

***This Sample Agreement is for Example Purposes Only.
Consult with Your Region and Legal Counsel to Draft Your Document.***

**MODEL 2 BC / HOST MC CONSIDERATIONS
(sample language for BC/MC agreements)**

The following language is intended as a sample for reference purposes only and is not intended as legal advice. You are not required to use this specific language and should consult your own attorney regarding any agreement you enter into. Please note that any use of all or a portion of this sample language is at your sole risk, and we make no representations or warranties regarding the sample language.

Parties:

This Agreement is entered into effective _____, 2022 (the “Effective Date”), by and between _____ (the “Host MC”) and the _____ Business Center Profit Participation Entity (the “BC Group”). Activities of the _____ Business Center (“BC”) will be led by the BC Group.

Term:

The term of this Agreement will extend from the Effective Date until the termination or non-renewal of the BC Addendum, as further described below.

The Business Center’s authority to operate is dependent on the effectiveness of the host Market Center’s Franchise Agreement, and the Business Center Addendum, between the host Market Center entity and KWRI.

The Business Center will be operated in accordance with the host Market Center’s Franchise Agreement, as amended by the Business Center Addendum, and the Manuals incorporated therein.

BC Financial Model:

The BC will offer the [same financial compensation structure to its agents as the Host MC, as follows] [following financial compensation structure to its agents:]

- A. Individual agent split/cap:
- B. Team split/cap:
- C. Husband/wife group split/cap:
- D. E&O fee:
- E. Administration fee:
- F. Annual KWRI Associate fee:

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All agents will pay to KWRI a royalty fee of 6% of GCI with an annual \$3,000 cap. The agent's anniversary will be the first day of the first full month of their association with KW. All agents will pay to KWRI a monthly \$25 Technology Fee.

Any fee paid by a consumer to a KW brokerage in connection with the purchase and sale of real estate will be treated as GCI and paid and applied in congruence with the above-referenced splits and caps.

Broker Support:

Example language:

[A Broker for activities conducted by BC agents through the BC will be provided by the BC.]

[The Host MC will provide a Broker for activities conducted by BC agents through the BC for the monthly cost of \$_____.]

[Brokerage Compliance Fee - Annually and resetting on the BC agent's anniversary date, the Host MC will retain a \$200 Brokerage Compliance Fee for each of the first 20 units sold by the BC agent. For each additional unit sold by a BC Agent, the Host MC will retain \$50 of the Brokerage Compliance Fee and distribute the remaining \$150 to the BC Agent.]

Things to consider:

- Does the DRE require the new physical location to have an on-site broker?

BC Agents:

Example language:

Host MC is responsible for providing onboarding services for each new BC agent. BC agents are responsible for paying their bills monthly, just as Host MC agents, and are required to sign the host-MC's standard Independent Contractor Agreement. BC agents must annually sign the Keller Williams Policies and Guidelines manual and agree to comply with its provisions. BC agents will have full use of the Host MC for all training events, team meetings, social events, client meetings, client events, etc. Host MC shall provide to BC agents: [principal broker support,] [MCA support in processing agent commission payments,] E&O coverage, tech support and training specific to the KW technology. All other BC agent support is to be provided by the BC.

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Host MC has the final decision on anyone joining the brokerage as an BC agent.

BC agents will be eligible to participate in the Host MC's Associate Leadership Council (ALC) under the same guidelines as any other agent affiliated with the Host MC.

Agent Transfers:

Example language:

If a Host MC agent inquires about transferring to the BC, the BC Group will immediately inform the Team Leader of the Host MC. The BC Group and the Host MC TL will discuss the proposed transfer, and mutually agree on whether the transfer will be processed. If the Host MC agent does transfer to the BC, the BC will pay to Host MC the greater of the Host MC's Company Dollar cap or what the transferring agent paid to Host MC in the 12 months prior to transferring.

Notwithstanding the provision above, the Host MC is not entitled to any Company Dollar from the BC for any transferring Host MC agent unless the BC has reached an agent count of _____ or more.

