

The Golden Key Realty

Office Policy

And Procedures Manual

For

Associate-Licensees

2012

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1. About the Company.

The Golden Key Realty has been serving the community of Los Angeles County since 1998. On March 2011 The Golden Key Realty became a DBA of e-Realtors Group, Inc. a California corporation located in the city of Whittier, affiliated with South East Association of Realtors and dedicated to serve the residential real estate market.

Our mission is to offer real estate brokerage services streamlining the process, using new concepts and technologies that allow us to offer 100% commission compensation plans to our Associate-Licensees at reduced Broker fees.

2. Independent Contractor Relationship.

2.1 Agent relationship.

You are associated with this company as an Independent Contractor.

Neither federal or state taxes, nor Social Security contributions will be withheld from your compensation. As Independent Contractor you will receive an IRS 1099 tax form at the end of each calendar year for tax purposes. Associate-Licensee is also considered an Independent Contractor for purposes of Unemployment Insurance. The company provides **Worker's compensation** insurance for Broker's own protection.

2.2 At-Will Status/Termination.

You are associated with the company on at-will basis, and for an unspecified term. Either party may end their association at any time with or without cause or reason.

If the association is terminated while you have pending transactions, the Broker will designate other salesperson to perform the required work.

A reasonable compensation to the other agent(s) will be deducted from your commission(s). You can take with you the listings for which no escrow has been opened.

2.3 Hiring Package Documents.

Associate-Licensee is required to provide Broker the following documents duly executed to start the process of employment :

- Agent Information Form.
- Independent Contractor Agreement.
- Office Policy and Procedure Manual.
- Commission Schedule.
- W-9 IRS Tax form.
- Photocopy of social security card.
- Photocopy of valid driver's license.
- Photocopy of car insurance statement naming e-Realtors Group, Inc. /Jose R. Collantes as an additional insured.

3. Policies and Procedures.

3.1 Responsibilities.

You are responsible to work in compliance with these Company Policies and Procedures, read them carefully and initial the bottom of each page.

3.2 Changes in Manual.

Changes to policies and procedures can be made at any time by the Company.

When changes occur Associate-Licensees are informed by e-mail and/or through the Company's web site.

3.3 Conflict between the Policy Manual and the Contract Agreement.

In the event of a conflict between this Policy Manual and your Independent Contractor Agreement, the terms of this Policy Manual shall prevail.

4. General Procedures.

4.1 DRE Licensing and Requirements.

You are required to maintain a valid California real estate broker or salesperson license in good standing while associated with this Company. If your license expires, you may not engage in any activities on behalf of the Company for which a real estate license is required. The Broker may designate another Company salesperson to handle your prospects, listings and transactions during any time your license lapses, and allocate such reasonable compensation to that salesperson for work performed. The Company's Broker is charged by California law to review, supervise and manage the activity of all salespersons. It is your responsibility to meet the education requirements of the California Department of Real Estate and to renew your license in a timely manner. If your license's status shows "expired" on the DRE website, you will have 45 days to change your status to "active" otherwise your employment relationship with the Company will be terminated.

4.2 Trust Funds Handling.

Broker **DOES NOT** have a trust fund account. **Under NO circumstances** will you receive earnest money deposit checks or any monies in the form of checks, money orders, cash or otherwise regarding good faith deposits, home inspections, appraisals, repairs, credit reports, pest control or other service related with a real estate transaction while you are representing this

Company. **When representing a buyer, have your client make the deposit**

check payable to the corresponding escrow company and provide you a

copy for you to present the offer. If such offer is accepted, have your client deliver or send the earnest money deposit directly to the escrow company.

Provide client with information needed for them to drop off the deposit

directly to escrow within three business days after acceptance of offer, or make arrangements with the escrow company for them to send a messenger to pick up

the deposit check at the client's home or work site. Neither the Broker, nor the Associate-Licensees of The Golden Key Realty hold clients' checks.

You are NOT authorized to receive clients' deposit checks,

cash or money orders even with the intention to take them to escrow.

When reporting an accepted offer, you are required to report how the earnest money deposit was handled.

4.3 Professional Conduct.

As Licensed Real Estate Sales Person, you are expected to be familiar and comply with the Code of Ethics, related State and federal laws and regulations.

4.4 Broker's Support.

Broker's support is available Monday through Saturday 9:00 A.M to 7:00 P.M by e-mail or by phone.

4.5 Office Space.

The Golden Key Realty does not provide a physical working place for the agents. Our way to do business allows Associate-Licensees to work from their homes, own offices, or from wherever they want. By minimizing our overhead costs we are able to pass the savings to our agents in the form of reduced Broker fees.

