

MerrickDamon Real Estate Policies & Procedures

This policy manual has been developed to assist Associates in performing their respective duties and to clarify the responsibilities of MerrickDamon Real Estate ("The Company") to its Associates. It is important that Associates continue to remain informed as to Company Policies & Procedures and, for that reason, associates will also be notified via email of pertinent changes or Company updates so it is critical that email is checked frequently.

This document is CONFIDENTIAL.

Office & Transaction Policies

1. Independent Contractor Status

All Associates are independent contractors and are responsible for all their own business expenses such as advertising, business cards, yard sign installation cost, lockboxes, open house signs, etc. In the event the Company incurs any expenses on behalf of the Associate, the Associate agrees to allow the Company to deduct those expenses from their next commission check or invoice the Associate. Associates may use common areas of office when available, rent an office when available, or have accommodations of their own home office.

2. Harassment & Discrimination

Associates may not discriminate against any person protected by Fair Housing because of race, color, religion, sex, handicap, familial status or national origin. The company also prohibits discrimination based on sexual orientation or gender identity. To do so is also a violation of many state and local ordinances and the Code of Ethics and Standards of Practice of the National Association of Realtors.

3. Business Apparel

Associates may wear casual business apparel while in the office during normal business hours and with customers. Successful Associates project a successful image. The company has invested a great deal to assist in your success. Business apparel is one of your contributions to this image. Examples of inappropriate apparel include shorts, baseball caps, flip flops, sleeveless shirts, etc.

4. Recruiting of Associates

It's recommended that Associates stay aware of potential Associates who may be interested in the benefits of working for MerrickDamon. If an Associate is the procuring cause for a new Associate joining the company, the referring Associate is due \$100 from the Brokerage after the new Associate's first closing sale. If referring Associate's relationship with the Brokerage is terminated by either party, any and all previously agreed to, recruitment compensation due after exit will immediately cease.

5. Office Hours and Access

When office space is provided, associates may never give any other person access to the office while unsupervised or outside of business hours. It is expressly prohibited to provide a key or alarm code to anyone, even another MerrickDamon employee. Doing so is grounds for termination.

6. Commissions

The Company strives to pay commissions in a timely fashion to Associates but Associates must make sure that the MerrickDamon files are complete and legible. **Missing documentation will delay compensation.**

Commissions are paid by direct deposits or check. A commission distribution letter will be sent to the closing agent ONLY after a complete file is delivered to management. If not completed before the closing of a transaction, commission will be held until said file is delivered.

a. Negotiated Commissions: The Company realizes that, from time to time, the Associates may be required to negotiate the real estate commission due to competitive market conditions. The minimum listing side commission, without Broker approval, is 2.5%. The policy with regards to negotiating commissions is that Associates are not permitted to advertise in any way that the company is willing to discount or reduce commissions without Broker approval.

b. Personal Transactions:

i. As a Buyer: When purchasing a primary residence (homestead, non-investment property), the Associate may receive a credit for their commission portion at closing, with prior authorization from the Broker. The fees below would then apply.

ii. As a Seller: The following fees are applicable when no listing commission is paid through the sale of Associate's listed primary residence (homestead, non-investment). Associate must be listed as the primary owner of the property.

iii. Fee in Lieu of Commission: These fees are in addition to agency fees and E&O insurance. When selling their homestead property, Associates must pay a fee of \$100 per \$100,000 (0.001%) of the purchase price to the Company at the time of closing and this may be done only once every 3 years. For investment and non-homestead properties, Associates must pay \$250 per \$100,000 (0.0025%) of the Purchase Price at the time of closing and this may only be done 3 times per year.

c. Commission after Termination: Upon the termination (by either party) of Associate's IC Agreement, any pending contracts (due to an Associates lead) will be paid at a 50/50 split. Any pending contracts (due to the Brokerage's lead) will be paid at a 70/30 split. The commission check will be mailed to Associate's new broker, who may then apply the split of their brokerage. Associate will not be paid any commission if their license remains inactive for at least 10 calendar days after termination.

