should note whether the listing has a sign or a lockbox.

Sign "riders" with the salesperson's name are exceptional opportunities for the listing agent to receive calls and find buying and listing prospects.

Commission checks will be held until the sign and lockbox from the sold listing has been returned to the office.

"Contract pending" signs should be placed on the property when the Contract for Sale and Purchase has been signed by both buyer and seller. Because such signs are an excellent source of additional listings, the sign should remain on the property until the day of closing.

When a listing is taken and another real estate agency sign is on the property, you may remove the sign and return it to the other agency, or call the other agency and suggest that they pick up their sign.

## SMOKING

We have included immediately behind this page three different policies for smoking in the office:

1. No smoking in the office. Period!
2. Smoking in certain restricted areas.
3. No Smoking anywhere in the office.

We have suggested that there should be a "no smoking" policy in the presence of customers and clients.

Whichever method your firm decides to use, please discard the unused pages (and this one), or make changes as desired.

**Problems with Rescissions**

All Agents shall report to their Broker all problems regarding rescissions being signed by both parties. These transactions may need to be interpled to the State and they must be filed within 30 days of parties notifying each other that neither will release earnest money to the other party. Agents agree to keep their Branch Manager aware of such situations before 30 days are up.

**Earnest Money Checks**

All earnest money checks shall be turned into the secretaries and shall have a note attached saying offer is waiting to be accepted or waiting for inspection. Then Agent must notify secretary when those items are complete so we can deposit the check

**Lawsuit - Fraud**

All agents are aware that if a lawsuit is brought against them they will be responsible for all retainer fees for the attorney. **Fraud** is not covered by our Errors and Omission insurance nor is any agent related transactions for their own properties buying or selling.

**Submitting all Transactions**

Agents must submit all transactions to the company even if they are not earning a commission or they are their own properties being purchased or sold. All must be turned into the office.

All transactions that re rescinded after mutual acceptance are required to be turned into the office.

### **SPECIALTY ADVERTISING**

Salespersons often purchase different items to give away to sellers, buyers and prospects. Such items usually have the name of the Company and the name of the salesperson prominently displayed, and often results in increased business.

We recommend such advertising; the selection of items should be made with discretion to maintain the professional image that we so carefully nurture.

### **TELEPHONE ANSWERING:**

First impressions of our firm are often made from the way our telephone is answered.

The salesperson should consider the act of answering the telephone one of the most important of all duties.

The telephone should be answered:

"Good [morning] [afternoon], this is \_\_\_\_\_ Realty. May I help you?"

Full attention must be given to the caller. All other work should cease until the caller has been helped.

If the call is for a salesperson who is out, say:

"Mrs. Wilson is out. May I have her call you when she returns?"

This may be said even if Mrs. Wilson has not arrived at work today. Never say "She has not come in to work yet."

The message should be taken so that the absent salesperson can return the call promptly.

**TELEPHONE - Long Distance Calls**

We believe the telephone is the second best means of communication. When it is used long-distance, it is also one of the most expensive.

The salesperson will charge all long-distance calls to his or her assigned long-distance office code. The office will bill such calls monthly.

We believe that a call is more effective than a letter. We suggest that you plan each call by preparing a list of each major point you wish to cover before dialing.

**TELEPHONE - Personal Calls**

Our telephone equipment was installed to serve our business needs, and all our lines will often be in use. Therefore we ask that you keep personal calls short.

**THANK YOU CARDS**

Little is as effective in establishing customer loyalty and referrals as a simple "thank you."

We recommend that salespersons keep a supply of "thank you" cards on hand and make it a rule to hand write at least two every day. You will be amazed at the additional listings and sales that will result.

### **TIME OFF**

Real estate is an exciting, sometimes exhausting business. Salespersons can become so involved that they work 15 hours a day, seven days a week.

We want to caution of the dangers of "burnout," a condition in which a salesperson becomes unable to talk to a prospect, and begins thinking that another line of work would be appropriate.

We suggest that every salesperson periodically take time off to recharge the energy and enthusiasm and ideas that bring success. A physically exhausted agent simply cannot perform effectively.

However, if we take off every time we "feel like it" we may miss many income-producing activities.

Often, the only way to do this to avoid "guilt" feelings is to schedule time off as if it were an appointment.

### **Additions:**

Preview Properties Agents will not have vender charges billed directly to Preview Properties Inc.

Preview Properties Agents are not to advertise discount listings. Preview Properties is not a discount brokerage.

