



# **SAFECO, REALTORS®**

bringing your dream home™

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## **POLICY MANUAL & SPONSORSHIP AGREEMENT**

v.01-01-2017

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## **CONFIDENTIAL NOTICE**

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**THE ABOVE TERMS WILL BE STRICTLY ENFORCED AND VIOLATORS WILL BE PROSECUTED.**

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## DEFINITIONS

*“SAFECO” or “SAFECO”* means SAFECO GROUP, LLC (d.b.a. SAFECO, REALTORS®)

*“Broker”* means SAFECO GROUP, LLC as described in Paragraph 1. of Independent Contractor Agreement

*“Associate” or “Associates”* means Sales Associate as described in Paragraph 1. of Independent Contractor Agreement

*“Agent”* means Sales Associate as described in Paragraph 1. of Independent Contractor Agreement

*“Salesperson”* Sales Associate as described in Paragraph 1. of Independent Contractor Agreement.

*“You, Your, or Yours”* means Sales Associate as described in Paragraph 1. of Independent Contractor Agreement

*“We, Our, or Us”* means Broker as described in Paragraph 1. of Independent Contractor Agreement

*“Manual”* means this Policy Manual & Sponsorship Agreement

*“Policy” or “The Policy”* means this Policy Manual & Sponsorship Agreement

*“Agreement”* means this Policy Manual & Sponsorship Agreement

*“ICA”* means Independent Contractor Agreement

*“CDA”* means Commission Disbursement Authorization

*“TREC”* means Texas Real Estate Commission

*“REALTOR”* is a Professional Designation through membership in National Association of Realtors (NAR)

See Independent Contractor Agreement for additional definitions.

## THE POLICY

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**Purpose:** SAFECO Policies are created to develop an execution framework for compliance with local, state and federal regulations. These documents contain policies comprising the general principles which will guide us in the management of daily affairs. We expect our associates to fully adhere to these policies.

Much of the policies and procedures contained within this document derived from TREC rules - rules which must be complied with by our Associates. Some of the policies or procedures, however, are derived from other sources, such as state and federal laws, and the National Association of REALTORS® (NAR) Code of Ethics. Be sure to read them carefully and ask questions if you don't understand it.

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This is your **Policy Manual & Sponsorship Agreement**. The office policies and procedures are provided in this manual for the standard operating procedures of our firm. This is intended to be a legally binding agreement. **READ IT CAREFULLY.** If you do not understand the effect of this agreement, consult your attorney.

### **Addendum to Independent Contractor Agreement & Model Brokerage Policies and Procedures and "Other" Brokerage written policies**

- A- The Policy Manual & Sponsorship Agreement is an addendum to Associate's Independent Contractor Agreement and Model Brokerage Policies and Procedures and other written agreements approved by Broker and is the basis for sponsoring his/her license. Therefore, this Agreement is made in consideration for sponsoring Associate's license. By entering into a Salesperson Sponsorship or maintaining your Salesperson Sponsorship with SAFECO, you agree to comply with all provisions of this Agreement. Should there occur at any time a conflict between any provisions of this Policy or sections of any other written or oral policy statement or any other agreement (s) between Associate and Broker the provisions of this Policy Manual & Sponsorship Agreement will prevail.

Furthermore, Associate agrees to fully comply with the following written policies collectively called "Other Policies":

- 1- Digital Millennium Copyright Act (Safe Harbor Provision)
- 2- Internet Policy
- 3- Privacy Policy

- B- Any failure to insist upon or enforce performance of any provision in this Policy Manual & Sponsorship Agreement will not be construed as a waiver of any provision or right. Neither the course of conduct between the parties nor trade practice will act to modify any provision in this Agreement. Broker reserve the right to demand or enforce performance for violations occurred up to 2 years from the date of violation or from the date that Brokerage Services were ended (i.e. closing and funding a transaction). This Paragraph B survives the termination of the Independent Contractor Agreement.
- B- If any provision of this Agreement is deemed unlawful, void, or for any reason unenforceable by an arbitrator or any court of competent jurisdiction, then that provision will be deemed severable from the rest of the Agreement so that it does not affect the validity and enforceability of any remaining provisions.

### **Liquidated Damages**

Unless specifically mentioned in this Agreement, Associate violating any terms of this Agreement agrees to pay SAFECO liquidated damages equal to (1) \$10,000 dollars; or (2) the gross compensation that Associate due to receive for the pending transactions when violation occurred, whichever is greater.

## INTRODUCTION

Dear Agent,

Welcome to SAFECO, we are glad to have you on board. Our goal is to provide you with the professional support you need to be successful.

Please take some time to review, and understand ALL sections included in this Manual. It is a source of information outlining company policies and procedures. If you have specific questions please do not hesitate to ask for clarification. We are dedicated to your success and looking forward to working with you.

Congratulations! And best wishes for a successful and rewarding future at SAFECO.

Sincerely,  
SAFECO, REALTORS®

## MISSION STATEMENT

Our never-ending quest for superior service is the cornerstone of our company. Our mission is to provide the best-in-class services in our real estate practices with integrity and value at the forefront of our business. Our principle is to conduct business at the highest ethical and business standard.

So, whether you are a new or an experienced agent, discover how the right brokerage firm can make the difference in your business. SAFECO, REALTORS® is your strategic partner and fully committed to your success.

### **Our Philosophy...**

**Operation excellence built on platform of integrity**

***Service, Quality, Integrity, Results***



## NEW ASSOCIATE ORIENTATION

### **Business and Mailing Address**

SAFECO business & Mailing address is listed on publicly available TREC website. Unless otherwise notified in writing by Broker, all SAFECO business transactions are conducted at these addresses. Likewise, Associate's business, while sponsored by Broker, including but not limited to marketing and advertising, client services, and contracts must include Broker's Business and Mailing Address. Associates are not authorized to conduct Brokerage Services on behalf of Broker from any other commercial locations. In addition, Associate's license is issued to this address, therefore all TREC communications with Broker and Associate will be mailed to this address.

### **Mail and Communication Policy**

Associate's mails that Broker receives will be forwarded to Associate according to TREC rules. It is the responsibility of the Associate (and Associate only) to ensure 1) the Associate's mailing address (which he/she provided at the time Associate joined the firm through on-line Sponsorship Application) is current and 2) proper and timely correspondence with the senders. Broker is not responsible for any mails Associate fails to receive or correspond with. Broker is NOT responsible for forwarding any communications that Associate is copied on along with the Broker.

In addition, ALL Broker's communications including but not limited to memos, notes, **notice of changes and revisions to this Policy Manual and Sponsorship Agreement** shall be forwarded to the Associate electronically via E-mail this includes all TREC and Realtor Association communications that Broker's received via Email.

A current copy of this Manual is available to Associate on-line on SAFECO website through "**Agent Portal**" under "**Risk Management**" section.

**Associate holds SAFECO harmless for Associate's failure to comply with this Mail and Communication Policy.**

### **Local, State and National Association Membership**

We are a member of Texas Association of REALTORS. All Associates MUST become a member within 2 days of effective date of Sponsorship. All status change forms need to be signed by Broker only. Board dues are billed directly to Associate and will include your local, TAR and NAR dues. MLS dues are billed each quarter. Associate is expected to stay current and be in full compliance with the NAR Code of Ethics. Failure to stay current with our board will result in

administrative penalties determined to be equitable by SAFECO. SAFECO reserves the right to deduct the fees from Agent commissions or Agent's charge account on file.

### **SAFECO Billing**

Monthly dues, as set forth in "Special Expenses" of Independent Contractor Agreement and Fee Schedule, will be automatically deducted on or before the 1<sup>st</sup> of each month from the credit card on file or via ACH. By filling the on-line credit card payment form when you joined SAFECO, you guarantee & warrant that you are the legal holder of the card. You authorize SAFECO, in lieu of a credit card imprint, to charge your monthly fees to the card. In addition, in the event your credit card declines, you understand & agree that SAFECO will automatically add a \$25 late fee to cards that are declined. You further agree to waive your rights to any charge backs. You agree to provide SAFECO with written notice 15 days prior to termination of the automatic credit card billing.

It is Associate's responsibility to ensure his/her payment is received and credited properly. SAFECO will notify Associate once by the 5<sup>th</sup> day of each month when fees are not received. See Mail and Communication Policy discussed earlier in this Agreement for Broker notification method.

Associate understands and agrees that SAFECO will receive its monthly dues on a month to month basis or Semi-Annual or Annual billing unless associate had a history of delinquency on their account upon which SAFECO may deduct its fees on an annual basis. Such annual payment shall be deducted from Associate's commission from any future closing after the default occurs.

The monthly fee you pay to SAFECO is a Sponsorship Fee. **This is a nonrefundable fee.**

### **Delinquent Accounts**

Associates with outstanding balance of 30 days past due, are considered to be in default and not in good standing. Upon default Associate shall be moved to the commonly used commission structure plan in the industry of 70/30 split (70% to Agent -30% to Broker) with the same monthly fee as the original plan. Associate in default fully agrees to this modified commission plan. Associate understands and agrees that the new plan does not divest the Broker's right to collect unpaid fees and Associate is still responsible for the unpaid balance including late fees.

If the balance remained unpaid, the Broker fees described in this section shall be deducted from Associate's commission from any future closings after the default occurs.

Associate will be returned to the original commission plan when there is no outstanding balance and Associate pre-pays his/her monthly dues annually. Associate understand and agrees that pre-paid fees are non-refundable.

**Auto Insurance Coverage**

You must notify your insurance company that you will be using your vehicle for real estate business. SAFECO REALTORS needs to be added to your policy. There should not be any additional charges for adding SAFECO to your policy as long as you notify the insurance agent that you are using your vehicle for business. SAFECO will be named as an additional insured in the policy. Upon signing of this agreement and at the time of each policy renewal or change of carrier, the Associate shall provide evidence to the Broker through the certificate of insurance policy of the carrier. This safeguards you and your family in case of an accident while showing properties. Failure to notify your insurance company will result in denial of coverage, leaving you and your family with the financial burden. Proof of automobile insurance and subsequent renewals must be emailed to SAFECO at [clientcare@safecorealty.com](mailto:clientcare@safecorealty.com).

**Changes in Name, Address, Email and Telephone Number**

All changes in name, address, and telephone numbers of any Associate must be reported immediately by the Associate to the Broker. Associates must keep Broker informed, in writing, of any changes in Associate's name, address, phone number, and/or other contact information. It is the Associate's responsibility to report his or her contact information to TREC immediately to avoid disciplinary actions. The Associate is responsible for any fees associated with name, address and telephone number changes from TREC or the Board/Association of REALTORS®.

**Information Systems Policy**

The Information Systems which includes all hardware, software, e-mail, voice mail, Internet access and data entered, transmitted, downloaded, uploaded, imported, exported and used in the daily operations of business are proprietary to SAFECO. This includes but not limited to the following:

- All business, products and services of Broker.
- All market data, financial data, personnel data and computer programs
- All client, customer, account and supplier lists, files and data
- All files, letters, emails, memoranda, reports, records, data and other written materials that you prepared as an Associate on behalf of Broker or that others prepared in the employment of the Broker

With respect to the Information Systems, these items shall not be removed, destroyed or modified except within the scope of business. Any Associate, employee, or staff using any form of the Information Systems is responsible for adhering to the Information Systems policy. Violations of this

policy may warrant termination of certain information systems access, disciplinary action, up to and including discharge from employment and possible civil liability.

### **Proprietary Equipment and Information & Information Systems Usage**

All data, programs and work product related to these activities are the property of SAFECO and shall not be stored in the Associate's home. Routine maintenance and routine operations of information systems regarding security, legal or business requirements through authorized contractors, employees, staff, and Associates will occur. With this in mind, employees, staff and Associate are given fair warning that the Information Systems are subject to inspection. Therefore, it would be prudent that the Information Systems are to be used for business purposes only, as is noted below. The Information Systems are business assets and are to be used only for business purposes. Keep in mind personal use of the Information Systems are strictly prohibited.