7. Listing Protocol & Compliance

a. Listing Associate must send electronically, all designated COMPLETED listing entry forms and agreements signed and initialed by seller along with pictures to management immediately after completion. Listing will not be activated until all info is obtained by management for entry.

b. Listing extensions, price changes, and withdrawal requests must be in writing with the Seller(s) signature or by Electronic Approval via email from the Seller(s) email address(es). No change will be allowed without Seller's consent. Extension past the expiration date is not automatic. Listings that expire must be reentered.

c. The Associate will use the Company phone number or their own phone and fax numbers on all advertising and listings.

d. The minimum listing term of all listings accepted is 6 months.

e. The minimum coop commission when offered on the MLS is 2.0% to the coop agency. (Commercial Listings exempt).

f. Listing commissions are negotiable with a minimum listing side commission of 2.5%. Refer to Commissions paragraph for specifics.

g. Upon the termination (by either party) of Associates IC agreement, Associates may take their active listings with them to their new broker once any and all expenses incurred by the broker have been paid by the Associate.

h. Empty Houses: The Company does not assume any responsibility, except through its own negligence, for the security of vacant houses. IF an agent lists property that is vacant, please ask the owner to issue a neighbor, friend or relative the key to that property so that the air conditioning, heating, plumbing and electrical systems may be periodically inspected. We can accept no liability

for the premises. Under no circumstance will an Associate bind to Company to any such verbal or written agreement.

8. Property Management / Leasing

Property management is to be handled only by the authorized MerrickDamon property managers. Associates are allowed to assist in tenant finder services, but must refer monthly managed property to an authorized property manager.

9. Commercial Property

Commercial transactions are to be handled only by the authorized MerrickDamon commercial Associates. Associates may not conduct any commercial property business without prior authorization by the Broker.

10. Fees

Each closed transaction will have the following applicable agency transaction fees that are described throughout this manual:

- a. **Florida Associates:** Agency transaction fee is \$399 per purchase transaction. It is the Associates responsibility to insure this is included in the contract, if not then the said fee will be deducted from the commissions due Agent.
- b. **Georgia Associates:** Agency transaction fee. The associate must also pay a fee of 0.012% FMLS fee per purchase transaction (deducted from associate commission payment)

11. Other Matters

a. Escrow: MerrickDamon Real Estate does not maintain an active escrow account for sales contracts in Florida. Please ask buyers to make their escrow checks payable to the title company performing the closing or any other third party of choosing (attorney, Title Company). Although the Company is not holding escrow, Associates are still responsible for assuring that all escrow deposits are made in a timely fashion. All initial deposits must be submitted for deposit by the next business day and all additional deposits must be submitted according to the date specified in the sales contract. Associates must make and forward copies of escrow checks to the Compliance Coordinator along with a receipt of some kind showing the escrow holder actually received it (This is Florida Law). Also, the full name, address, and contact information for the escrow holder must be legibly written or digitally entered on the contract for sale and purchase (This is Florida and Georgia Law). Failure to follow correct procedure will result in severe consequences.

b. Legal Defense: The Company maintains errors and omissions insurance for the purpose of defending the company. However, the Associate is also responsible to defend any legal administrative, state, federal, or agency actions brought against the Company with regards to any real estate transactions where the Associate was involved. If the Associate does not make defense and the Company is the defendant, Associate is responsible for all losses including, but not limited to, attorney's fees. Commission defense: If Broker is required to defend a real estate commission due to the Company, Broker will be compensated at an hourly rate of \$100 per hour for each hour expended in Court and/or depositions. Furthermore, Associate will be fully responsible for any legal and filing fees. All commissions are the property of the broker and will be held until all expenses are paid.

c. Insurance \$10,000 for Personal Injury Protection Liability and \$100,000 for Property Damage Liability.

d. Errors and Omissions Insurance. Broker maintains Errors & Omission insurance for the company. However, Associate must maintain their own insurance.

e. No Call List: Associates are fully responsible for all regulations pertaining to the appropriate "no call list." Any fines incurred or disciplinary actions will be the sole responsibility of the associate. Check and use the appropriate "no call list" before placing any calls.

f. Realtor Associations: The Company is a member of the Local, State, and National Associations of Realtors. As a member of these organizations, all Associates that are listed with our company MUST be members of them as well at all times. Failure to join or failure to pay dues or any other expenses with them will be dealt with by immediate termination of the Associates active status with the company to the appropriate state's licensing department and the boards.

g. Referrals: All referral business is the responsibility of the associate. Referral agreement forms are available on the MLS Company website and are highly recommended for giving and receiving referrals both inside and outside the company. Any incoming referral commission will be split at the commission rate of the Associate (see Independent Contractor Agreement).

h. Politics & Religion: While everyone has their own beliefs and opinions on politics and religion, remember that you are here to sell real estate. Your opinion on divisive issues such as these should not be discussed in the presence of customers or principals. As a sales associate, you should try to appeal to the general public. This is not intended to restrict your rights to your own opinions and beliefs on these topics.

