

## **GUIDELINES FOR ASSIGNMENT OF FRANCHISE TO REVOCABLE TRUST**

1. A trust to which a Keller Williams Franchisee's rights and interests in a Keller Williams franchise (such franchise and ownership interest are referred to herein, as applicable, as "Ownership Interest") is assigned must be revocable during the lifetime of the trust grantor.
2. The assignor/grantor of the revocable trust shall be the sole trustee, with absolute discretion to revoke the trust and to vote the Ownership Interest transferred to the trust. In the event there are multiple assignors/grantors to the trust, the "Controlling Grantor" (meaning the grantor who transferred a majority of the Ownership Interests transferred to the trust, or, in the absence of a majority transferor, the grantor designated by the assignors/grantors to act on behalf of the trust) shall be the sole trustee of the trust, with absolute discretion to revoke the trust and to vote the Ownership Interest transferred to the trust.
3. The assignment to the trust of an Ownership Interest in a Franchisee, shall be accomplished by a separate Transfer Agreement and Consent which contains the prior written consent of Keller Williams Realty, Inc. ("KWRI"). Such Consent form will be available upon request from KWRI. In addition to other reasonable conditions on the assignment to which KWRI may impose, both the assignment and the trust agreement must provide:
  - (a) that if the grantor(s) is a Controlling Principal, the grantor(s) shall remain personally liable to Keller Williams for the performance of all obligations under the Market Center Franchise Agreement;
  - (b) that the trustee shall fully comply with all the provisions of the Market Center Franchise Agreement that Franchisee's Principals are required to comply with;
  - (c) that if the trustee should fail to comply with the provisions of the Market Center Franchise Agreement, the grantor(s) shall, upon the request and direction of KWRI, revoke the trust with respect to the trust's Ownership Interest;
  - (d) that the trustee, or if the trustee fails to act, a designated "trustee appointer" shall have the power to appoint a successor trustee of the trust;
  - (e) that if the grantor (or, if there are multiple assignors, the controlling grantor) fails or ceases to act as trustee during his lifetime, the trust's Ownership Interest shall be distributed outright and free of trust to the grantor(s), unless KWRI consents to and approves the successor trustee within ninety (90) days of the grantor or controlling grantor ceasing to serve as trustee; and

- (f) for a general release from the trustee in favor of KWRI, and the trustee's agreement to assume, and be jointly, severally, irrevocably and unconditionally liable for the assignor(s)/grantor(s) guaranty and indemnity obligations under the Market Center Franchise Agreement.
4. The trust agreement shall provide that the trustee, grantor or beneficiary may not assign, transfer, sell, or otherwise dispose of the trust's Ownership Interest without the prior written consent of KWRI, and that such interests may not be pledged, mortgaged, hypothecated, or otherwise encumbered by them.
  5. Upon the death of the grantor of the revocable trust, the trust agreement shall provide for a disposition of the Ownership Interest that is consistent with the provisions and requirements of the Market Center Franchise Agreement, in one of the following manners:
    - (a) Outright and free of trust to an individual beneficiary, provided such individual is approved through KWRI standard franchisee selection process and fully complies with the provisions of the Market Center Franchise Agreement; but if such individual is not so approved, the trustee shall be required to sell or transfer the trust's Ownership Interest to a party acceptable to KWRI pursuant to the Market Center Franchise Agreement, with the transferee assuming the obligations under the Market Center Franchise Agreement in consideration thereof; or
    - (b) A sale or transfer by the trustee of the trust's Ownership Interest, pursuant to the Market Center Franchise Agreement and subject to the prior consent and approval of KWRI, with the transferee assuming the obligations under the Market Center Franchise Agreement in consideration thereof; or
    - (c) An assignment to another trust (which may be an irrevocable trust), provided the trustee of the new trust is directed and agrees to sell or transfer the trust's rights and interests in the trust's Ownership Interest within one year of the grantor's death, with the transferee assuming the obligations under the Franchise Agreement in consideration thereof, as provided in the Franchise Agreement, and the trustee of such other trust is directed and agrees to comply with the Franchise Agreement.
  6. No beneficiary of the trust may be named, either directly or by an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control currently located at [www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx](http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx), and the trustee will take no action that would constitute a violation of any applicable laws against corrupt business practices, against money laundering, and against facilitating or supporting persons who conspire to commit acts of terror against any person or government, including as prohibited by the U.S. Patriot Act currently located at <http://www.epic.org/privacy/terrorism/hr3162.html>, U.S. Executive Order 13244 (text currently available at <https://www.state.gov/executive-order-13224/>), or any similar law. The trustee shall immediately notify KWRI in writing of the occurrence of any event or

the development of any circumstance that might cause any of the foregoing to become applicable.

7. The trust agreement must provide that the required trust provisions described in these Guidelines may not be amended without the prior written consent of KWRI.
8. The transfer to the trust must not result in the Franchisee's loss of the legal right to occupy the Premises during the remaining term of the Market Center Franchise Agreement.
9. For the purpose of determining compliance with the Franchise Agreement and these Guidelines, KWRI shall have the right, but not the obligation, to examine and approve the form and content of the trust agreement prior to any assignment to the trust and may prescribe reasonable provisions for inclusion in the trust agreement.
10. As part of its consent to the assignment, KWRI will require that the attorney for the grantor of the trust represent and warrant that the trust agreement, as of the date of the assignment to the trust, (i) is in compliance with these Guidelines, and (ii) that the agreements with KWRI entered into by the trust in accordance with these Guidelines will constitute legally binding obligations of the trust under governing state law.
11. The decision as to whether KWRI will consent to the assignment to a revocable trust of an Ownership Interest will be considered by KWRI, in its sole discretion, on a case-by-case basis.
12. KWRI reserves the right, in its sole discretion, to change or discontinue this policy and these Guidelines at any time, as it applies to future requests that KWRI consent to an assignment to a revocable trust.
13. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Market Center Franchise Agreement.

## ACKNOWLEDGMENT

I acknowledge that I received from Keller Williams Realty, Inc. a copy of the GUIDELINES FOR ASSIGNMENT OF FRANCHISE TO REVOCABLE TRUST (“Guidelines”). I acknowledge that I read and understood the Guidelines, and that I have shared the Guidelines with each Controlling Principal and Franchisee’s Principal.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Operating Principal

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

I acknowledge that I received from Keller Williams Realty, Inc. a copy of the GUIDELINES FOR ASSIGNMENT OF FRANCHISE TO REVOCABLE TRUST (“Guidelines”). I acknowledge that I read and understood the Guidelines, and that the Revocable Trust, for which franchisee seeks KWRI’s consent for ownership in a franchisee, complies with the requirements of the Guidelines.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Trustee

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