### **Information Systems Conduct**

Use of the information systems requires certain conduct be maintained to enhance professionalism among your working peers, customers, and clients. The following are strictly prohibited:

- Harassment, in any form, will not be tolerated
- Generating or forwarding of messages or information that will disparage individuals or groups based on their gender, race, national origin or other protected characteristic
- Generating or forwarding of messages which might disrupt the work place or damage morale
- Generating or forwarding of messages which degrade or slander Broker or Broker business or others associated with Broker business.
- Offensive comments, jokes/riddles, cartoons, pornography, profanity and offensive messages or information in any form
- Threatening messages or forms of other threatening communications
- Forgery or attempted forgery of e-mail or voice mail
- Accessing, deleting, copying or modifying of e-mail and/or voice mail. This includes the attempt to do so.

Any Associate who receives threatening, harassing or improper communications shall immediately report it to the Broker.

### **Agency Seals, Logos, Letterhead and Other Insignia**

All company Seals, Logos, Letterhead and Other Insignia are property of the Broker. Associate is prohibited from using SAFECO seals, logos, letterhead and/or other company insignia without written approval of the Broker. Broker written approval required for each usage and can be revoked at any time.

**Copy-right Infringement**

SAFECO may license the use of computer software from a variety of outside sources. SAFECO may not own this software or its related documentation, and unless authorized by the software developer, does not have the right to reproduce it. Associates shall use the software only in accordance with the relevant license agreement.

Any duplication of copyrighted software, except for backup purposes, is a violation of the Federal Copyright Law. All software installed in the information systems must be pre-approved by the network administrator and be non-proprietary or properly licensed. SAFECO will not tolerate any Associate making or importing unauthorized copies of software or data. Likewise, SAFECO will not tolerate any Associate conveying software or data to an outside third party, including clients, members, customers, or associates in other companies, without proper written authorization from SAFECO.

According to the United States copyright law, illegal reproduction of software can be subject to civil damages of as much as \$100,000 per copyright violated and criminal penalties, including fines and imprisonment. Associates learning of any misuse of software on the information systems or in related documentation shall immediately notify the network administrator.

**The World Wide Web**

The World Wide Web or Internet can be a very powerful and beneficial tool for our Associates, clients and customers. In addition to MLS-like marketing opportunities, the Internet provides an unlimited resource tool for access to and delivery of information and interpersonal contacts. When properly utilized, it can increase our capabilities and efficiency. However, access to the Internet also carries with it significant risks and potential problems including non-secure transfer of data and non-reliability and accuracy of information found on the Internet. Most Internet communications are not secure.

Use of the Internet also requires conformance to certain etiquette as recognized by other users of the Internet. When using the Internet, Associates are to conduct themselves as "ambassadors" of SAFECO and must show consideration and respect to others. Do not swear, use vulgarities or any other inappropriate language in your messages. Transmission or importing of any material or data in violation of any federal or state law or regulation is prohibited, including, but not limited to, copyrighted material, threatening, pornographic, or obscene material, or information constituting trade secrets. It is the responsibility of each Associate to ensure that use of the Internet is done responsibly and economically, and that access to the Internet services does not adversely affect his/her productivity.

The information systems provided to you as Associates of SAFECO are powerful business tools, intended to enhance and not detract from your productivity, and to be used solely for business purposes. We live in the "Age of Technology" in which the dynamics of Information Systems will change drastically and quickly. The Information Systems policy is an attempt to identify some major issues that we see today. However, the evolution of this policy will be constant due to technology changes that occur every day. Any suggestions for the enhancement of the information system are gladly received.

### **Confidentiality Notices**

All records of SAFECO, as well as conversations between Broker and Associates, and parties to the transaction, are considered confidential. No files shall be removed from SAFECO without the written permission of the Broker and no other information obtained while working for this company shall be used to the detriment of the Broker.

All Associates shall also be obligated to honor the confidential information of any client or non-client party to any transaction, as designated in writing on an Agency Disclosure form or other document. All documents stating a party's confidential information shall be kept by SAFECO. Access to this information shall be limited to the Associate working with the party.

### **Emergency Meetings**

Emergency Meeting attendance is mandatory for Associates upon Brokers request. These meetings cover matters related to licensing, TREC complaints, Client issues, lawsuits, local, state or federal investigations. These meetings will be announced reasonably in advance, but in a short notice, to permit Associates to make necessary adjustments in their appointment scheduling.

### **Observance of Safety Practices**

All associates are encouraged to be aware of unsafe situations and prepare themselves to avoid unsafe practices. Some suggestions are:

- Get a prospect's full name, address and telephone number at the first meeting. Ask to see their driver's license and jot down the driver's license number and the date of birth.
- If you are meeting for the first time, or are otherwise concerned about a buyer or seller, ask someone you are comfortable with to accompany you.
- Always have your buyers and sellers meet you at the real estate office, coffee shop, open area with lots of people, never at a vacant property, and 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 a lot of cash or wear expensive jewelry during showings and open houses.
- When leaving the office, always let someone know where you will be and how you can be reached.
- Use caution and judgment. DO NOT put yourself in an unsafe or compromising position.

### **Legal Counsel Involvement**

**TREC Rules clearly prohibits a Broker or Salesperson from practicing law. It is grounds for revocation of license. Further more, It's a violation of TAR Code of Ethics Standard of Practice, REALTORS® shall not engage in activities that constitute the unauthorized practice of law and shall recommend that legal counsel be obtained when the interest of any party to the transaction requires it.**

If question arises in which the Associate feels that legal advice must be obtained, the Associate will inform the Broker immediately in writing.

### **Use of Standard Contract Forms**

Associate shall use ONLY those contract forms approved for mandatory use by the Texas Real Estate Commission. These forms can be obtained from TREC website or downloaded from TAR library. Furthermore, Associate must use only promulgated forms that are published by TREC and/or TAR. If Broker's client or any parties in the transaction requiring different forms than TREC standard form to be used, Associate must immediately notify the broker in writing and request a written permission from Broker for using such forms. Associate fully agrees to adhere to TREC Rule §537.11 "Use of Standard Contract Forms"



Associate is prohibited from drafting, modifying or participating in the creation of any documents that are not within brokerage expertise and responsibilities. Associate, while sponsored by SAFECO, must limit their real estate sales-person practices to only those acts as described in "The Real Estate License ACT" AND additional restrictions imposed by Broker.

*See SCOPE OF SALESPERSON'S AUTHORITY AGREEMENT and other agreements for details.*

## COMMISSION & FEES

First and foremost, Associate understand and agrees that **ALL brokerage fees, including but not limited to commissions, bonuses and referral fees belong to Broker and considered Broker's property, regardless of who procured the client.** Associate also agrees to fully comply with Texas real estate statute regarding the Broker's commission and fee as set forth in § 1101.651 (b) and (c) of Texas Occupations Code:

§ 1101.651. CERTAIN PRACTICES PROHIBITED.

- (a) **A licensed broker may not pay a commission to or otherwise compensate a person directly or indirectly for performing an act of a broker unless the person is:**
  - (1) a license holder; or
  - (2) a real estate broker licensed in another state who does not conduct in this state any of the negotiations for which the commission or other compensation is paid.
- (b) **A salesperson may not accept compensation for a real estate transaction from a person other than the broker with whom the salesperson is associated or was associated when the salesperson earned the compensation.**
- (c) **A salesperson may not pay a commission to a person except through the broker with whom the salesperson is associated at that time.**

**TREC RULE §535.3** states that a salesperson may not receive a commission or other fee except with the consent of the salesperson's sponsoring broker or the broker who sponsored the salesperson when the salesperson became entitled to the commission or fee. A salesperson may not pay a commission or other fee to another person except with the consent of the salesperson's sponsoring broker.

Broker requires Associates to request a Commission Disbursement Authorization from the office prior to their closing. This includes but not limited to compensation received and/or paid for leases and referrals. Upon timely CDA request by Associates and in the event that there are no commission disputes or any other matters arising from the Associate's current or past transactions, or there is no outstanding balance or past due amount owed to Broker, a Commission Disbursement Authorization (CDA) may be submitted by SAFECO to the title company and/or other brokers involved in the transaction. SAFECO Agents are NOT authorized to provide and/or modify a CDA. **CDA is not required when payment is made to the Broker only.**



**Prohibited Practice**

Receiving fees without Broker's knowledge and written authorization is unlawful and WILL NOT BE TOLERATED. Receiving fees for a real estate transaction from a person other than the Broker is prohibited by Texas State Law § 1101.651 (b) and (c) of Texas Occupations Code.

Associate accepting compensation for a real estate transaction from a person other than the Broker will be considered in breach of his or her Agreement with SAFECO. As a result, Associate agrees to pay SAFECO liquidated damages equal to \$10,000 dollars or equal to the amount of the compensation that Associate received without Broker's written authorization, whichever is greater.

Associate agrees to refund the entire compensation to SAFECO within 24 hours of receiving such compensation. If the Associate fails to refund the Broker in full amount within 24 hours, Broker reserve the right to offset the amount owed to Broker from any amounts Broker owes to Associate under this Agreement.

**CDA Policy**

**Only Broker can issue and submit a CDA. To be qualified for receiving a payment at closing and funding, which requires issuance of CDA by Broker, Associates must be in full compliance of his/her agreement with SAFECO. CDA is not required when payment is made to the Broker only.**

In addition, Associate must follow CDA Request Procedure as described below:

CDA Request Form must be submitted on-line at Broker's website (go to Agent Portal) to process your compensation. Failure to submit a CDA Request Form 14 days (Working Days Only: Mon-Friday) prior to closing will result in the following processing fees:

<b>CDA Request Filing Prior to Closing</b>	<b>CDA Processing Fee</b>
Urgent (Same Day/ 24 Hours)	\$49.00
Priority (3-5 Days)	\$14.99
Standard	FREE
Revised CDA	\$10

Please be advised that these fees only apply to previously disclosed transaction which is documented with the Broker but lacks CDAs. For undisclosed sales/leases refer to the box below.

**Please be sure to read and understand the CDA Request Process which is discussed later in this chapter.**



**TREC RULE §535.3:** “A salesperson may not receive a commission or other fee except with the consent of the salesperson's sponsoring broker or the broker who sponsored the salesperson when the salesperson became entitled to the commission or fee. A salesperson may not pay a commission or other fee to another person except with the consent of the salesperson's sponsoring broker.”

**Undisclosed Sales/Lease:**

**SAFECO Associates are STRONGLY advised against receiving or paying compensation or other fees directly without the consent of SAFECO (Broker). Only a written Commission Disbursement Authorization (CDA), issued and signed by Broker, constitutes the consent as described in TREC Rule 535.3. In case of violation of this rule, the Associate agrees to forfeit any claims that associate may have to the commission. See Prohibited Practice section for details. SAFECO also reserves the right to notify TREC and TAR for such violation.**

**Procedure for Handling Commission and Fees Subject to Dispute or other Matters**

Broker reserves the right to withhold all fees owed to Associate under this Agreement, when Broker receives Broker's fees under the applicable agreements for Brokerage Services, if one or more of following matters arise:

- 1- There are disputes, controversy or other matters arising from the transaction by any person (s) including but not limited to Associate, Broker, Client or any member of Public.
- 2- ANY complaint filed and opened against Associate with Texas Real Estate Commission
- 3- ANY open investigation by local, state or federal agencies for Real Estate and Mortgage practices conducted by the Associate

Broker reserves the right to withhold the fees until such matter(s) are resolved AND when Broker not found liable for Associate's conduct. Associate agrees and indemnify the Broker to the fullest extent permitted by law for withholding the fees. In addition, Associate agrees to reimburse SAFECO for any fees that Broker determines to be equitable in connection with defending such matters. Associate authorizes Broker to deduct these fees from any amounts that Broker owes to Associate under this Agreement.

