



Broker Policy Manual

Referral Realty Services “RRS” opened in 2007 to serve Arizona real estate licensees who desire to hang their real estate license with a brokerage which does not require membership in the local, state or national REALTOR associations, and does not require membership in the local MLS. AZ real estate licensees who hang their license with RRS are referred to as Referral Agents “RA”.

One of the reasons for Referral Realty Service’s continued growth is the apparent need for a company that serves real estate agents in five (5) specific niches.

1. Agents desiring to build a lead generation machine designed specifically with the sole purpose of distributing leads (referrals) to other real estate practitioners.
2. Agents that desire an exit strategy when leaving the business, with the sole intention to continue working their database creating a referral business.
3. Agents that are currently employed full-time who can’t walk away from their current income while waiting for income from their real estate business.
4. Agents who are not earning the income they intended and are contemplating placing their license ‘inactive’ which would eliminate the licensee’s ability to receive real estate referral income.
5. Agents looking to incubate their license.

Our Mission is to provide a simple brokerage referral network service through which AZ real estate licensees can incubate their real estate license in an ACTIVE capacity with no monthly, transaction or membership fees, and through the referring of sellers and buyers retain the ability to earn income capitalizing on having a real estate license.

Our Vision is to be the referral brokerage of choice by AZ real estate licensees interested in an alternative model to placing their license INACTIVE.

Our Value Proposition

NO HIRING FEES
NO MONTHLY FEES
NO PER TRANSACTION FEES
NO FRANCHISE FEES
NO ERRORS & OMISSION INSURANCE FEES
NO ANNUAL RISK MANAGEMENT FEES
NO LOCAL, STATE OR NATIONAL ASSOCIATION FEES
NO MLS MEMBERSHIP FEES
NO SALES PRODUCTION REQUIREMENTS
NO REQUIRED SALES MEETINGS
NO SUPRA KEY or LOCKBOXES
\$\$\$\$ EARN INCOME BY REFERRING SELLERS AND BUYERS \$\$\$\$

Welcome to the #1 Referral Realty Brokerage!

BROKER CONTACT INFORMATION:

REFERRAL REALTY SERVICES, LLC
2355 W Utopia Road, Suite 103, Phoenix, AZ 85027
Phone: (602) 346-9156
David Wright, Designated Broker
admin@referralrealtyservice.com

INDEPENDENT CONTRACTOR STATUS: Licensing with RRS does not constitute a hiring by either party. RA agrees to work under RRS as an Independent Contractor and not as an employee for federal tax purposes, (I.R.C.3508(b) (2)), Workers Compensation (ARS 23-910), or Employee Security Act (ARS 23-617(14)). The relationship created between the parties, except as may be deemed otherwise solely for the purpose of applicable law pertaining to real estate brokers and RAs and the association of RA with RRS, is that of Independent Contractor and shall not be construed and deemed to be that of employer-employee, joint venture, or partnership. RA will have no authority to incur obligations on RRS behalf and promises: not to sign any contract, agreement, lease or note in the name of RRS, not to open or maintain any bank account or investment account in the name of RRS, and not to endorse for collection or deposit in RA'S personal account any check, money order or other negotiable instrument made payable to RRS. RA shall not in any manner advertise, represent, or appear to be authorized to act on behalf of RRS.

The RA is an Independent Contractor and not as an employee. RRS will have no responsibility to withhold or pay any income or other taxes on RA'S compensation and RRS shall not provide any insurance, retirement or other employee benefits to RA. RA will not be treated as an employee with respect to services rendered by RA pursuant to their license status with RRS for either federal tax purposes or for the purpose of Chapter 6, Title 23 617-14, 23-9 10, 1 & 2, Arizona Revised Statutes, relating to Worker 's Compensation. RA is under the supervision of RRS as to the result of RA'S referral services only, and their relationship is not to be construed as a partnership, or an employer /employee relationship. Neither party hereto shall be liable for any obligations incurred by the other except as provided by the terms contained in this Broker Policy and Procedures.

AUTHORITY TO CONTRACT: RA shall have NO authority to bind, obligate or commit RRS to any promise or representation, contract or service unless authorized to do so in writing by RRS, other than those services authorized in this policy manual.

SERVICES PROVIDED/USE OF YOUR LICENSE: Referral Realty Services has a unique operating model where AZ licensees can hang their license free of monthly, transaction and membership fees. This model provides both income opportunities and limitations to the typical brokerage model and real estate licensee.

Our unique model allows the RA's license to remain 'ACTIVE' and as an active licensee with RRS, the RA may ONLY receive compensation on a referral basis, or as a basis of commission received on the RA's purchase of a property. This means the RA's real estate activity is limited to the identification and subsequent referral of sellers and buyers, and therefore the RA SHALL NOT perform any other real estate activity including, but not limited to the representation or counseling of sellers/landlords and or buyer/tenants, holding of open houses, acting as an assistant to a licensed real estate agent, etc.