4.6 Maintaining Records.

You are responsible for maintaining organized records of all your real estate activities including your Listings and Purchase Agreements, and all other documents in connection with a real estate transaction, whether the transaction is consummated or not. All files and documents pertaining to listings, and transactions are the property of Broker and shall be delivered to Broker by Associate-Licensee immediately upon request or termination of this Agreement.

4.7 Multiple Listing Service. M.L.S.

Besides Rancho South East Association of Realtors, the Company plans to affiliate with local Multiple Listing Services as needed.

Your affiliation with an MLS service is required. However, your affiliation with the National and California Association of Realtors is only recommended.

As member of an MLS service you must abide by their rules and regulations.

You are responsible for the payment of all fines imposed against you and/or

the Company as result of inappropriate use of their services or products.

4.8 Expenses and Deductions.

All expenses incurred by the Company on your behalf that have not been paid accordingly with the Company policy may be deducted from your next commission payment.

4.9 IRS Form 1099.

At the end of each calendar year the Company will provide you with a 1099 IRS Form for tax purposes. You are encouraged to maintain records of your earnings and expenses and obtain professional tax advice.

4.10 Policy against Identity Fraud.

Identity fraud is a serious crime. You are expected to take all preventable steps in handling consumers' sensitive information. You must treat with high degree of care and confidentiality all files containing clients' personal data. Documents containing clients' personal information should be kept in a secure place inside a locked cabinet, so that you are the only one who has direct access to them.

4.11 Disclosing on Personal Transactions.

When you buy or sell a property in which you have an ownership interest, or when you have a special relationship with the buyer or the seller, you must disclose it in writing, as well as when you intent to acquire financial or legal interest in the property.

4.12 Transaction Coordinator service.

Even though the Company provides transaction coordinator services, the use of this service is optional to our Associate-Licensees.

4.13 Errors and Omissions Insurance.

While you are associated with The Golden Key Realty, you are covered under the Company's Limited Errors and Omissions Insurance Policy. You are responsible for the deductible if any of your transactions result in a lawsuit .

4.14 National Do-Not-Call List Compliance.

It is your responsibility to familiarize yourself with the actual FTC rules and regulations for the national Do-Not-Call List. If you read Section VI 109-119 and Section IX 136-145, you will have the information you need to know to stay on the right side of the regulations. You must comply with State and Federal Do-Not-Call laws which prohibit and penalize telephone solicitations to residential and cellular phone numbers registered on the national Do-Not-Call Registry. You will be exclusively responsible for any violation which could make you and or the Company subject to fines, settlements, and attorney's fees.

4.15 Recruiting Bonus.

Invite other agents to join and The Golden Key Realty will pay you \$50 for each transaction that he/she closes as far as you remain affiliated with the Company.

5. Resolution of Disputes.

5.1 Intra-office Disputes between Associates.

First and foremost, the Associates in conflict must try to come to an agreeable mutual settlement and NEVER involve the client in the dispute.

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, a committee of three neutral parties engaged in the practice of real estate shall be invited by the Broker to act as jury and render a final decision.

5.2 Disagreement between Broker and Associate-Licensee.

Any real estate business related practice unresolved between the Associate-Licensee and the Broker will be submitted for arbitration to the Broker's local Association of Realtors. The arbitrator's decision shall be final and the Broker and Associate-Licensee must abide by the decision of the arbitrator.

5.3 Third Party Disputes.

It is your responsibility to immediately notify your Broker about any claim or dispute involving you, and or the Company, and a third party.

If the Company determines that it is in its best interest to resolve a dispute during escrow rather than risk a potential litigation after close of escrow, the Broker has the right to negotiate a resolution even if it involves a reduction in the commissions to be received by the Broker and by the Associate-Licensee. The Golden Key Realty will make all reasonable efforts to resolve the dispute informally before taking the case to arbitration or to the court.

6.0 RESPA Compliance.

As real estate professional, it is your responsibility to be familiarized and comply with the **Real Estate Settlement and Procedures Act (RESPA)**. This legislation helps consumers become better shoppers for settlement services, and prohibits kickbacks and referral fees that unnecessarily increase the costs of settlement services. Violations of Section 8 anti-kickback, referral fees and unearned fees provisions of RESPA are subject to criminal and civil penalties that include fines up to \$10,000 and imprisonment up to one year. In general most violations to RESPA are reported by other real estate agents.

6.1 Referrals to non-licensed people.

Under no circumstances you offer or advertise to give anything of value to non-licensed persons including but not limited to friends, relatives, past clients, the general public, etc as reward for them to refer business to you. That is a RESPA violation. Referral fees to non-licensed persons is illegal.

The only non-licensed person to whom you can give something of value without violating RESPA is your own client.

6.2 Lenders' Flyers.

You must not accept that a lender graciously provides flyers to be distributed in an Open-house promoting your listing(s), even if the flyers also offer closing cost calculations for various down payment scenarios. That is a violation of RESPA. If the flyers do not promote your listing(s) then, they can be distributed with no problem. Don't set yourself up for a RESPA violation report.