Agents must ensure that they have met the requirements as set forth in the DOCUMENT POLICY & CONTROL section described in the later chapter, when submitting a CDA. Please note that SAFECO does not provide a CDA for HUD home transactions.

## Fee Schedule

The Fee Schedule is subject to terms and conditions specified in your Policy Manual & Sponsorship Agreement and Associate's Independent Contractor Agreement. Associate fully understands and agrees that the compensations described in this Fee Schedule **MUST** be earned and therefore, it is not guaranteed. Associate's fees under this Agreement are earned and payable at the time:

- 1- Broker receives Broker's fees under the applicable agreements for Brokerage Services, AND
- 2- Associate is in FULL compliance with Policy Manual & Sponsorship Agreement and his or her Independent Contractor Agreement and other written agreements.

Sponsorship Plans	Monthly Fee
Premium	\$43.99
Ultra	\$79
Select	\$29

*Note: Monthly Fees are non-refundable and billed annually, semi-annually*

The following is the fee schedule agreement between Associate and Broker per above Plans:

### Referral

SAFECO Lead Referrals  
 Rebate to Client

### Fees

50% Associate, 50% SAFECO (all Plans)  
 \$49 or 2.2% of the Rebate amount whichever is greater

### **BROKER FEE – RESIDENTIAL SALE**

Plan	Type	SFR / Condo & Townhome (single Unit)	>3%	Intermediary / Single Broker	Bonus
ULTRA	SALE	\$290	\$290 X 2	\$290 X 2	\$290 X 2
PREMIUM	SALE	\$449	\$449 X 2	\$449 X 2	\$449 X 2
SELECT	SALE	\$599	\$599 X 2	\$599 X 2	\$599 X 2

*\*Standard Plan no longer available*

### **BROKER FEE – RESIDENTIAL LEASE**

Plan	Type	SFR / Condo & Townhome (single Unit)	>1 Month Rent	Intermediary / Single Broker	Bonus
Premium	LEASE	\$85	\$85 X 2	\$85 X 2	\$85 X 2
Plus	LEASE	\$85	\$85 X 2	\$85 X 2	\$85 X 2
Select	LEASE	\$85	\$85 X 2	\$85 X 2	\$85 X 2

*\*Standard Plan no longer available*

### **Commercial/Land/Farm/Multi-Family**

Please refer to your **“SCOPE OF SALESPERSON'S AUTHORITY AGREEMENT”**. Not all associates are authorized to practice commercial brokerage services. If you are authorized to conduct Commercial, Land, Farm and/or Multi-Family services on behalf of Broker, the commission structure is as follows:

#### **1- Gross commission calculations prior to split between Broker and Associate:**

Sale Transaction Commission %	Gross Commission Calculation Prior to Split
Less than 3%	Sales Price X 3%
3% or Higher	Sales Price X 3% or Higher (whichever is greater)

Lease Transaction Commission %	Gross Commission Calculation Prior to Split
Less than 3%	Monthly Lease Amount X Lease Duration X 3%
3% or Higher	Monthly Lease Amount X Lease Duration X 3% or Higher (whichever is greater)

**Note:** Commission will be calculated based on minimum of 3% of Sales Price or Gross Lease Amount (for lease transactions) prior to split even if Associate entered into any agreements with Client for less than 3%. If the commission is 3% or higher, the greater amount will be considered prior to split. If transactions involve any rebates to clients, the rebate will be paid to client from the associate's portion of the commission AFTER the split.

## 2- Split between Associate and Broker

Sales Price	Split (Sell or Purchase)	Intermediary Split
All Sales Prices	90% Associate, 10% SAFECO	85% Associate, 15% SAFECO

Lease Price	Split (Listing/Landlord or Leasing/Tenant)	Intermediary Split
All Lease Prices	90% Associate, 10% SAFECO	85% Associate, 15% SAFECO

### **Miscellaneous Fees**

File management and upload on behalf of Associate: \$25 Flat Fee per Transaction

**Risk Management Fee:** \$60 Annually

### **Account Maintenance Fee:**

All Brokerage Fees such as Commissions, Bonuses, and Referral Fees will include an additional charge for Account Maintenance Fee prior to disbursement to offset fees incurred by broker for maintaining associate's account and any state franchise tax that may be owed.

(Gross Commission + Bonus) X 0.0075  
PLUS \$14.99 per Transaction

## PROPERTY MANAGEMENT



Broker **DOES NOT** authorize its Associates to act as property managers or engage in ANY property management activities on behalf of SAFECO. Furthermore, Associates are prohibited to practice or engage in property management activities through other firms, entities or other brokers while sponsored by SAFECO.

A **property manager** is a real estate professional hired to maintain the property and ensure profitability of the owner's investment. It involves leasing, managing, marketing, control the acceptance or deposit of rent from a resident/tenant and overall maintenance of the real estate owned by others. A real estate license is **required** when a person, for a fee, rents, or leases or procures tenants for a property. The three areas of activities performed by the property manager are: administration, marketing, and physical management. Please Refer to TREC Rules and Texas state law for additional information on Property Management.

## W-9 REQUEST FORM PROCESS

From time to time builders, sellers and/or other agencies that pay commission, require you to submit your Broker's Federal Tax ID (FIN) to their office. You must submit such request to the office in writing via on-line CDA Request Form (Access provided through Agent Portal). Upon completion of your request, SAFECO will provide the original requestor with a W-9 form. Please contact the requestor for the status.

Once a COMPLETED CDA Request Form is submitted to the office, the office will fax a W-9 form to the requestor.

**Associates are not authorized to submit W-9 forms on behalf of SAFECO. Associate submitting a W-9 on behalf of SAFECO will be in breach of his or her Agreement with SAFECO**

## DOCUMENT POLICY & CONTROL

All documents including but not limited to Written Agreements, Files, Instruments, Records, Computer Data, Correspondence and any other data that is related/concerns Broker's (SAFECO) real estate business **MUST** be uploaded on to "**Transaction Desk**" within 48 hours of effective date or execution date. For the list of mandatory contracts see REQUIRED CONTRACTS section in this chapter. See the section below for more information on "**Transaction Desk**" tool.

### **Submission of Document via Internet**

SAFECO utilizes the state-of-the-art technology and an easy to use Internet tool called "**Transaction Desk**" to store all its transactions and documents. Associate must use this online tool to submit his or her Files. This tool is the only acceptable method for submitting Files. The tool can be accessed online at SAFECO's website via "Agent Portal" page. Online training and helpdesk contact information are also listed on Agent Portal at SAFECO's website.

Alternatively, Associate can request for a Staff Assistance for uploading. This is fee-based assistance. See Fee Schedule under Misc.

### **Listing Agreement and Buyer Representation Agreement**

It is SAFECO's policy to have **written Listing Agreements** for all listings (including but not limited to properties owned by associates, family members, friends, etc...) and enter the listings on MLS. **Buyer Representation Agreements are also mandatory** (including but not limited to family, best friends, co-workers etc...). Oral agreements are not acceptable.

Late submission of documents will reduce your commission and will delay your commission disbursement. Failure to submit a Listing Agreement or Buyer's Representation Agreement prior to closing may result in forfeiture of the entire commission to SAFECO. If you are representing yourself or your family member in a transaction, you must clearly note that in the contracts/forms and ensure all parties in the transaction are aware of it. Failure to disclose such information will result in violation of TREC rules and SAFECO Policy.

*TREC Rule **§535.144** When Acquiring or Disposing of Own Property. The amendment to §535.144 defines "first degree of consanguinity" to mean a child or parent of the licensee and requires a licensee to disclose in writing that he or she is a real estate salesperson or broker acting on his or her own behalf or on behalf of the licensee's spouse.*

SAFECO requires that Associate include all listings on MLS within 2 days of executed listing agreement. Failure to list a property on MLS will be a direct violation of SAFECO Policy. Late fees may be assessed at \$50 per day for everyday that the violation is outstanding (up to the commission amount) for the delayed submissions. It's in the best interest of all parties

involved to have this listing posted immediately. Requests by clients for listings termination **MUST** be reported to Broker immediately in writing and the appropriate TAR forms filled out, signed by the seller (only) and uploaded on to SAFECO Transaction Desk. When a listing goes TOM (Temporary off the Market) Broker must be notified in writing. Agents are NOT authorized to terminate (or transfer to other brokers) contracts including but not limited to buyers/tenant representation or listing agreements without SAFECO written authorization.

**ALL** contracts **MUST** include the following information with regards to Broker sections. **NO EXCEPTIONS!** SAFECO, REALTORS® is your sponsoring broker. All agreements including but not limited to listing agreements and buyer representation agreements must be in writing and must include the following Broker information:

<b>Broker Name</b>	SAFECO, REALTORS®
<b>Broker License #</b>	9007516
<b>Broker Phone #</b>	(469) 207-1043
<b>Broker Fax #</b>	(972) 675-9193
<b>Broker Email</b>	ClientCare@safecorealty.com
<b>Corporate Office Address</b>	500 North Central Expressway Suite 500 Plano, TX 75074
<b>Mailing Address</b>	POBOX 830634 Richardson TX, 75083
<b>Manager</b>	Sarah Safeek

**You must always sign as a Sales Associate and include the word “Agent” as your title. Do not sign where it asks for Broker signature.**



Failure to comply with Document Policy and Control constitutes a breach of your Agreement with SAFECO. SAFECO reserves the right to reassign the transaction as set forth in the reassignment clause of your Independent Contractor Agreement to ensure proper compliance with Broker’s document policies and orderly operation of the business.

### **Administrative Fees**

Late submission of the Required Files/Contracts/Forms (as set forth in this chapter) will result in administrative fee of \$50 per day for every day that the violation is outstanding for each File/Contract/Form and supporting documents. The administrative fee shall not exceed the commission amount. Agent authorizes Broker to deduct the administrative fees from any amount that Broker owes to the Associate under this Agreement.



## **REQUIRED FILES/CONTRACTS/FORMS**

The timeline for contract execution and the deadline for submitting them to the office are indicated in this chapter. Submitting Files, Contracts, Forms, or agreements after closing is not acceptable and constitutes a failure to submit such Files. The associate agrees to waive any rights the associate may have had to the commission for failure to produce such Files, Contracts or Forms.

### **Listing Contracts (Seller/Landlords)**

All Listing Contracts (Sellers/Landlords/Owners) **MUST** be completely filled out, initialed, signed and dated by all parties and submitted to the office via “Transaction Desk” within 48 hours of execution (signed by all parties).

- 1. Information about Brokerage Services (IABS) (TAR2501).** This form is required to be presented to the buyer or seller at the first face to face meeting between Agent and buyers/sellers. With some exceptions, state law requires all real estate licensees to give this form to buyers, sellers, tenants, and landlords.
- 2. Listing Agreements (Mandatory to receive compensation)**
  - **Residential: Exclusive Right to Sell (TAR 1101)**
  - **Residential: Exclusive Right to Lease (TAR 1102)**
  - **Commercial: Exclusive Right to Sell (TAR 1301)**
  - **Commercial: Exclusive Right to Lease (TAR 1302)**
  - **All related Addenda and/or required forms**
- 3. Residential Listing Checklist (TAR 1415)**
- 4. Seller’s Disclosure (TAR1406)** All material facts disclosed and signed by all parties. Do NOT edit, or white out any part of this document.
- 5. HOA Membership Addendum. (TAR1922).**
- 6. MLS Sheet**
- 7. Sales Contract. (TAR1601)**
- 8. Short Sale Addendum (TAR 1918) Mandatory Form when applicable**
- 9. Home Warranty**
- 10. ALL addendums and Amendments (pertain to price change, delayed closing etc...)**
- 11. Preliminary HUD-1/CD (before closing)**

**12. Certified HUD-1/CD** (after closing)

**13.** See Agent Request for CDA Form for additional forms required prior to closing

**14.** See Closing Checklist and Final Closing Checklist

### **Selling Contracts: (Buyer/Tenants)**

All Selling Contracts **(Buyers/Tenants)** MUST be completely filled out, initialed, signed and dated by all parties and submitted to the office within 48 hours of execution (signed by all parties).

