



Partnerships, Teams and Assistants Policy & Guidelines

Teams and Groups

One of the aspects that Keller Williams promotes for associates is the “Path to the 7th Level”. Associates who follow this path may find that they generate more buyer and seller leads than they can possibly follow up on. In such situations, high producing associates may find it advantageous to build a team of associates who work with/for them and assist them in their sales efforts. Such a relationship may also be advantageous economically for the market center through the synergism created from the group’s efforts, resulting in more sales and so thereby contributing to the market center profits and profit sharing.

KWMPR has adopted the following guidelines for use by the Market Center Administrator (MCA) in determining when it is appropriate for individual members of a team to have a reduced market center cap. MCA shall utilize the principals of the “WI4C2TS” for guidance in applying these guidelines and for handling situations not covered herein.

These guidelines are not meant to imply that any number of people cannot work together as a team under other circumstances with all members paying a full cap. The guidelines are only for determining when it is appropriate for individual team members to have a reduced cap resulting in “win-win-win” situations for the market center, lead agent and individual associate. The market center does not “win” in situations where associates combine in name only just to receive a reduced cap.

In order for a team’s lead agent to add roles that included reduced caps, that lead agent must submit a Team Member Form to the MCA along with all required attachments at kwmp teams@gmail.com. Reduced cap positions will be granted to the team’s lead agent upon approval by leadership, and any company dollar contribution towards that reduced cap will be applied towards the reduced cap role, and not towards the individual agent hired to that role. The market center does not grant cap reductions to specific individuals, only to roles within a lead agent’s team.

Team Guidelines

Team lead agent must:

1. Hold a executive broker’s license or 5 years in the business. (For existing teams, the Team Lead must have their executive broker’s license by the end of 2016. For any new teams, the Team Lead must already have their managing broker’s license.) If a current Team joins KWMPR that does not have a executive broker’s license, they must obtain their executive broker’s license within 6 months of hire date **or option #2**.
2. Have prior personal production of at least \$4 million or 40 transactions or \$120,000 in gross commission income within the last 12 months.
3. Enter into a divided supervision and control agreement with the designated broker. The agreement must address agency law issues within the team that has been approved by Designated Broker and conforms to the firm’s agency law addendum to Policy & Procedures.
4. Present an application for reduced cap team member (Team Member Form) with all required attachments for leadership review and approval. Attachments include a written business plan, the team lead agent’s DISC profile, team members’ DISC profile, and the written agreement to be used with team members.
5. Pay a full cap annually in order to maintain eligibility for reduced cap team members.

6. Have a designated portion of every commission of a team member directed to the lead agent to qualify for reduced caps. This includes personal sphere or personally generated leads of the team member.

The specific designated portion/percentage must be in the individual team contract and must be approved by the Market Center Team Leader.

7. Provide the following resources to team members:

- (a) Lead generation
- (b) Coaching and consulting
- (c) Contract review, legal compliance, and supervision, all as designated by designated broker.
- (d) Provide space for team members without monopolizing common areas.

** Client meetings have priority in common areas. **

8. Teams shall not recruit agents or assistants from the market center or existing teams unless there is written consent from the previous team lead. The recruiting and hiring of market center staff is prohibited without the approval of the Market Center Administrator.

9. A New Agent may join KWMPR as an individual agent and as long as they are ≤ 180 days from signing on and has earned less than \$20,000 in GCI may join a team at the reduced cap without requesting an exception.

10. An Under Achieving Agent that has less than \$20,000 GCI since last cap anniversary AND less than \$25,000 GCI earned in previous cap period (if available) may join a team at the reduced cap without requesting an exception.

11. Any individual KWMPR agent that joins an established team shall continue to pay one full cap for a period of one year. Lead agents may petition the MCA for a variance to this rule as part of their application process if that variance creates a win-win-win situation.

12. Agents currently on a team and are currently at the quarter cap shall have a 30 day grace period to switch teams without automatically reverting back to a full cap status.

Team Lead Agent Should

- 1. Hire administrative staff, working at least 20 hours per week, prior to adding buyer and listing specialists.
- 2. Receive coaching and consulting on a regular basis and demonstrate the ability to coach and consult the team members.
- 3. Attend Mega Agent Camp, Recruit Select, Family Reunion and other continual education through KWU.
- 4. Have lead generation systems in place and operating to provide enough leads for team members to meet their half cap.
- 5. The DISC is a requirement for all team members however we strongly suggest also investing in an AVA for each team member and following the Recruit Select process.