7.0 Fair Housing.

The primary purpose of the Fair Housing Law is to protect the buyer/renter of a

dwelling from seller/landlord discrimination. Its primary prohibition makes it unlawful to refuse to sell, rent, or negotiate with any person on the basis of race, color, ethnicity, gender, marital status, religion, physical disability, sexual preference, age, national origin, or families with children . The goal is a unitary housing market in which a person's background (as opposed to financial resources) does not arbitrarily restrict access. Victims of housing discrimination need to go through HUD or any other governmental agency to pursue their rights. The Fair Housing Act confers jurisdiction to hear cases to federal district courts.

7.1 Equal Opportunity Housing Policy.

You will conduct all your real estate business activities in such a way that they reflect an equal opportunity housing policy free of discrimination on the basis of race, color, ethnicity, gender, marital status, religion, physical disability, sexual preference, age, national origin, or families with children. That is the law, that is our Company policy, and that is the minimum expected from all and each agent associated with The Golden Key Realty.

8.0 Training Policy.

As active participants in an industry that is always evolving to serve the needs and demands of society, The Golden Key Realty believes that education and training are the best strategies to provide quality service to consumers and to protect our Agents against unintentional break of the laws and regulations.

You are required to get the training the Company deems necessary, to provide a first class professional service.

9.0 Advertising Policy.

All forms of promotion done by the Associate-Licensee, including marketing brochures, newspapers, internet, social media, magazines, TV, and radio ads, must comply with the nondiscriminatory goals of the Fair Housing Act.

Avoid using language that indicates a bias against a protected class. Describe the attributes of the property, not the characteristics of the prospects you think would like it. To avoid breaking the law unintentionally, consult the National Association of Realtors “Fair Advertising Practices”.

All advertising and marketing materials must be approved by the Broker before they are publicized. You are required to use the term “Licensee”, “Agent”, “Realtor”, or “Broker” and your DRE License Number on all your advertising materials and keep a copy for a period of two years as evidence of your permanent compliance with the State and Federal regulations.

10.0 Electronic Communications.

As Real Estate professional you should be aware that the electronic communications have exceptionally enlarged our ability to communicate with prospects and clients, but also they have created new potential risks for lawsuits in our litigious society. You will always exercise the highest degree of ethics in developing your business activities. It is your responsibility to get informed about the **email laws and regulations**. Promoting trust and confidence on the Internet through honesty and fair practices should be pillars on your daily use of electronic communications. You will always avoid the use of offensive or

improper messages that could be ground for discrimination or harassment law suits. Due to legal and marketing reasons, the use of disclaimers on your emails is highly recommended. There are some threats that disclaimers can help to protect against: Accidental breach of confidentiality, transmission of viruses, and negligent misstatements.

10.1 e-mails relating to real estate transactions.

To ensure that you always have appropriate evidence to back up your integrity and compliance with State and Federal laws that regulate the communications on the Internet, keep your mails at least three months after each escrow closes.

10.2 The Golden Key Realty's Privacy Policy.

The Golden Key Realty understands that the security of your private information is a valid concern. We recognize the importance of protecting the privacy of the information collected from our Agents and prospective Associate-Licensees.

We respect your privacy and take your personal information seriously. We don't disclose it to third parties without your consent, except when we act on your behalf, or when we are required by law or we believe it is appropriate regarding efforts to prevent or investigate suspected fraud or illegal activity.

10.3 Associate-Licensee's Website Privacy Statement.

If you maintain a website as part of your activities to conduct your real estate business, you need to include a Privacy Statement according with our Privacy Policy.

11.0 Policy against Harassment.

Harassment is a serious offense that not only can interfere with work performance but also can trigger legal actions. Sexual harassment occurs whenever unwelcome conduct on the basis of gender affects a person. Sexual harassment is defined by the Equal Employment Opportunity Commission as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of sexual nature. You must be aware that your behavior might be offensive. You should avoid all sexually charged conduct either with a coworker, a prospect, or a client.

12.0 Associate-Licensee's Assistant(s)

Before Associate-Licensee hires an assistant, a three party agreement (Broker/ Associate- Licensee/ Assistant) should be executed on CAR form TPA, and approved by Broker.

13.0 Listings: Mandatory Submission Policy.

Associate Licensee shall input all listings within 48 hours of the start date of the listing excepting weekends and holydays. As soon the listing is submitted, it is automatically subject to the MLS rules and data integrity standards.

As professional real estate person, you will conduct all your activities related with the use of MLS services according with their rules and regulations. Attending to informative training sessions, and asking in case of doubt before acting are the best policies to avoid unintentional but costly violations.