- 1. Information about Brokerage Services (IABS) (TAR2501).** This form is required to be presented to the buyer or seller at the first face to face meeting between Agent and buyers/sellers. Texas law requires all real estate licensees to give this form to buyers, sellers, tenants, and landlords.
- 2. Buyers Representation Agreement (TAR1501)** Signed and submitted to the office prior to sales contract execution. Agents MUST have an executed Buyer Representation Agreement in order to receive compensation.
- 3. Seller's Disclosure (TAR1406)** All material facts disclosed and signed by all parties. Required upon Sales contract execution.
- 4. Sales Contract (TAR1601)**
- 5. Short Sale Addendum (TAR 1918) Mandatory Form**
- 6. For Your Protection: Get A Home Inspection (TAR1928).** Required at the time of Sales Contract execution. Buyer MUST initial and date the form.
- 7. Buyer's Walk-Thru and Acceptance (TAR1925)** This form is required for ALL buyers to sign. It is usually done the day before or the morning of closing (but before closing). It must be submitted to the office immediately.
- 8. MLS Sheet**
- 9. ALL addendums and Amendments** pertain to price change, delayed closing etc...
- 10. Lead-Based Paint Addendum (TAR1906)**
- 11. HOA Membership Add. (TAR1922)**

**12. Inspection Reports****13. Preliminary HUD-1/CD (before closing)****14. Certified HUD-1/CD (after closing)****15. See Closing Check list and Final closing checklist for additional forms required prior to closing.****Leasing Contracts: (Tenants/Landlords)**

All Leasing Contracts (**Tenants/Associates**) **MUST** be completely filled out, initialed, signed and dated by all parties and submitted to the office within 48 hours of execution (signed by all parties).

- 1. Information about Brokerage Services (IABS) (TAR2501).** This form is required to be presented to the buyer or seller at the first face to face meeting between Agent and buyers/sellers. Texas law requires all real estate licensees to give this form to buyers, sellers, tenants, and landlords.
- 2. Apartment Complex Lease**
- 3. Broker Agreements** Signed and submitted to the office prior to lease contract execution.
- 4. Tenant Representation Agreement (TAR1501)** Agents **MUST** have an executed Buyer/Tenant Representation Agreement in order to receive compensation. Pursuant to Section 1101.558(c)(1), "A license holder shall provide to a party to a real estate transaction at the time of the first substantive dialogue with the party the written statement prescribed by Subsection (d) unless: the proposed transaction is for a residential lease for not more than one year and a sale is not being considered".
- 5. Lease Agreements** **MUST** be completely filled out, initialed, signed and dated by all parties and submitted to the office within 48 hours of execution (signed by all parties).
- 6. Lease Contracts** **MUST** be completely filled out, initialed, signed and dated by all parties and submitted to the office within 48 hours of execution (signed by all parties).

Associates **MUST** fill out a request for CDA. SAFECO will then invoice the landlord/brokerage firm/apartment complex. Associates are not authorized to submit invoices & W-9 forms on behalf of SAFECO. SAFECO does ALL the invoicing. An associate submitting an invoice on behalf of SAFECO agrees to forfeit their commission.

### **Signs, Lockboxes, and The Listing**

After a listing agreement has been executed and submitted to the office (within 2 days) and entered on MLS, the listing agent will place a sign within 5 days of the agreement. It is the listing agent's responsibility to remove the sign upon termination of agreement or closing of the transaction. In the event the seller terminates the listing you are responsible to fill out the Listing Termination Agreement (TAR 1410), have the seller sign and date it submit it to the office immediately, for the broker to review and sign it. Associates are not authorized to sign on behalf of Broker. Associate who obtains a listing must get permission in writing from the seller to put a lockbox (keyless entry system) on the property and have the homeowner fill out and sign the appropriate forms relating to lockbox and ALL other relevant Forms (Information About Brokerage, Seller Disclosure, etc...) relating to the listing. The lockbox will remain on the property until the property is sold or the agreement is terminated. As a listing agent you are, of course, ultimately responsible to visually inspect the property to ensure all the material facts have been disclosed. As an agent of the seller, you are responsible for the disclosure of any material information regarding the property to protect the public and consumers from being harmed. Your obligation goes beyond sticking a sign in the ground and waiting for calls. SAFECO requires ALL listing agents to inspect the property weekly and make sure it complies with codes and the city rules and regulations. The city can and may report the agent and broker to TREC resulting in disciplinary actions.

## INTERMEDIARY POLICY

SAFECO may act as intermediary with **Appointments Only** (certain exceptions apply).

In addition to policy in this section, please refer to your **SCOPE OF SALESPERSON'S AUTHORITY AGREEMENT** for further rules and policies.

Please note that intermediary is at the broker level not the agent level. Meaning, if two associates of SAFECO are each representing seller and buyer respectively, then the transaction is considered Intermediary relationship.

Agents are not allowed to represent buyer (s) and seller (s) in the same transaction without broker's written consent (**Intermediary without Appointment**). In addition, the Intermediary Relationship Notice Form (TAR 1409) MUST be filled out before entering in to such representation. **Failure to notify Broker in writing BEFORE entering into an intermediary relationship may result in forfeiting of the entire commission to SAFECO and termination of your sponsorship.**

Intermediary Status requires several procedural steps, and failure to follow these all-important steps taints the process. Once the process is tainted all of the benefits of intermediary will be lost. Failure to obtain written authorization from the Broker once an intermediary relationship arises and **before** entering into an intermediary relationship will result in forfeiting of the entire commission by the Associate. In case of violation of SAFECO's Intermediary Policy by the Associate, SAFECO will reassign the deal as set forth in the reassignment clause of the Associate's Independent Contractor Agreement.



**Please remember that failure to obtain written authorization from both the seller client and buyer client for the broker to act as intermediary generally is irretrievable. That is to say, if you fail to touch the first base of intermediary, the entire process is tainted. Failure to comply with TREC Rules and SAFECO Policies regarding intermediary will result in disciplinary action to be taken against you and loss of your commission**

## MINIMUM SERVICE REQUIREMENTS

Our Firm requires that at least three points of service to be provided to clients, if we are going to list a property:

- 1) Accept and present all offers/counteroffers:** accept and present to the principal (Seller or Buyer), offers and counter-offers to buy, sell, or lease the principal's property or property the principal seeks to buy or lease;
- 2) Assist client in developing, communicating, and presenting all offers and counteroffers:** assist the principal in developing, communicating, and presenting offers, counter-offers, and notices that relate to the offers and counter-offers;
- 3) Answer the principal's questions relating to offers, counter-offers, and notices.**

## PRE-FORECLOSURE “SHORT SALE” POLICY

Associate can participate in a “Short Sale” transaction only with a written authorization of the Broker. Failure to notify Broker in writing and request Broker’s written permission before entering into a “Short Sale” transaction, or once a “short sale” condition arises, is a direct violation of this section.

After Broker is notified in writing about “Short Sale”, Broker determines, at Broker’s sole discretion, if the Associate has enough experience to deal with such complex transactions. Broker may reassign the client as set forth in the reassignment clause of the Associate’s ICA, if broker determines that Associate does not have enough experience to carry Broker’s duties to client in such complex transactions.

Upon written approval by Broker, Associate may represent the client in “Short Sale” transaction. Associate MUST always include the following statement in the “Special Provision” of the Sales Contract (ie. One To Four Family Residential Contract):

**“This contract is subject to written approval by seller’s lender.”**

Associate MUST have TAR 1918 Short Sale Addendum Form filled out signed and dated by the buyer (s) and Seller (s). Failure to fill out the TAR 1918 Form & include the above statement in the sales contract special provisions section will result in forfeiting of the entire commission to SAFECO.

## PROBLEM REPORTING PROCEDURES

If the Associate is threatened with a lawsuit or administrative action in conjunction with a real estate transaction, **immediate attention of the Broker is required**. NO EXCEPTION! The next step is to turn over all emails, faxes, letters, and contracts regarding the transaction, to Broker immediately. Agents who are at risk may not at anytime threaten legal action on behalf of the Broker, Failure to report incidences will result in forfeiting your commissions to SAFECO for the transaction(s) related to the incidents. Agent authorizes Broker to deduct the entire commission/fees from any amount that Broker owes to Associate under this Agreement.

### **Mandatory Disclosures Prior to Joining SAFECO**

Agents agree to disclose all potential or on-going matters, lawsuit, administrative action, or investigation by local, state or federal authorities in connection with their real estate practices prior to joining SAFECO. Failure to disclose such matter(s) in writing to SAFECO at the time of sponsorship constitutes a violation of this section (Problem Reporting Procedure) and will result in forfeiting of your commission(s) to the Broker.

### **Broker Involvement**

Broker is responsible for the acts of the Associate. Therefore, it is at Broker's discretion on how and when to get involved in a dispute, controversy or any other matters associated with the real estate practices and conduct of an Agent. In the event that SAFECO becomes embroiled in the controversy, dispute or defense arising from Associate's transaction (s), Associate agrees to reimburse SAFECO for any fees that Broker determines to be equitable. Associate authorizes Broker to deduct these fees from any amounts that Broker owes to Associate under this Agreement.

For the orderly operation of Broker's business, Broker may assume the deals that Associate is working on or reassign the deals to another associate as set forth in the reassignment clause of Independent Contractor Agreement.

Also, see Independent Contractor Agreement for Agent's additional obligations to broker with regards to Defense of Disputes and Litigation.

### **Immediately report problems that arise to the Broker that pertain to the following:**

- Buyer or seller complaints involving any real estate transactions that Associate was involved in.
- Notices from Codes and the city.
- Terrorist Activities.
- Fraudulent activities relating to the real estate and mortgage transactions.

- Any criminal charges or investigation against the Associate, with the exception of traffic offenses.
- Any civil lawsuits or administrative actions against Associate involving real estate transactions.
- Any TREC contacts concerning disciplinary actions or other purposes.
- Party defaults under an accepted contract.
- Threatened legal or administrative actions involving Associate, Principal or Broker's real estate transaction.
- Acts of discrimination committed by Associates or parties to transactions.
- Local Board/Association contacts concerning disciplinary action or other purposes.
- Any other matters related to SAFECO's real estate business.



## RESPA AND EHO

### **The Real Estate Settlement Procedures Act (RESPA)**

RESPA is about closing costs and settlement procedures. RESPA requires that consumers receive disclosures at various times in the transaction and outlaws kickbacks that increase the cost of settlement services. RESPA is a HUD consumer protection statute designed to help homebuyers be better shoppers in the home buying process, and is enforced by HUD. All transactions between a buyer and a seller must be disclosed on the HUD1 Settlement Statement. Failure to disclose any transaction on HUD1 is in direct violation of RESPA and SAFECO policies.

### **Equal Housing Opportunity**

The Fair Housing Act declares a national policy of fair housing throughout the United States. The law makes illegal any discrimination in the sale, lease or rental of housing, or making housing otherwise unavailable, because of race, color, religion, sex, handicap, familial status, or national origin. Broker and all of its Associates shall comply with all Fair Housing Laws. SAFECO is an equal housing opportunity company and any Associate who violates the Fair Housing Act shall have their sponsorship terminated.