## Independent Contractor Agreement

This agreement, made this \_\_\_\_\_ day of \_\_\_\_\_,

200\_\_, by and between \_\_\_\_\_

hereinafter referred to as "Company"; and

\_\_\_\_\_, hereinafter referred to as  
"Salesperson":

### WITNESSETH:

**WHEREAS**, Company is a licensed real estate brokerage firm, enjoying a good reputation for honest and effective business operations; and

**WHEREAS**, Company desires to employ Salesperson; and

**WHEREAS**, Salesperson is licensed by this state to list, sell, lease, rent and exchange real property; and

**WHEREAS**, Salesperson enjoys a good reputation for fair and honest dealing; and

**WHEREAS**, it is deemed to be to the mutual advantage of Company and Salesperson to form the association agreed to under the terms and conditions hereinafter set forth,

**NOW THEREFORE**, in consideration of mutual promises included herein:

### I. Salesperson agrees to:

- A. Abide by the real estate license laws of this state in dealings with the public;
- B. Abide by the Code of Ethics of the National Association of REALTORS®;
- C. Abide by the rules and regulations of any Multiple Listing Service that the Company is now or may become affiliated with;
- D. Abide by the Constitution and Bylaws of the National and State Associations of REALTORS®, and those of the local Board of REALTORS®;
- E. Abide by the rules set forth in Company's Policies and Procedures Manual, said Manual being a part of this agreement as though it were copied

completely herein;

- F. Deal honestly and fairly with all clients and customers of Company, as well as with the staff and management of Company;
- G. Observe the fiduciary duties that Company owes to our principals;
- H. Take all listings in the name of Company, and turn in listings to Company within 48 hours after the property owner has executed the listing agreement;
- I. Refrain from making any representations as to condition of property or of title that may, if relied upon, cause loss to a buyer. This includes statements about structure, electrical service, sewers, appliances, etc.;
- J. Refrain from billing any cost or expense to Company's account;
- K. Pay for all professional licenses and dues;
- L. Work diligently to obtain listings and to sell and/or rent real estate listed with Company, and to promote the business of Company in every way possible;
- M. Devote full-time and efforts toward carrying out the real estate business of Company, and not have employment elsewhere except with the prior written consent of Company;
- N. Maintain habits and working hours to enhance the business, profits, and reputation of Company.
- O. To charge commissions and/or fees as established by Company and included in the Policies and Procedures Manual to the party for whom services are performed.
- P. Salesperson specifically agrees that upon termination all listings will remain the property of Company, and that no compensation will be paid in the event the listings sell following termination. With respect to sales contracts that are pending but not yet closed, Company will have the option of assigning pending sales contracts to another salesperson. Whether or not another salesperson is assigned, Salesperson agrees that

Company may retain up to 15% of Salesperson's share of commissions as compensation for additional work that may be necessary to complete the closing of the transaction. On any sales contracts that fall through and must be renegotiated, Company will retain 50% of commission as compensation.

- Q. Upon termination for any reason Salesperson may not use for personal advantage, or to the advantage of any other party, information gained for or from this association and the files or business of Company.
- R. To maintain the confidentiality of all information, forms, manuals, etc. gained for or from the files or business of the Company while with Company, or upon termination of this contract.

**II. Company agrees to:**

- A. Abide by the real estate license laws of this state in all dealings with the public;
- B. Abide by the Code of Ethics of the National Association of REALTORS;
- C. Abide by the rules and regulations of any Multiple Listing Service that the Company is or later becomes affiliated with;
- D. Abide by the Constitution and Bylaws of the National and State Associations of REALTORS®, and those of the local Board of REALTORS®;
- E. Provide Salesperson with facilities and listings of the Company;
- F. Refrain from directing that Salesperson handle or solicit certain listings or sales;
- G. Allow Salesperson full discretion within the law for time worked and methods used for obtaining listings, sales, exchanges, and leases of real property;
- H. Pay commissions to Salesperson according to Attachment I based upon commissions collected from:
  - 1. Each firm listing obtained by Salesperson that is subsequently sold and closed;

2. Each sale, lease, or exchange negotiated by Salesperson that is subsequently closed.

I. The Company will not:

1. Withhold from Salesperson's commissions any amounts for taxes, Social Security, or any other items.
2. Make any premium payments or contributions for any worker's compensation or unemployment compensation for Salesperson.
3. Pay for any automobile or transportation expense, without reimbursement from Salesperson.
4. Require the salesperson to follow any set schedule; the salesperson may work or not work by choice.
5. Pay any salary to Salesperson nor any sick pay.