13.1 Exempted Listings.

If the seller(s) refuses to permit the listing to be disseminated by the MLS, within

48 hours (excepting weekends and holidays), the listing Agent shall submit to the MLS a certification with copy to Broker, signed by the seller(s) establishing that he/she does not authorize the listing to be placed in the MLS.

13.2 Change of Listing Information.

Associate Licensee shall submit any change in listing information including the listed price or other change in the original listing agreement to the MLS within 48 hours (excepting weekends and holidays) after the authorized change is received by the listing agent.

By submitting such changes to the MLS, you represent that the listing contract has been modified in writing or that you have obtained other legally sufficient written authorization to make such change.

13.3 Withdrawal of Listing Prior to Expiration.

Listings of property may be withdrawn from the MLS by the listing agent before the expiration date of the listing agreement provided you have received written permission from the seller(s), and you have sent copy of that authorization to the Broker.

13.4 Listing Agreement and Seller's Permission.

Prior to submitting a listing to the MLS, Associate-Licensee shall obtain the written agreement of the seller(s) expressly granting the listing agent authority to:

- a. file the listing with the MLS for publication and dissemination to those authorized by the MLS;
- b. act as an agent for the seller(s);
- c. provide timely notice of status changes of the listing to the MLS;
- d. provide sales information, including selling price, to the MLS upon sale of the property for publication and dissemination to those authorized by the MLS; and
- e. publish sales information after the final closing of a sales transaction in accordance with MLS rules.

Copy of seller's permission need to be sent to the Broker.

14.0 Signs, Logos, Business cards and Websites.

As far as Associate-Licensee remains affiliated with the Company, he/she shall use Broker's trademark name: "The Golden Key Realty" and distinctive logo on all his/her marketing materials including but not limited to signs, business cards, stationary and websites. On the same way, Associate-Licensee agrees to discontinue the use of Broker's trademark name immediately upon termination of Broker/Associate-Licensee Contract Agreement.

15.0 Loan Modifications.

Under no circumstances you perform activities related with loan modifications while you are affiliated with The Golden Key Realty. This includes but is not limited to: referring consumers to a loan modification company, representing consumers with a loan modification company, provide consumers with legal or financial advice or getting paid by a client or loan modification company.

16.0 False and Misleading Designations:

You will avoid the use of questionable and possibly misleading terms such as "expert", "certified", and "specialist" in the marketing and advertising of assistance to homeowners in connection with their home loans, foreclosure situations and short sales. According with the Department of Real Estate Commissioner, a growing number of individuals, purport to be "experts" in the area of short sales, "certified" forensic loan auditors, loan modification "specialists", loss mitigation "experts", and the like, and many of these designations and claims seem to be nothing more than marketing ploys by fraudsters to capitalize on the desperation and vulnerability of financially strapped homeowners.

Fraud by predators in the use of false and misleading designations, certifications, claims of expertise and specialization can certainly compromise and erode the credibility and integrity of those with legitimate credentials.

Section 10177 (c) of the California Business and Professions Code provides that disciplinary action may be taken against a real estate licensee who advertises false statements concerning his or her designation or certification of special education,

credential, or trade organization membership. Real estate licensees must make certain that they comply with the California Real Estate Law and that all advertisements and offers of services contain only truthful and accurate information.

17.0 Property Management.

You are not allowed to perform property management activities. The Golden Key Realty IS NOT in the property management business, nor its Associate-Licensees. Soliciting landlords and tenants, renting, leasing and maintaining properties in expectation of compensation without Broker authorization, is in violation of the Business and Professions Code. Your real estate license could be suspended or revoked and you could face a civil lawsuit.

18.0 Investors.

If Associate-Licensee is also an investor, he/she must disclose that he/she has a California DRE Salesperson License when consumers from the general public are involved in the transaction. The disclosure must include a statement establishing that you are buying or selling the property in your personal capacity and under no circumstances you are acting as agent of a Real Estate Broker.

You are not allowed to use the trademark name The Golden Key Realty associated with your investment activities. Once you purchase a property, if you want you can list it with the Company following the regular process and making all necessary disclosures.

19.0 Unlawful Acts.

Associate-Licensee shall not commit acts for which the Commissioner of the DRE, RESPA, or HUD are authorized to restrict, suspend or revoke Associate-Licensee's license under California Business and Professions Code, or other provisions of State or Federal Laws and regulations.

If Associate-Licensee commits such an act, he/she will forfeit any pending commissions due.

20.0 Payments.

Associate Licensees who choose plans 1 or 2 may pay their monthly fees by Check, money order or Pay-Pal.

21.0 Changing Plans.

After selecting a split commission plan, Associate Licensees are allowed to one change per year.

22.0 Acknowledgement.

The undersigned Associate-Licensee for The Golden Key Realty, hereby Acknowledges that he/she read and understood the company policies and agree to abide by them as stated herein or on subsequent office policy amendments.

Associate-Licensee's Name

Signature

Date