### **Prohibited Advertising Language**

Advertising copy used by Associates must describe the property, NOT THE DESIRED BUYER OR TENANT. Examples of prohibited advertising language are:

1. Race, color, national origin: Real estate advertisements may not state a discriminatory preference or limitation on account of race, color, national origin or any other protected class, and shall not describe the housing, the current or potential residents, or the neighbors or neighborhood in racial or ethnic terms. However, Associates may use phrases such as "master bedroom", "rare find" or "desirable neighborhood."
2. Religion: Associates shall not use advertisements which contain an explicit preference, limitation or discrimination on account of religion. Advertisements which use the legal name of an entity which contains a religious reference (i.e., Sisters of God Catholic Home) or a religious symbol (such as a cross) must contain an appropriate disclaimer against any religious preference or limitation. Associates may use descriptions of the property (apartment complex with chapel) or the services (kosher meals available), and terms (Merry Christmas or Happy Easter) or symbols (Santa Claus or Easter Bunny) relating to certain religious holidays.
3. Sex: Associates shall not advertise single family dwellings or separate dwelling units in multifamily housing in a manner which explicitly indicates a preference, limitation or

discrimination on the basis of sex. Associates may, however, use terms such as "master bedroom," "mother-in-law suite" and "bachelor apartment" which describe a property type.

4. **Handicap:** Associates' real estate advertisements shall not contain exclusions, limitations or other indications of discrimination based on handicap. Associates may describe the property (great view, fourth floor walk-up, walk-in closets), the services or facilities (jogging trails), the neighborhood (walk to the bus stop), the conduct required of residents (nonsmoking), and accessibility features, such as a wheelchair ramp.
5. **Familial Status:** Associates shall not place advertisements which contain limitations on the number or ages of children or state a preference for adults (unless the property meets the housing for older persons exemption), couples or singles. Associates may use descriptions of the property (two bedroom, cozy, family room), services and facilities (no bicycles allowed) or neighborhoods (quiet streets).

## TREC LICENSE RENEWAL & CE

It is your responsibility (and yours ONLY) to maintain an active license with TREC while performing real estate services on behalf of Broker. **If your license lapses you MUST cease doing real estate business immediately and inform the Broker.** Practicing real estate without an active license is a criminal offense, specifically, a Class A misdemeanor punishable by confinement of up to one year in a county jail and a fine of up to \$4,000.00. In addition, TREC may assess administrative penalties not to exceed \$1,000 against any person who engages in unlicensed activity. If the person charged with a violation was engaged in unlicensed activity and was not licensed as a broker or salesperson in the four-year period preceding the date of the violation, TREC would be authorized to consider each day the violation continued or occurred a separate violation for the purposes of penalty assessment. Please read TREC Licensing Act. Agents who violate this rule will forfeit all commissions during this time period.

Starting July 1, 2006 TREC will stop mailing the current license renewal form. Instead, TREC will send E-mail notifications 90 days in advance of the license expiration date, listing the name, permanent mailing address, license number and expiration date along with any education hours that must be completed in order to renew.

**All licensees may renew online on TREC website** using a credit card or "check card" for payment. The present online renewal process will remain unchanged.

All Associates must meet the terms of TREC Licensing Act. It is mandatory for all salespersons to take courses for license renewal. Being successful in real estate requires that each associate keep up-to-date with all the happenings in real estate. Please contact TREC, your local board and/or TAR Education Department for licensing requirements.

- The Associate shall maintain his or her own current real estate license
- The Associate shall meet all Continuing Education (CE) requirements as established by Texas Real Estate Commission (TREC)
- Proof of CE compliance and license renewal shall be provided to Broker via email no later than fifteen (15) days prior to the applicable renewal date.
- The Associate is responsible for all CE, licensing and license renewal fees.

SAFECO expects all of its Associates to be knowledgeable and act independently in the areas of their competency. SAFECO shall provide all Associates with Scope of Salesperson's Authorized Activities Subject to the ACT and Competency (a.k.a. SCOPE OF SALESPERSON'S AUTHORITY AGREEMENT). SAFECO will assist with the transaction when asked by Associate.

By signing the "SCOPE OF SALESPERSON'S AUTHORITY AGREEMENT" form Associate agrees that he/she has the proper training and competency to act on behalf of Broker. Associate is required to inform Broker in writing if Associate lacks specific competency for which he/she has assigned a duty.

## LEGAL AND TAX ADVICE PROHIBITED

### **Legal Advice**

No Associate shall give legal advice to a party, offer opinion, or give advice regarding legal rights or obligations of a party. Parties may be referred to the Default section in the Offer to Purchase form and advised to consult with their own attorneys. The Associate also may explain the preprinted provisions of the standard listing and offer to purchase and any other approved forms the parties may be asked to complete and/or sign.

### **Tax Advice**

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. If a tax question, beyond the scope of real estate practice, and an explanation is asked for, the Associate should suggest that the party consult an attorney, tax accountant or other appropriate expert having expertise in the area addressed by the client's or customer's question.



# REAL ESTATE FRAUD

## It's an Industry Problem

### Red Flags

*A large portion of fraudulent activities involve 9 items.*

1. The payment of an inflated price. Example: \$290,000 sale price for a home listed at \$218,000
2. Inflated appraisals (Either knowingly or without the appraiser's knowledge).
3. False financial statements by the borrower.
4. Contract & loan conditions that provide for purported future improvements to be made to the property.
5. Two page 1 of contract & listing agent being asked to z out price on MLS.
6. False and inflated estimates from contractors for these purported improvements.
7. Extraordinarily high fees to the mortgage broker or the real estate broker/agents or both.
8. Last minute changes to the contract inflating the sales price to a notably higher amount.
9. Use of 1 Title Company for multiple transactions.

### Other Red Flags

- Rebates on Sales Price. Rebates on Broker's Fee. Overly Inflated Sales Prices.
- Amended Contract to Reflect New Purchaser
- Commission Based on a Sales Price lower than what is in Contract
- Multiple Transactions between Affiliated Parties
- Agreements to be Performed Outside or After Closing
- A "Friendly" Appraiser
- The use of Inappropriate Comparables (mixed use vs. commercial zoning, urban vs. rural)
- Increased Value as a Result of renovations with High Dollar Soft Costs (architect fees, engineering fees, consulting fees, management fees) vs. Hard Costs



Source: Metrotex Association of Realtor

Agents are prohibited from taking part in any transactions that involves these red flags. Agents agree to notify SAFECO in writing when potential involvement in such transactions arises. Failure to notify broker will result in forfeiting of the entire & future commissions to SAFECO Realty & Mortgage.

## Sharing Fees with Buyers

The following Article provided by Texas Association of Realtors Website under Legal Tools - Legal FAQ - Sharing Fee. Please make sure you read the entire Article and understand it. You must contact the office if you have any questions. SAFECO adheres to the advice provided by Texas Association of Realtors (TAR) below:

"A buyer broker whom I know told me that he regularly shares part of his fees with the buyer he represents. Also, he pays the buyer outside of closing with no indication of the payment shown on the HUD-1 Settlement Statement. Isn't that illegal? (Sept. 22, 2005)

While a broker is not prohibited by The Real Estate License Act from sharing a fee with a principal, brokers should consider sharing a fee with a buyer/principal **only with full disclosure to all parties, including the seller, the listing broker, and any lender involved in the transaction. Any fee-sharing arrangement should be included in the contract and disclosed on the HUD-1 Settlement Statement / Closing Disclosure.**

Sellers and buyers signing the CD represent that the settlement statement is a true and accurate statement of all receipts and disbursements made in connection with closing of the transaction. The CD Settlement Statement usually contains a warning that making a false statement on it is a federal crime punishable by a fine or imprisonment. A broker participating in any scheme to pay money to a buyer outside of the closing might risk similar penalties.

REALTORS® advertising or otherwise representing that they will share fees with a buyer should be aware of the requirements set out in Standard of Practice 12-3 of the REALTORS® Code of Ethics:

"The offering of premiums, prizes, merchandise discounts or other inducements to list, sell, purchase, or lease is not, in itself, unethical even if receipt of the benefit is contingent on listing, selling, purchasing, or leasing through the REALTOR® making the offer. However, REALTORS® must exercise care and candor in any such advertising or other public or private representations so that any party interested in receiving or otherwise benefiting from the REALTOR®'s offer will have clear, thorough, advance understanding of all the terms and conditions of the offer. The offering of any inducements to do business is subject to the limitations and restrictions of state law and the ethical obligations established by any applicable Standard of Practice." (emphasis added)

Any such offer would seem to require a provision noting the necessary consent of the lender and the other parties to the transaction as a condition.



Paying a commission or fees to or dividing a commission or fees with anyone not licensed as a real estate broker or salesperson in this state or any other state for compensation for services as a real estate agent will be subject to suspension and revocation of license by TREC. However, a broker is not prohibited by The Real Estate License Act from sharing a fee with a principal

**SAFECO FEE SHARING POLICY:**

It is SAFECO's policy to share a fee with a buyer/principal ONLY with a full disclosure to all parties involved in the transaction AND approved by all parties including but not limited to lenders. Furthermore, Associate is required to obtain a written consent of the Broker prior to making any fee-sharing arrangement with SAFECO buyers/principal. Upon Broker written approval, such fee-sharing arrangement **MUST** be disclosed in:

- 1) Sales Contract, and
- 2) CDA Request Form, and
- 3) Closing Disclosure (CD)

**It is the responsibility of the Associate (and Associate only) to ensure SAFECO Fee Sharing Policy is adhered to.** Furthermore, Associate is responsible to ensure such fees are included and disclosed in CD Settlement Statement. In the event CD does not reflect sharing brokerage fees with client, Associate agrees to notify Broker and Title Agency in writing prior to closing and funding.

**REIMBURSEMENT AND INDEMNITY:**

Sales Associate agrees to **FULLY** and unequivocally adhere to SAFECO FEE SHARING POLICY.

In case of violation of SAFECO FEE SHARING POLICY, Associate shall forfeit his/her commission and agrees to fully reimburse SAFECO.

In the event Associates fails to obtain written approval from Broker prior to making fee-sharing arrangement with the client, Broker may be compelled to pay the client based on the arrangement made by Associate on behalf of the Broker, if no other matters exist. Such payment does not divest Broker's right to reimbursement as described here and does not constitute Broker

## TERMINATION OF AFFILIATION

Request for termination of sponsorship by Associate must be in writing. Termination of Affiliation policy as set forth in this section of Policy Manual and Sponsorship Agreement survives the termination of Independent Contractor Agreement between the Broker and the Associate.

Upon termination of sponsorship, Associate will:

1-Immediately turn in all company property including all Files pertaining to listings, leases, offers, or other contracts, all and any other office files, keycards, and a copy of all prospect (s) and referral lists generated while sponsored by the Broker.

2-The Associate **MUST** contact the Broker for final out-processing. Refer to your Independent Contractor Agreement for additional requirements.

3-Upon Termination of this Agreement , all negotiations and other brokerage services with prospect commenced by Associate before termination will be assumed by Broker. Associate will cooperate with Broker to provide for an orderly transition and assumption of such services by Broker.

4- ALL terminations, transfers or release of Listing and Buyers Representation Agreements **MUST** be signed by the Designated Officer of the Broker **ONLY**. Associates are not authorized to terminate or compromise any agreements or contracts on behalf of Broker. All Listings and buyers representation agreements to which Broker is a party, are exclusively owned by SAFECO. Associate shall not cancel or compromise any agreements to which broker is a party without Broker's written approval.

5- At the time this agreement terminates, Associate **MUST**: (1) cease all negotiations and other dealings that concerns Broker's real estate business commenced by Associate before this agreement terminates; (2) Provide Broker a written list of all current listings and pending sales and leases; (3) turn over to Broker all Files related to Broker's real estate business that Associate may have in control; and (4) turn over to Broker all Broker's personal property including but not limited to signs, equipment, supplies, manual, forms and keys.

6- Non-compete Clause: Associate agrees not to represent any SAFECO Prospects (past or present) or receive any compensation directly or indirectly, including but not limited to referral fees, from any other broker for the Brokerage Services provided to these Prospects for the period of 2 years from the date this Agreement terminates. If Associate violates this term, associate agrees to pay SAFECO



liquidated damages equal to \$10,000 dollars per Prospect or the gross compensation received by Sales Associate for the services provided to that Prospect, whichever is greater.