Technology Policies

12. Internet Usage

- a. No software not licensed to the company is permitted to be installed on any office workstation.
- b. The downloading or viewing of illegal, pornographic or hateful material is not tolerated. Any violation is basis for immediate termination from the company. In addition, the company may notify appropriate authorities.
- c. The creation of any custom websites or web pages must be approved by the Company prior to site being publicly viewable.
- d. Any internet email advertising campaign must be approved in writing by the Company prior to submission to the public.
- e. A log of all incoming and outgoing email messages, along with a log of all websites visited on all company computers, may be maintained by management. These logs constitute legal company records compliance and will be preserved.

13. Social Media

MerrickDamon understands the importance of social media in today's marketplace. While using social media for personal or business use, remember that each Associate is a representative of the MerrickDamon brand. Associates should make their best effort to conduct themselves in a professional manner at all times.

14. Technology Requirements

- a. Associate must password protect their phone, tablet, computer, or any other electronics which store or can gain access to customer files.
- b. **Tablet Devices:** Associate should be Internet connected via built in 3G/4G or a portable WiFi Hot Spot at all times.
- c. **Paper free:** Although Associates may keep paper forms as a backup, Associate must electronically submit all contracts and forms needed for the transaction of a sale.

15. Email

- a. **Mail:** It's required that Associates regularly check their MerrickDamon email account, as this is the email account that Associates receive office updates, correspondence and must conduct ALL business.

Marketing Policies

16. Listing Marketing & Quality

MerrickDamon Real Estate takes quality seriously! All listings require attention to detail by the Listing Associate in terms of photos, copy (public remarks), and disclosures. Agents should use every effort to fill every image holder in MLS (currently 25 photos allowed per listing) and use the public remarks to the highest and best use. All fields in MLS should be completed to the best of the Associate's ability. Listing Associates must disclose, in the public remarks, any conditions which could be deemed hazardous to Buyers or Associates entering the property such as mold, construction in progress, aggressive pets, etc. Any condition that substantially affects the material value of the property must be disclosed in the public remarks of the MLS listing. Public Remarks must mention if the property won't qualify for any specific type of financing. **Company will only input a listing on MLS once appropriate photos and all listing information is received.**

17. Operating as Own Business

No Associate may market or brand as if they were their own brokerage. This includes advertising in mediums that are supposed to be used exclusively for businesses. This restriction explicitly prohibits Associate from registering a Google Place profile at the Company address.

18. Yard Signs

Agent is responsible for the cost of yard signs for sale listings. Info will be given as to which company and template will be used.

19. Logo Use

The Company provides logos for Associates to use in their marketing. Associate's and all marketing companies must follow guidelines on its use. **The logo cannot be modified for any reason.** In the event that an Associate violates these requirements, the Company can prohibit an Associate from using such logo and can instead require all marketing to be prepared by the Company at a cost.

- a. **Proportions:** The logo must remain at the original proportions in regards to width and height.
- b. **Minimum Web Size:** The logo must be minimum of 100 pixels in width.
- c. **Minimum Print Size:** The logo must be a minimum of 1 (one) inch in width.
- d. **Stand alone:** The logo must stand alone and be spaced appropriately from other content.
- e. **Backgrounds Allowed:** The logo may only be placed on a black or white background, unless there is prior approval from the Company.
- f. **Associate websites:** The logo must be displayed in the header of the website template with the minimum size listed above.
- g. **With other logos:** When marketed with other company logos, MerrickDamon must have the predominant logo. A partnership or affiliation cannot be implied in the marketing without prior approval from the Company.

ALL ASSOCIATE CREATED MARKETING MUST BE APPROVED BY COMPANY BEFORE USE.

By initialing each page and signing below, Associate agrees to abide by the Policy and Procedures and all future amendments.

Associate Signature

Date