**III. Company and Salesperson agree that:**

- A. If two or more Salespersons participate in work resulting in a commission, or claim to have done so, the amount of the Salesperson's commission, as provided in the current commission schedule attached, will be divided between the participating Salespersons according to agreement between them, or by arbitration as outlined in the Policy and Procedures Manual.
- B. Salesperson and Company agree that from time to time, Company may determine that it should pay some expenses or reduce the commission charged to a client and/or customer, or Company may incur expense in the collection of a commission. In the event this happens, the expenses or commission reduction will be paid by Salesperson and Company in the same proportions as provided for in the attached commissions schedule, or as outlined in the Policy and Procedures Manual. However, in the event said expenses or commission reduction are due to negligence of either Salesperson or Company, the negligent party will be responsible for and pay all expense, or commissions due; i.e., for negligent failure to compute Buyer or Seller costs correctly, misrepresentation,

incorrect closing statements, etc.

- C. This agreement does not form a hiring by either party. The Salesperson is and will remain an independent contractor, bound by the provisions hereof. Salesperson retains sole and absolute discretion and judgement in the manner and means of carrying out listing, selling and soliciting activities. Salesperson is under the direction of Company as to the result of Salesperson's work only and not as to the means by which such result is accomplished. This agreement will not be construed as a partnership, and neither party hereto will be liable for any obligation incurred by the other except as provided elsewhere herein.
- D. This agreement and the association created hereby, may be terminated by either party hereto anytime upon notice given to the other. The rights of the parties to any commission earned before said notice will not be divested by the termination of this contract, except as provided herein and in the Policy and Procedures Manual.
- E. Salesperson and Company will, upon termination of Salesperson, abide by the Policy and Procedure Manual with respect to listings, sales, and any other pending transactions. Salesperson further agrees and warrants not to copy, give information, or show office forms, listing presentations, etc. to others without written agreement from Company. Company and Salesperson understand that all papers, information, instructional material, forms, presentations, etc. are the property of the Company and upon termination, Salesperson agrees to return all these and any other printed materials to Company.

**IN WITNESS WHEREOF**, the parties hereto have signed and sealed these presents on the day and year first above mentioned.

Preview Properties NW LLC

by \_\_\_\_\_

\_\_\_\_\_

Salesperson

COMMISSIONS SCHEDULE

This attachment, when executed, will become an integral part of the INDEPENDENT CONTRACTOR AGREEMENT.

Salesperson will receive \_\_\_\_\_% of gross office commissions collected from the listing and/or sale side of a transaction, whichever is applicable.

When Salesperson has collected \$\_\_\_\_\_ from his or her share of commissions during the calendar year, Salesperson will receive \_\_\_\_\_% of future gross office commissions collected from the listing and/or sale side of a transaction, whichever is applicable, for the balance of calendar year.

When Salesperson has collected \$\_\_\_\_\_ from his or her share of commissions during the calendar year, Salesperson will receive \_\_\_\_\_% of future gross office commissions collected from the listing and/or sale side of a transaction, whichever is applicable, for the balance of calendar year.

When Salesperson has collected \$\_\_\_\_\_ from his or her share of commissions during the calendar year, Salesperson will receive \_\_\_\_\_% of future gross office commissions collected from the listing and/or sale side of transaction, whichever is applicable, for the balance of calendar year.

If collections are made from deferred commissions paid over time, Salesperson will receive the same percentage stated above, less \$5.00 for each payment, which amount will help to defray bookkeeping expenses.

This schedule will be applicable for calendar year 200\_\_.

INDEPENDENT CONTRACTOR AGREEMENT

COMMISSIONS SCHEDULE

This attachment, when executed, will become part of the INDEPENDENT CONTRACTOR AGREEMENT.

**In-house Sales:**

Where Salesperson is the listing agent:

Salesperson will receive \_\_\_\_\_% of gross office commissions collected from the listing side of a transaction.

Where Salesperson is the selling agent:

Salesperson will receive \_\_\_\_\_% of gross office commissions collected from the sale side of a transaction.

When another brokerage firm participates:

Salesperson will receive \_\_\_\_\_% of gross office commissions collected from the transaction.

If collections are made from deferred commissions paid over time, Salesperson will receive the same percentage stated above, less \$5.00 for each payment, which amount will defray bookkeeping expenses.

This schedule will be applicable for calendar year 200\_\_.

Date \_\_\_\_\_, 200\_\_.

Preview Properties NW LLC

by \_\_\_\_\_

\_\_\_\_\_

Salesperson