5- Any Associate engaging in harassment via phone, email, mail, or by soliciting, defaming, abusing, stalking, threatening, or otherwise defaming SAFECO prospects, SAFECO Associates or SAFECO managers or SAFECO Designated Officers, will forfeits his or her claim to any commission that may have been due under this Agreement. These terms will be strictly enforced and violators will be prosecuted.

6-Confidentiality: Unless permitted by law, all records of this office, as well as conversations between Broker and Associate (s), and parties to the transaction, are considered confidential. No files shall be removed from this office without the permission of the Broker and no other information obtained while working for this company shall be used to the detriment of the Broker and SAFECO.

7- The licensee shall not engage in any real estate transactions nor shall he or she act under contract with another firm until completion and transmittal to the Texas Real Estate Commission of the change of affiliation form.



**Refer to your Independent Contractor Agreement for additional requirements on Associate's obligations to Broker upon termination.**

Liquidated Damages: If Associate violates any of the above terms, Associate agrees to pay SAFECO liquidated damages equal to \$10,000 dollars per Prospect or the gross compensation received by Sales Associate for the services provided to that Prospect, whichever is greater.

## RESOLUTION OF DISPUTES

This section serves as an addendum to terms of the Independent Contractor agreement as set forth in Defense of Disputes and Litigation section.

### **Survival**

The Resolution of Disputes policy as set forth in this section of Policy Manual and Sponsorship Agreement survives the termination of Independent Contractor Agreement between the Broker and the Associate. Associate and Broker agree to abide by the terms set forth in this section even after Broker sponsorship has been terminated.

### **Hold Harmless and Indemnification**

The Associate acknowledges that he/she has been entered in to a mutual agreement with SAFECO GROUP LLC. d.b.a SAFECO REALTORS (the Broker) a Texas Limited Liability Company. Associate agrees and shall hold harmless all officers, shareholders and managers of the SAFECO GROUP, LLC. from any and all claims, demands, causes of actions, obligations, damages, attorney fees, costs and liabilities of any nature whatsoever, whether known or unknown, suspected or claimed, that the Associate ever had, now have, or may claim to have in the future with regards to his/her business relationship and dealings as an independent contractor with SAFECO, the Policy Manual & Sponsorship Agreement (this Agreement), real estate laws, or commission disputes, or any other matters or controversy arising out of their business dealings.

In addition, Associate agrees to the fullest extent permitted by law, and shall hold harmless and indemnify Sarah Safeek (Designated Officer and Manager) and all other managers of the company in connection with his/her dispute arising out of the business relationship and dealings, the Policy Manual & Sponsorship Agreement (this Agreement), transactions or real estate laws, or commission disputes, or any other matters or controversy arising out of business dealings between the two parties (Associate and SAFECO GROUP, LLC.).

### **Inter-Office (External) Disputes of Compensation**

Any Associate becoming aware of any commission dispute with another company/broker shall promptly inform the Broker. Broker shall make all decisions regarding negotiation of settlements, retaining legal counsel and filing for arbitration or litigation

In the event that the Broker finds it necessary to sue for a commission or fee, all expenses, including but not limited to collection costs, court costs and/or attorney's fees must be subtracted from the commission before the split between the Broker and the Associate. The decision to initiate an action will rest solely with the Broker.

### **What Constitutes a Dispute Between Associates?**

Disputes are disagreements between Associates in regards to:

- The equitable right to work with a certain prospect
- The right to a split of commission or fee when more than one Associate knowingly or unknowingly works with the same customer/client
- The percentage split of commission or fee earned when two Associates have worked with the same customer/client

### **Intra-office (Internal) Disputes Between Associates**

First and foremost, the Associates in conflict must try to come to an agreeable mutual settlement. In the event the Associates cannot meet a satisfactory agreement, the Broker shall hear both sides of the argument in a meeting with the involved parties. If a legitimate dispute exists, the Broker will make a determination of action to follow. In the event the Broker's action is not satisfactory, three neutral Associates of the firm shall be appointed by the Broker to act as jury and render a final decision (based on the majority vote of the committee). All intra-office disputes must be reported promptly to the Broker. Personal disagreements not involving business related matters are not the responsibility of the Broker. However, in an effort to promote goodwill, the Broker can counsel the aggrieved parties.

### **Mediation & Arbitration for Disagreement between Broker and Associate**

**This arbitration provision limits your ability to litigate claims in court and your right to a jury trial. You should review this section carefully.**

Disagreements or disputes between Associate and Broker pertaining to a conflict arising out of, or in connection with their business relationship and dealings, the Policy Manual & Sponsorship Agreement (this Agreement), real estate laws, or commission disputes, or any other matters or controversy will be handled through the following procedures:

**Step 1:** Mediation: Broker and Associate agree that any claim or dispute relating to their Independent Contractor Agreement, this Policy Manual & Sponsorship Agreement, any other matters, commission disputes, or claims between them, shall be subject to non-binding mediation within 45 days of written request by one party to the other. Broker and Associate agree to voluntarily submit their dispute to mediation in accordance with the Mediation guidelines, as set forth in the Code of Ethics and Arbitration Manual of the Texas Association of REALTORS. The place of mediation shall be in Richardson Texas, unless otherwise agreed by both Broker and Associate to hold the mediation in a different place.

**Mediation Cost and Expense**

Unless inconsistent with applicable law, the party requesting the mediation will be responsible for the cost of mediation. All other mediation expenses are also borne by the party requesting mediation.

**Step 2:** Arbitration: Whether or not mediation is requested by any party, any claims, dispute or controversy between Broker and Associate or arising from or relating to Broker's business including but not limited to commission disputes, the validity of this arbitration clause, controversies and claims, whether based on contract, fraud, tort, intentional tort, statute, regulation, constitution, common law, equity, or any other legal basis or theory, and whether pre-existing, present, or future, that arise from or related to (a) this Agreement or any other oral or written statement related to this Agreement, (b) the relationship that results from this Agreement and ICA, (c) the scope or enforceability of this Agreement and ICA (collectively a "Claim"), including any claims that remain unresolved within 120 days after an agreement for mediation, shall be resolved by binding arbitration. The Broker and Associate agree to resolve the dispute through binding arbitration by the American Arbitration Association ("AAA"). The place of arbitration shall be in Dallas Texas, unless otherwise agreed by both Broker and Associate to hold the arbitration in a different place.

Any arbitration under this Agreement shall be conducted in writing in accordance with the applicable arbitration rules of the arbitrator or arbitration organization ("Rules").. In the event of any inconsistency between this Agreement and the Rules to be used for arbitration, such inconsistency shall be resolved in favor of this Agreement.

Either Broker or Associate may initiate arbitration by giving written notice of intention to arbitrate to the other party and by filing notice with AAA in accordance with the Rules in effect at the time the notice is filed.

If for any reason AAA is unable or unwilling to serve as arbitration administrator, or Broker and Associate unable to agree on another arbitrator, Broker will substitute another national or regional arbitration organization.

Broker and Associate agree that the arbitrator(s): (a) shall limit discovery to matters directly relevant to the arbitrated dispute; (b) shall grant only relief that is based upon and consistent with substantial evidence and applicable substantive law; (c) shall have authority to grant relief only with respect to Claims asserted by or against Associate individually;

Broker and Associate shall not seek to bring, or participate in, a joined, consolidated, or class action.

The arbitrator's decision shall be final and the Broker and Associate must abide by the decision of the arbitrator. Any award of the arbitrator(s) shall be final and may be entered as a judgment in any court having jurisdiction.

**Arbitration Cost and Expense**

The party filing for the arbitration will be responsible for arbitration filing fees and any other cost associated with filing.

Unless inconsistent with applicable law, each party shall bear the expense of its respective attorney, expert and witness fees, regardless of which party prevails in the arbitration.

**The Parties (Broker and Associate) understand that they would have had a right or opportunity to litigate disputes through court and to have a judge or jury decide their case, but they choose to have any disputes decided through arbitration.**

## **LIMITATION ON LIABILITY**

Associate expressly agrees that damages in respect of any breach or wrongful conduct (whether or not the claim therefore is based on contract, tort, or other duty imposed by law), in connection with, arising out of, or anyway related to the transactions contemplated by this Agreement, or any other business dealings between Broker and Associate, Sponsorship, or any instrument related to this Agreement, or any act or omission, or event occurring in connection herewith or therewith, or fraud, intentional tort, statute, regulation, constitution, common law, equity, or any other legal basis or theory, and whether pre-existing, present, or future, that arise from or related to (a) this Agreement or any other oral or written statement related to this Agreement, (b) the relationship that results from this Agreement and ICA, (c) the scope or enforceability of this Agreement or ICA shall be limited to Associate or Broker's actual damages and shall not include any special, indirect, consequential, or punitive damages.

## **WAIVER OF JURY TRIAL**

**This provision limits your rights to a jury trial. You should review this section carefully.**

If (i) neither Broker nor Associate seek to compel arbitration of any dispute they have related to this Agreement, or (ii) some or all of the arbitration clause is unenforceable and Broker and Associate are in dispute in a court of law, then broker and Associate agree to waive any right they may have to a jury trial to the extent allowable under the laws of the state that govern this Agreement.

## **Amendment Right**

Broker reserves the right to amend, modify or alter any or all sections of the Policy, unless such amendment, modification or alteration is prohibited by the state or federal law. At least Thirty (30) days before a change is made, we will post notice of the amendment online on Agent Portal. In addition, notice of change and revision will be emailed to Associate's Email on file. Associate agrees and understands it is Associate's responsibility to routinely check Agent Portal.

A current copy of this Manual always available online at Agent Portal. It is Associate's responsibility to take reasonable steps to obtain a current copy of the Policy. All changes to the Policy are effective immediately. By maintaining your association with SAFECO you agree to the amendment of this Policy.

## Closing Checklist

- ☐ Sales contract fully executed with date delivered to Title Company.
  - ☐ Faxed a legible Copy to SAFECO 972-496-9253    ☐ Copy to client    ☐ Copy to lender
- ☐ Buyer/Seller Agreement received by office along with Information About Brokerage Form.
- ☐ ☐ Contract pending    ☐ Notify showing company
- ☐ Option Money check received from buyer and delivered to seller. Date: \_\_\_\_\_
- ☐ Option period expiration date: \_\_\_\_\_    ☐ Report to MLS
- ☐ Mechanical Inspection scheduled \_\_\_\_\_ Date/time: \_\_\_\_\_
- ☐ Termite Inspection done: \_\_\_\_\_ Check to see if cleared \_\_\_\_\_  
If not, treated and new inspection ordered \_\_\_\_\_ Date/time: \_\_\_\_\_  
Cleared copy delivered to Title Company.
- ☐ Amended contract completed by all parties.
- ☐ All repairs completed with receipts given to buyer \_\_\_\_\_ Warranty Co \_\_\_\_\_
- ☐ Appraisal ordered \_\_\_\_\_ Appraisal completed \_\_\_\_\_ Value Met \_\_\_\_\_
- ☐ Repairs requested from lender Yes \_\_\_\_\_ No \_\_\_\_\_
- ☐ If yes, who will complete repairs \_\_\_\_\_ Contract modified \_\_\_\_\_
- ☐ Repairs completed: \_\_\_\_\_ Receipt given to buyers \_\_\_\_\_
- ☐ Appraiser completed final inspection of repairs & signed off \_\_\_\_\_
- ☐ Changes to CDA at least 72 hours before closing. Date: \_\_\_\_\_
- ☐ Contact Title Company to verify receipt of closing papers from lenders and schedule closing.  
Date/time: \_\_\_\_\_
- ☐ Client and other agent called to confirm time \_\_\_\_\_
- ☐ Verify survey was order and at title company \_\_\_\_\_
- ☐ Obtain copy of HUD1 from title company and review cost.
- ☐ Compare to client estimates \_\_\_\_\_ Call client with figures \_\_\_\_\_
- ☐ Residential contract \_\_\_\_\_ Remind buyer client to get Cashier Check \_\_\_\_\_  
Verify that insurance binder for buyer is delivered to title company \_\_\_\_\_
- ☐ Final walk-thru, buyer's acceptance form completed. \_\_\_\_\_
- ☐ Arrange how keys will be given to buyer \_\_\_\_\_ Possession Date/time \_\_\_\_\_
- ☐ Comparable information MLS input sheet turned into office.  
Copy of HUD1 \_\_\_\_\_
- ☐ Signs removed from property. Date: \_\_\_\_\_