Team Scenarios and Cap Requirements

Cap reduction positions are approved and granted to the team lead agent, and not to the individual hired to a team. It is the position of a buyer's agent or listing agent on the team that is granted the reduced cap, and the individual associate filling that position may change during the course of an anniversary year. The following is a guide used in determining total team caps, based upon team structure:

- (a) Lead (full cap) + buyer agent (1/4 cap) = 1.25 caps
- (b) Lead (full cap) + listing agent (1/4 cap) = 1.25 caps
- (c) Lead (full cap) + salaried licensed assistant (0 cap) = 1 cap
- (d) Agent (full cap) + buyer agent (1/4 cap) + listing agent (1/4 cap) = 1.5 caps

Showing Agent - ISA; OSA

A showing agent is a team member that represents the Lead Agent by only showing homes to buyer clients. The showing agent may not write contracts or perform any other "agent duties" other than showing homes. The showing agent's name may not be on any contracts. To qualify for a 1/4 cap, the showing agent can be compensated up to 25% of the commission. A Team Member Form must be submitted and approved by the MCA prior to receiving a reduced cap.

Married Couple Teams

A team/partnership consisting of a married couple who are both licensed to sell real estate shall be charged one full cap during each anniversary year. According to KWRI guidelines, they will only pay one royalty fee. Married couples who join a Team as Buyer/Listing Agents are not eligible for the one cap policy. Any other Teams formed by family members such as a parent and child, siblings and etc, will fall under the established Team policy. (See page 2 – Team Scenarios & Cap Requirements) This configuration may include a licensed & a non-licensed assistant.

Partnership Guidelines

Two existing associates forming a partnership shall pay 2 full caps for the first year of the partnership then 1.25 caps for every year after. For partnerships with more than 2 people – each associate will pay their full caps for the 1st year and then pay a full cap for the first partner plus a .25 cap for each additional partner for every year after. (ie. Partnerships of 3 = 3 full caps the first year then 1.5 caps thereafter. Partnerships of 4 = 4 full caps the first year then 2.00 caps thereafter). Associates forming a partnership must have a written agreement signed by all partners and a copy on file with the brokerage. Each transaction closed through the partnership will be paid out by the brokerage according to that written agreement. For each transaction, the commissions must be shared by all parties of the partnership, in accordance to the partnership agreement. For the market center to consider it a true partnership and eligible for reduced caps, a corporate entity – such as an LLC, S-Corp, Inc. - must be in place.

General Team/Group/Partnership Guidelines

Keller Williams Realty International Royalty Cap – The Keller Williams Realty International Royalty cap and the associated 6% split is never reduced, waived, etc. It shall be unaffected by any change in the market center cap.

Written Agreement – Lead agents and partnerships are required to have a detailed written agreement between themselves and each team member or partner. At a minimum, the agreement must address compensation, market center expenses, termination of agreement by either party, and performance expectation for both parties. A copy of the agreement signed by both the lead agent and the team member and shall be placed in the team member's file with the MCA. Without a written agreement, there will be no cap reduction. This agreement must be submitted as part of the Team Member Form and must be approved by the Market Center Administrator.

Rules and Laws- Lead agents, team members and partners shall comply with all applicable laws, rules and codes related to their activities and operations as set forth by Keller Williams International, national and state government agencies and boards.

Associate Sponsorship- The enticement or requiring of a new associate to name a lead agent or any other specific associate as their personal sponsor (for Keller Williams Realty profit sharing purposes) over another more obvious and appropriate choice shall not be tolerated. Likewise, the concept that an associate should attempt to change their personal sponsorship to gain eligibility to a team or partnership shall not be tolerated.

Anniversaries- Associate cap anniversary dates shall not be adjusted due to their joining or leaving a team or partnership.

Contracts and Greensheet Reporting- All team members writing contracts, including but not limited to, listing agreements, exclusive buyer service agreements and purchase agreements will be in the name of the agent working the transaction. The contract and greensheet should note if the agent is working on behalf of a team. Transaction Coordinators may only be compensated through the greensheet as a deduction. All licensed and unlicensed assistants should be a W-2 employee of the team unless they have their own business license.

Advertising- All marketing/advertising, including but not limited to print and electronic advertisements, by members of a team must be done in the name of the lead agent. All listings of the team must be entered into NWMLS with the lead agent as the listing agent. The intent is to promote the team and not the separate identity of the team members. Partnership advertising must include the full licensed name of each partner. Team names should be registered with the DOL as an assumed name of the firm, and if the KW name, as licensed, is not prominently displayed then the team name must be registered.

Termination – Should the relationship between an associate and a team lead end, or should the team or partnership disband, the associate's cap shall immediately revert to the full market center cap. If an associate had reached the "half-cap" level, making them at 100% level with their market center cap, but there is still time remaining until their next anniversary, they shall again pay toward their full market center cap on any new escrows which are opened after the termination of their association with the team or partnership. (All pending transactions will be paid out under ½ cap, all new transactions will be paid out under full cap).