If a BC agent inquires about transferring to the Host MC, the Host MC Team Leader and the BC Group will discuss the proposed transfer, and mutually agree on whether the transfer will be processed. If the BC agent does transfer to the Host MC, the Host MC will pay the BC the lesser of the BC agent cap or what the transferring agent paid to BC in the 12 months prior to transferring.

Operation of BC:

Example language:

BC agrees to pay all of their own operating expenses, which include but are not limited to, rent, CAM, utilities, insurance, copier fees, internet, salaries, taxes, etc. No expenses related to the operation of the BC will be covered by the Host MC.

BC agrees that the office space will reflect the professionalism of the KW brand. BC agrees to supply and maintain: 1) _____ door locking system - to allow agent access to the BC office space for all agents within the Host MC's network; 2) security cameras over entry doors with access by the Host MC's network; 3) a conference room with big screen TV and webcam capabilities to livestream training events into the BC; 4) signage that must be approved by the Host MC and KWRI.

Start-Up Costs:

Example language:

Host MC will contribute ____% of signage expense up to \$_____.

KWRI BC Documentation:

[BC] [Host MC] will pay KWRI the \$2,500 BC application fee. The BC office location is contingent upon approval by KWRI. This Agreement will start the approval process which can take up to 4 weeks. Once the approval has been received from KWRI the BC Group and Host MC will sign a BC Addendum with KWRI.

Ongoing Policy Expectations:

During the term of the BC Addendum and this Agreement, BC agrees to abide by all KWRI and Host MC policies, guidelines and procedures.

BC Growth:

Example language:

BC has a current roster of _____ agents and a growth goal to _____ producing agents within 12 months.

Things to Consider:

- Does the revenue participation opportunity get better for BC if they hit certain growth goals?

Training Expectations:

Example language:

BC agents will participate in training provided by the Host MC, _____ Region and KWRI. The BC Group commits to attend Family Reunion and Mega Camp annually, live stream all Host MC Team Meetings into the BC, and attend a bi-monthly meeting with Host MC leadership.

Errors & Omissions Insurance:

Example language:

[Errors & Omissions insurance (E&O) for activities conducted under the BC brokerage will be provided by the BC. The BC E&O policy will name the Host MC as an additional named insured, and BC will hold the Host MC harmless from any claims related to the activities of the BC and its agents.]

[Errors & Omissions insurance (E&O) for activities conducted under the BC brokerage will be covered by the Host MC. BC agents will pay a \$_____ fee per transaction for this E&O coverage.]

Onboarding and Orientation Requirements:

Non-Solicitation:

Example language:

In the event that this agreement is terminated, BC agrees for itself, its officers, owners and agents that up until 6 months following the termination of this Agreement for any reason (the “Non-Solicitation Period”), BC agrees that it will not solicit any person employed with the Host MC, or any of its agents, officers, or real estate agents affiliated with Host MC, whether an employee or independent contractor of Host MC to terminate its relationship with Host MC. In the event an employee or agent, officer, or real estate agent affiliated with Host MC in the six month period prior to the termination of this agreement becomes employed or affiliated with the BC or BC Group within six months of the termination of this agreement, BC Group agrees to compensate Host MC \$5,000 per person as liquidated damages no later than ten days after Host MC sends written notice.

Notice:

Example language

Addresses for Notice:

Host MC:

BC:

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All notices permitted or required to be delivered pursuant to the provisions of this Agreement shall be delivered in writing to the addresses listed above or such other address as the parties shall specify by written notice, and shall be deemed so delivered: (a) at the time delivered by hand; (b) 1 day after transmission by email, provided that there is no error delivery message; (c) 2 days after being placed in the hands of a commercial courier service for expedited delivery, provided there is proof of receipt; or (d) 3 days after placement in the United States Mail by certified mail, return receipt requested, postage prepaid; and must be addressed to the party to be notified at the addresses as described above for BC and Host MC, or such other address as the parties shall specify by written notice.

SAMPLE

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