## Final Closing Checklist

- ☐ Sales Contract signed by all parties with Execution Date.
- ☐ Option fee check Receipted by seller
- ☐ Seller's Disclosure (Signed by buyer and seller)
- ☐ Agency Disclosure: Information about Brokerage (TAR 2501)
- ☐ Buyers Walk Through and Acceptance Form (TAR 1925)
- ☐ Buyers Representation Agreement /Listing Agreements
- ☐ For Your Protection: Get A Home Inspection (TAR 1928)
- ☐ Structural Reports (if appropriate)
- ☐ Amendments (ALL must be faxed into the office)
- ☐ Receipts of repairs completed
- ☐ Signed home inspection affidavit (Home Inspection & Termite Inspection)
- ☐ Settlement Statement (Preliminary HUD1 and Certified HUD1 after Closing)
- ☐ CDA Request Form MUST be submitted 72 hours prior to closing.
- ☐ Home Warranty  
Service Company\_\_\_\_\_ Confirmation#\_\_\_\_\_
- ☐ Affidavits Necessary for unusual transcription (no inspection, no repairs, no title policy)
- ☐ Comparable Information MLS Input Sheet Completed
- ☐ Sign removed from property. Date\_\_\_\_\_

Agent Signature\_\_\_\_\_ Date\_\_\_\_\_



# APPENDIX A

## Faxed/Email Confirmation Checklist

Agent Name: \_\_\_\_\_ Date Submitted: \_\_\_\_\_

Property Address: \_\_\_\_\_

☐ Buyer Agent Docs
☐ Listing Agent Docs

\_\_\_\_\_ Information about Brokerage Services (TAR2501)

\_\_\_\_\_ Information about Brokerage Services (TAR2501)

\_\_\_\_\_ Buyers Rep. Agreement (TAR1501)

\_\_\_\_\_ Exclusive Right to Sell Listing Agreement (TAR1101)

\_\_\_\_\_ Sales Contract with Title Co. Receipt (TAR1601 or 1801 HUD 9548)

\_\_\_\_\_ Sales Contract with Title Co. Receipt (TAR 1601 )

\_\_\_\_\_ Builders Contract with Realtor Addendum/Broker Registration

\_\_\_\_\_ Seller's Disclosure Notice (TAR1406)

\_\_\_\_\_ For Your Protection: Get A Home Inspection (TAR1928)

 \_\_\_\_\_ MLS Sheet and if applicable: ☐ Affidavits

☐ Receipts of repairs completed

\_\_\_\_\_ Seller's Disclosure Notice (TAR1406)

\_\_\_\_\_ HOA Membership Addendum (TAR1922)

\_\_\_\_\_ Buyer's Walk-Through &amp; Acceptance (TAR1925)

\_\_\_\_\_ Lead-Based Paint Addendum (TAR1906)

\_\_\_\_\_ Third Party Financing Addendum (TAR1901)

\_\_\_\_\_ Intermediary Relationship Notice (TAR 1409)

Filled out by Broker ONLY

 \_\_\_\_\_ MLS Sheet and if applicable: ☐ Affidavits

☐ Receipts of repairs completed

\_\_\_\_\_ Option Fee Receipt

\_\_\_\_\_ Request for CDA (must request 72 hours prior to closing)

\_\_\_\_\_ Preliminary HUD1 (Before Closing)

\_\_\_\_\_ Option Fee Receipt

\_\_\_\_\_ Certified-Final HUD1 (After Closing)

\_\_\_\_\_ HOA Membership Addendum (TAR1922)

\_\_\_\_\_ Residential Listing Checklist (TAR 1415)

\_\_\_\_\_ Lead-Based Paint Addendum (TAR1906)

\_\_\_\_\_ Intermediary Relationship Notice (TAR 1409)

\_\_\_\_\_ All other Amendments /Addendums to contract

Filled out by Broker ONLY

\_\_\_\_\_ Request for CDA (Must request 72 hrs prior to closing)

\_\_\_\_\_ Third Party Financing Addendum (TAR 1901)

\_\_\_\_\_ Preliminary HUD1 (Before Closing)

\_\_\_\_\_ Other

\_\_\_\_\_ Certified-Final HUD1 (After Closing)

\_\_\_\_\_ All other amendments /addendums to contract

\_\_\_\_\_ Other

Leasing Agent

\_\_\_\_\_ Exclusive Right to Lease (TAR 1102)

\_\_\_\_\_ Residential Lease (TAR 2001)

\_\_\_\_\_ Residential Lease and Property Mgmt. Agreement (TAR 2201)

\_\_\_\_\_ Registration between Brokers (TAR 2402)

\_\_\_\_\_ Other

\_\_\_\_\_ Broker Signature

NOT VALID WITHOUT BROKER SIGNATURE



## Agreement Between Brokers (OUTGOING REFERRAL FORM) SAMPLE PAGE

Sending Broker: SAFECO, REALTORS®      Date:      9007516  
License #

## APPENDIX C

### Agreement Between Brokers (INCOMING REFERRAL FORM) SAMPLE PAGE

**Receiving Office:** SAFECO REALTORS  
Phone: 469-207-1043  
Mailing Address: POBOX 830634 Richardson, TX 75083

**Sending Office Name:** \_\_\_\_\_

**Sending Office Address:** \_\_\_\_\_

**Sending Office Phone#** \_\_\_\_\_

**Client Information:** ☐ Buyer ☐ Seller

**Clients Name:** \_\_\_\_\_

**Clients Phone#** \_\_\_\_\_

**Address of Property:** \_\_\_\_\_

**Referral Fee:**      **% of Commission:** \_\_\_\_\_ **Flat Fee of** \_\_\_\_\_

#### Acceptance of Referral:

This agreement will be accepted and enforceable by signing below. A referral fee in the amount stated above will be paid to the Sending Broker at closing directly from the title company from the buyer/seller's agent commission. Sending Broker MUST provide a W-9 Form in order to receive compensation. A certified copy of the FINAL HUD1 will also be submitted to Sending Broker.

By signing below the Sending Broker agrees not to pursue any other claims against SAFECO, REALTORS® and will be paid whatever the Receiving Broker agrees with him/her to pay for the sales.

\_\_\_\_\_  
**Receiving Agent:**

\_\_\_\_\_  
**Date:**

\_\_\_\_\_  
**License #**

\_\_\_\_\_  
**Receiving Broker: SAFECO, REALTORS®**

\_\_\_\_\_  
**Date:**

9007516  
**License #**

\_\_\_\_\_  
**Sending Broker:**

\_\_\_\_\_  
**Date:**

\_\_\_\_\_  
**License #**

# APPENDIX D

## W-9 Request Form

From time to time builders, sellers and/or other agencies that pay commission, require you to submit your Broker's Federal Tax ID (FIN) to their office. You **MUST** submit the w-9 request form to the office and provide the following information in order to process your request. Upon completion of your request, SAFECO will provide the original requestor with a W-9 form.

**Incomplete/incorrect/Illegible Forms will be ignored.**

1. Sales Contract, TAR 2501, TAR 1501, and TAR 1928 Faxed into the office FIRST.
2. Requestors Name: ☐ Real Estate Firm ☐ Builder ☐ Landlord ☐ Leasing Company  
  
\_\_\_\_\_
3. Complete Address of the requestor/office requesting the w-9.  
  
\_\_\_\_\_
4. Name of Salespersons from Requestors office.  
  
\_\_\_\_\_
5. Phone number of Requestor.  
  
\_\_\_\_\_
6. Fax number of Requestor.  
  
\_\_\_\_\_
7. Property address w-9 is for.  
  
\_\_\_\_\_
8. SAFECO Agents Name \_\_\_\_\_ Date \_\_\_\_\_

Associates are not authorized to submit w-9 forms on behalf of SAFECO. Anyone submitting a w-9 on behalf of SAFECO and its entities will be subject to fine of \$50 per day every day that violation is outstanding.

## APPENDIX E

The following Article is provided by Texas Realtor Online, Jun 2000 Edition, Regarding Intermediary. We found this article useful for our agent's understanding of intermediary relationship. You must read and understand the following section. Please do not hesitate to contact the office if you have any questions. For our policy regarding intermediary relationship please refer to Contract Policies and Document Control described earlier. The Article below is not intended to replace our office policy regarding intermediary.

Texas REALTOR® | June 2000

### **Intermediary**

Touch all bases on the way to "home."

by J. Richard Hargis

The agency relationship known as "intermediary" has just concluded its fourth year of existence. Created by statute enacted in 1996, intermediary offers Texas real estate brokers a safe and practical means for representing a seller client and buyer client in the sale and purchase of a property listed by the broker.

If you fail to touch the first base of intermediary, the entire process is tainted. Essentially, intermediary was created to provide brokers with an avenue to bypass the numerous pitfalls of dual agency. Moreover, intermediary is more consumer-friendly than dual agency as it allows the intermediary-broker's appointed associates to provide opinions and advice to their respective principals. The rendering of advice and opinions are not permitted under dual agency.

Establishment or formation of intermediary status does, however, require adherence to several procedural steps. In other words, if the broker or broker's associates fail to follow the procedural steps required for formation of intermediary status, all of the benefits of intermediary will be lost.

Over the past several months, information from TREC and other reliable sources indicates that some brokers and their associates periodically fail to touch all the procedural bases required for intermediary status. Missing a procedural base or two in establishing intermediary can result in disciplinary action by TREC and potential claims from broker clients. Many times, the broker is unaware of the omissions of the associates until it is too late.

In light of recent developments, a review of the procedures required for proper formation of intermediary status should be useful. In effect, it simply is a matter of touching all the right bases.

#### Step 1 - Authorization of intermediary status

The initial process of establishing intermediary status begins before it ever becomes a reality. The first step is to obtain written authorization from the broker's seller client and buyer client for intermediary status, should events occur down the road whereby the buyer client becomes interested in

purchasing (making an offer to purchase) the seller client's property. Step one, then, is an anticipatory procedure of a contingent event which may or may not ever occur. It is, to put it simply, merely an authorization for the broker to act as an intermediary if the need arises. But since the written authorization step is the first base which always must be touched, it is a critical base in the path to intermediary status.

Obtaining authorization for intermediary status should be relatively simple. On the listing side, the TAR listing agreements include a comprehensive provision for the seller to either approve or disapprove intermediary. Although the intermediary provision in the listing agreements is comprehensive and explanatory of intermediary status, brokers and their agents should be well-versed in its provisions to offer additional explanation or clarification to the seller client, if necessary. If the seller client authorizes intermediary, step one for the listing side is accomplished. While intermediary status may never come into play, the listing agent and broker at least have written authorization in place.

Now, turning to the buyer side, a similar written authorization must be obtained from the buyer client. This side of the equation can be more tricky. Just like the TAR listings, the TAR Buyer Representation Agreement includes an intermediary provision to enable broker and buyer client to determine whether to permit intermediary status. If the broker, acting through its associate, obtains a signed buyer representation agreement which authorizes intermediary, the step-one authorization base is touched.