Training – Team members agree to participate in training and development activities and are encouraged to attend Family Reunion or Mega Agent Camp and regionally sponsored training.

Agent Billing – All administrative billing for team and team members will be billed to the individual associate, but will be the ultimate responsibility of the Lead Agent.

Assistant Guidelines

Unlicensed Assistant

The hiring associate shall supervise closely their unlicensed assistant's activities and be solely responsible in meeting any and all employer/employee duties and responsibilities resulting from the hiring of the personal assistant. No associate may pay an unlicensed assistant, directly or indirectly, any portion of a real estate commission. The brokerage shall not be considered the assistant's employer for any purpose, but may supervise the unlicensed assistant's activities to the extent necessary to prevent the assistant from engaging in unlicensed professional real estate activity. Such activity by an unlicensed assistant, or the hiring associate's failure to perform any of the duties or responsibilities of an employer, may be grounds under the associate's independent contractor agreement for termination of the agreement.

An unlicensed assistant should not be treated as an independent contractor by the agent. The unlicensed assistant should always be the employee of the agent, and never an employee of KWMPR. Unlicensed assistants must initial and date the DOL guidelines sheet on "licensed versus unlicensed assistants" and sign a statement acknowledging that they are not relying on the market center for any income, benefits or HR supervision.

Unlicensed assistants must complete KWMPR sign-up paperwork with the Agent Services Coordinator. No cap shall be assessed to the unlicensed assistant providing administrative support. They are purely support to the lead agent. Arkansas law makes broker, or associate's principal broker, responsible for all licensed and unlicensed activity by persons associated with broker. Holding open houses and other activity that requires a real estate license is not permitted by unlicensed assistants.

Licensed Assistant

An assistant holding a valid real estate license can, with the approval of the MCA, be licensed through the agent's office. In such cases, the assistant will also become an independent contractor with KWMPR and enter into a licensed assistant independent contractor's agreement. NO associate may hire a licensed assistant who is actively licensed with another Arkansas state real estate brokerage.

No cap shall be assessed to the licensed assistant who functions to support in an administrative capacity. No licensed assistant may establish an agency relationship with a client. A cap shall be assessed once the licensed assistant negotiates, presents, shows property, or receives any portion of the commission. It is the lead agent's responsibility to inform the MCA if a licensed assistant will be doing any of the above mentioned activities.

Agent Accounting Responsibilities

The state of Arkansas and the Internal Revenue Service will treat all unlicensed assistants and certain licensed assistants as employees, rather than independent contractors. As an employer, the agent will have to file reports and pay taxes as applicable: Federal withholding, FICA (Social Security), State withholding, Federal unemployment tax, state unemployment tax, worker's compensation insurance and city and county taxes. The criteria is the work they do and how they are compensated (i.e., hourly, task or straight percentage). The agent is advised to seek competent legal and tax advice before entering into an independent contractor arrangement with any assistant.

Note: Relationships which develop resulting in a reduction of any associate's Market Center cap must be a "Win-Win-Win" for the Lead Agent, Team Members, and the Market Center. THE POLICIES THAT DETERMINE CAPS FOR AGENTS & TEAM MEMBERS ARE REVIEWED ANNUALLY AND ARE SUBJECT TO CHANGE.

Signature: _____

Date: _____

Application for Reduced Cap Team Member

Lead Agent Name: _____
Application Date: _____
Agent Name for Reduced Cap: _____

In order for a team's lead agent to add roles that include reduced caps, the lead agent must submit an application to the MCA along with all required attachments. Reduced cap position will be granted to the team's lead agent upon approval by Leadership, and any company dollar.

Position Type: Buyer Agent Listing Agent ISA OSA

Lead Agent Qualifications (check all that apply):

- Holds an Executive Broker license
- Personal production of at least \$4 million, or 40 transactions or \$120,000 in GCI within the last twelve months
- Lead generation system in place and operating successfully Enrolled in a coaching or accountability program
- Attended Recruit Select Date Attended _____
- Has administrative staff working at least 20 hours per week
- Has reviewed Chapter 3 of KWRP Policy Manual
- Has read MREA in the last 6 months
- Other: _____
- Other: _____

Required Attachments:

- Lead Agent's current business plan
- Copy of annual production record
- Written agreement to be used between lead agent and reduced cap team member
- Copy of your team's organization chart
- Divorce Decree

Lead Agent Signature

Approved

Signed _____

Title _____

Pending Further Information

Date _____