The trick, as so often expressed by brokers and agents, is getting a buyer to sign the buyer representation agreement. While it is always preferable to obtain a signed agreement with a buyer (if for no other reason than to cover the intermediary authorization), buyer representation can be established orally. If this is the case, and the buyer client becomes interested in purchasing a home listed by the broker, the buyer agent will have to secure a separate written authorization from the buyer client for intermediary status in order to properly establish intermediary status. Clearly, the buyer agent representing a buyer client under an oral arrangement must be alert to the requirement for written intermediary authorization, should the need arise.

Brokers who permit associates to represent buyers without a signed buyer representation agreement should have in place an intermediary authorization form for use by its associates. The information which should be included in this separate intermediary authorization form can be derived from the intermediary provisions in the TAR listing agreements and TAR Buyer Representation Agreement.

Please remember that failure to obtain written authorization from both the seller client and buyer client for the broker to act as intermediary generally is irretrievable. That is to say, if you fail to touch the first base of intermediary, the entire process is tainted.

Step 2 - Notification of intermediary  
status and appointment of associates

The second step of the procedural process becomes necessary when, in fact, a broker's buyer client desires to make an offer for a property listed by the broker. Assuming written authorizations are in place (which they must be) and assuming further that the broker or manager of the brokerage firm

has no knowledge of the impending interaction between the broker's seller and buyer clients, the listing agent and buyer agent must alert the broker to the development and proceed to effect the second step of the intermediary process. Step two is accomplished by the broker, acting through its associates, presenting the Notification of Intermediary Relationship (TAR-027) to both the seller client and buyer client for their signatures. The notification procedure should be accomplished at or before the time an offer is submitted by the buyer. While it can be a challenge getting all the paperwork presented and signed, it is an absolute necessity to complete the process.

The Notification of Intermediary Relationship should include the broker's appointment of associates to act for the seller and buyer, respectively. In most instances, the broker will appoint the listing agent for the seller and the buyer agent for the buyer. This makes perfect sense in as much as these are the broker's associates who have an established relationship with their respective principal. In the rare, but not unusual situation of the seller and buyer being the clients of the same agent, the agent should choose which principal he or she wishes to accept appointment, and the broker should appoint another agent of the firm to the other principal. Once written notification of intermediary relationship is made, including appointment of the broker's associates to act for the seller and buyer, the required procedures or prerequisites of intermediary are fulfilled. All of the bases have been touched and the transaction may proceed.

### Step 3 - The transaction

Once intermediary status is firmly established, the real benefits of intermediary begin to take shape. Specifically, the intermediary broker's appointed associates can answer substantive questions, give advice and opinions on such matters as the adequacy of an offer or how best to structure the transaction. Such acts are impermissible under dual agency.

Significantly, appointed associates of an intermediary have the opportunity to express opinions and not just assist the parties with paperwork, thereby increasing the value of their services. Now, there are still certain things the intermediary broker and the appointed associates cannot do (without written consent of the appointed party):

cannot divulge that the seller will accept a price less than the listing price

cannot divulge that the buyer will pay a price greater than the price submitted in a written offer

cannot divulge confidential information of either party.

The above steps associated with the formation, authorization, and conduct of intermediary status are necessary requirements for compliance with the intermediary statute. The process of fulfilling the required procedures can be cumbersome, but the benefits of intermediary far outweigh the alternative. The recent outbreak of complaints and claims involving intermediary have occurred because of the absence of the written authorization of the seller and buyer and subsequent notification letters. Brokers and their agents who touch all the bases (written authorization, written notification of intermediary status, and compliance with permissible activities) will avoid any such problems.

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Note from TAR Associate Counsel Dennis R. Schmidt: Where the broker's office policy does not permit the appointment of associates to communicate with, carry out instructions of, and provide opinions and advice during negotiations to each party, or in firms that do not have at least a broker and two associates, the Notification of Intermediary Relationship Form should still be used to satisfy the due-diligence requirements of notice and to provide an opportunity for the parties to object to or ratify their original consent to the intermediary relationship. Without appointing associates, the broker and all associates will act as an intermediary and will treat all parties honestly and fairly so as not to favor one party over the other.

TAR has an Agency Policy Manual, which will help a broker establish a detailed office policy covering the way agents will handle the various agency relationships authorized by Texas law and which includes guidance along each step of the process.



## APPENDIX F

### **Information for Brokers and Salespersons Regarding Use of Unlicensed Assistants in Real Estate Transactions**

Texas Real Estate Commission website is the source for the following information:

Brokers and salespersons often use unlicensed personnel for assistance in conducting their real estate brokerage activities. Such unlicensed persons, sometimes referred to as administrative assistants, can be of great help to a busy agent. However, care must be taken to ensure that the unlicensed person does not conduct any of the activities for which real estate licensure is required. This article defines some of those activities which may and may not be legally conducted by unlicensed persons.

Sections 1101.351(a) and 1101.758 of The Real Estate License Act establish that it is a crime for an unlicensed person to engage in activity for which a real estate license is required. The broker or salesperson who employs an unlicensed person might be criminally charged for the crime as well. In addition, TREC may take disciplinary action against a broker or salesperson who pays or associates with an unlicensed person who engages in activities that require a real estate license. Authority for this disciplinary action is set out in Sections 1101.652(b)(11) and (26) of the License Act. For these reasons, it is important to distinguish between those activities that do and those that do not require a real estate license. Section 1101.002(1)(a) of the License Act sets forth a list of activities that require licensure and are worthy of a close reading.

Preliminarily, the real estate brokerage activities must be "for another" person or entity. This means that persons who are buying, selling or leasing their own property do not need a license; they are acting for themselves and not for another person. The activities must also be for a fee or something of value, or with the intention of collecting a fee or something of value. This means, for example, that an unlicensed person whose neighbor has been transferred out of state may solicit tenants and negotiate a lease on behalf of the neighbor so long as the person does not receive or expect to receive anything of value for helping.

The list of activities requiring licensure may be summarized and placed in two categories (but remember, this is a summary only and not all inclusive). First, and as used in the paragraph above, are those activities in which a person directly helps another buy, sell, or lease real property. These activities, such as negotiating a listing agreement with a property owner, spending the afternoon with a couple showing houses for sale, or negotiating a contract to buy or lease real property, obviously require licensure. These "direct" activities are seldom the subject of debate or controversy.

The second category of activities might be referred to as "indirect" activities and are more troublesome. Section 1101.002(a)(ix) of the License Act requires licensure of those persons who

procure or assist in procuring prospects to buy, sell, or lease property. Section 1101.002(a)(x) of the License Act requires licensure of those persons who procure or assist in procuring properties to be bought, sold, or leased. If the words "assist in" were read broadly enough, virtually everyone working in a real estate office would need a license. Common sense dictates, however, that many activities can be legally conducted in a real estate brokerage office that do not require licensure. There may sometimes exist only a thin line between those activities that require licensure and those that do not. The foregoing general rules and the following discussion of factual situations may help licensees accurately draw this line.

***Q: May an unlicensed person, identified as such, make calls to determine whether a person is interested in buying or selling property, or has property they wish to sell, and if so, make an appointment for a licensed agent to talk to them?***

**A:** No. Often referred to as "telemarketing," any such activities conducted in Texas must be conducted by a licensee. In Tex. Atty. Gen. Op. H-1271 (1978), the attorney general concluded that a license was required. Also, Commission Rules 535.1(c) and 535.15(b) make it clear that all solicitation work must be conducted by licensees.

***Q: May an unlicensed person sit in on an open house?***

**A:** Yes, but care must be taken that the unlicensed person does not "show" the house to prospective purchasers. Commission Rule 535.1(c) makes clear that only licensed agents are allowed to show properties. On the other hand, Commission Rule 535.1(c) also specifically allows a broker to hire an unlicensed person to serve as a "hostess, attendant, or custodian" at homes offered for sale by the broker. The Rules do not define these terms, and such a hostess should be limited to welcoming the visitors. The hostess may register the guests and refer inquiries to a licensee. Clearly, the hostess must not point out features of the home or neighborhood to visitors; however, as is the case with secretaries and receptionists discussed below, the hostess may distribute a flyer or brochure that describes the property.

***Q: May unlicensed assistants set appointments to show a listing?***

**A:** Yes. Under the general rules stated above, it is permissible for an assistant to call a homeowner and schedule an appointment for the broker to bring a potential buyer to see the home. If the broker then becomes tied up on other matters, can the unlicensed assistant drive the purchaser to the listing and let them in the home? Again, yes, but extreme care must be taken that the assistant does not engage in "showing" the property. The assistant should identify himself as an unlicensed assistant and explain the assistant's limited role. Any questions that arise regarding the property or the purchase of the property must be referred to a licensee.

***Q: May the unlicensed assistant place "for sale" signs; open a property or accompany inspectors; place newspaper advertisements as directed by the broker?***

**A:** Yes, subject to the following guidelines. Commission Rule 535.13(c) provides that answering the telephone and acts of a secretarial nature do not require licensure. Clerical employees need not be licensed so long as they do not engage in solicitation and do not hold themselves out as licensed agents. Further, Commission Rule 535.13(c) also states that an unlicensed clerical or secretarial employee, identified to callers as such, may confirm information concerning the size, price and terms of property advertised. Taken together, this means that an unlicensed person may, after identifying himself or herself as an unlicensed person, confirm information previously advertised to callers or persons dropping by. The unlicensed person should not give information about properties other than that inquired about, and should refer any requests for information regarding other properties to a licensed agent. For example, the assistant might confirm that a particular property called about has three bedrooms and one bath, as previously advertised; however, the assistant may not attempt to identify properties which instead have two baths and bring these to the attention of the caller. Such questions must be referred to a licensee. The assistant should not attempt to "qualify" the caller in any respect. Many other duties that are administrative in nature can be safely performed, such as inputting data into a computer or typing contracts, but, only as specifically directed by a licensee. Support personnel can order supplies, schedule maintenance, and all the other things that are involved in keeping the office open. Bookkeeping and office management functions may be performed by an unlicensed assistant, as discussed immediately below.

***Q: What functions may an unlicensed office manager perform?***

**A:** Commission Rule 535.1(d) provides that unlicensed persons may perform such administrative tasks as; (1) training or motivating personnel, and (2) those tasks dealing with office administration and personnel matters. And, Commission Rule 535.2(c) notes that who a broker designates to sign checks in the brokerage is not regulated by the Commission. Thus, an unlicensed person may serve as bookkeeper for the company and handle personnel matters. Such an office manager may also serve as a trainer. However, Commission Rule 535.1(g) further states that an unlicensed person may not direct or supervise agents in their work as licensees. Therefore, an unlicensed person may not direct or advise agents in their attempts to help others buy, sell, or lease property. They may not review contracts, or help make "deals" work. These tasks are properly conducted only by licensed persons.

***Q: May unlicensed persons assist in arranging financing?***

**A:** Yes, but again, great care must be taken. An unlicensed assistant may be directed by a broker or salesperson to assist a particular buyer in applying for and qualifying for a loan. The assistant may gather information, contact lenders, and set appointments. However, these acts should be at the direction of a licensee, and care should be taken that the assistant does not exercise discretion such as making the decision to apply for a different type of financing than called for in the sales contract. Mortgage brokers are licensed by the Texas Savings and Loan Department, and any questions regarding the requirements for licensure for persons dealing with financing issues should be directed to that agency.

***Q: May unlicensed persons serve as property managers for rental properties?***

**A:** Commission Rule 535.13(b) states that those who hold themselves out as "property managers" for others and for compensation must be licensed, provided the person also rent or leases the property for the property owner. However, many property management functions appear to fall within categories of activities that do not require licensure. These include bookkeeping functions and arranging for repairs. So long as an unlicensed person carefully limits his or her property management activities to those which do not require a license, neither criminal charges nor Commission disciplinary action would be warranted. Note that persons acting as on-site managers at apartment complexes are exempt from licensure under Section 1102.005(7) of the License Act.

Source: Texas Real Estate Commission

**IMPORTANT NOTE: SAFECO Associates are prohibited from practicing and/or engaging in any Property Management activities.**