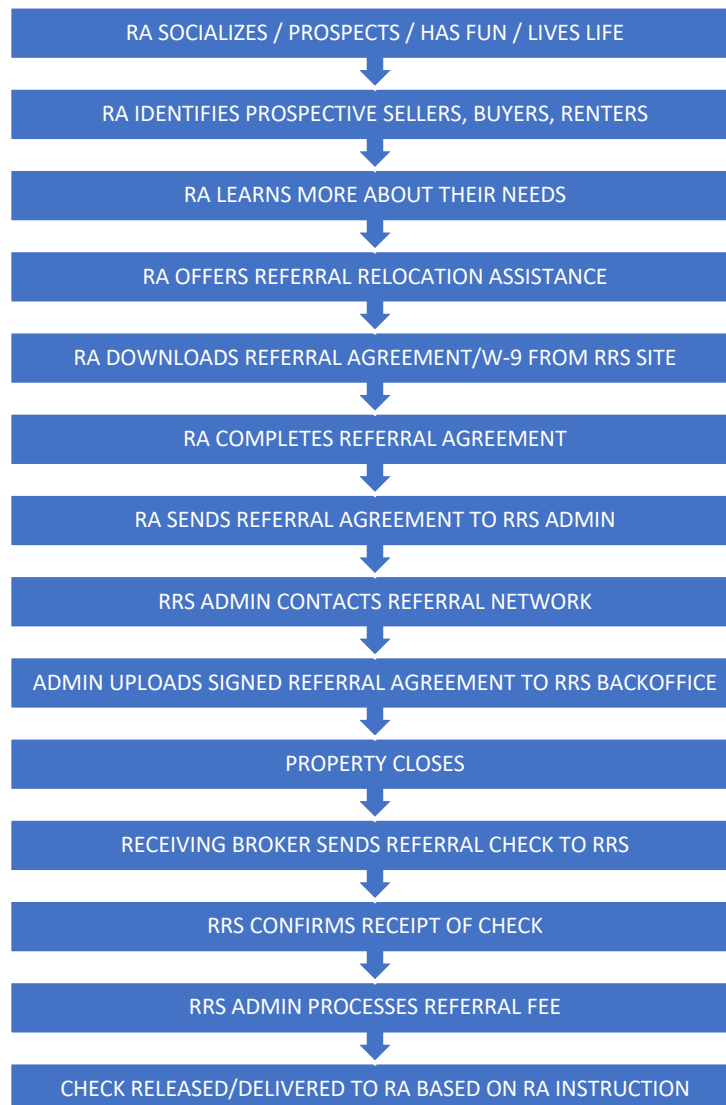
RAs are not members/subscribers/participants of any MLS, therefore there is no access to the MLS. Since RRS is not a member of the MLS, all properties for sale in the MLS include no offer of compensation to RRS nor to the RA as this is strictly a condition of participation in the MLS.

RAs are not members of any local, state nor the National Association of REALTORS® “NAR” and therefore may not refer to themselves as REALTORS as this term is only to be used by members of NAR. You may only refer to yourself as a ‘real estate agent’, ‘real estate licensee’, ‘referral agent’, ‘relocation agent’ or similar. You agree to receive RRS Broker approval prior to using any identifier other than those identified in this paragraph.

REFERRAL PROCESS EXPLAINED:

RA is ONLY authorized to identify prospective consumers interested in the selling, buying, or renting of real estate and referring the consumer through the RRS Referral Agreement to a real estate licensee who possesses the expertise in the location and or property type identified by the consumer. All compensation is contingent upon the close of escrow and limited to the amount of funds received by RRS.

The Referral Process Flowchart:



BROKER DOCUMENTATION REQUIREMENTS: The paperwork associated with the referral process is simple and easy to understand and comply with. The most current forms can be accessed anywhere with internet connectivity by visiting <https://referralrealtyservice.com/referral-realty-forms>.

If RA uses the RRS Referral Network, the RA will only be responsible for submitting the Referral Agreement with the Referred Client and RA information to admin@referralrealtyservice.com. The RRS Admin will complete the remainder of the referral documentation process on behalf of the RA.

If RA elects to select the receiving broker themselves, then the RA shall complete the referral documentation. This means the RA must send the Referral Agreement and RRS W-9 forms to the Receiving Agent and ensure the Receiving Agent and Receiving Designated Broker have signed the Referral Agreement ensuring compensation. Our RRS Referral Agreement documents and procedure can be found online at the RRS website www.ReferralRealtyService.com

Referral Agreement: The Referral Agreement is the document which will identify the referring and receiving broker, the referring and receiving agent, the referred client, the type of business, referring comments, and the receiving agent and broker signatures and dates of acceptance. Remember to PRINT LEGIBLY. Since RRS/RA is not a member of AAR then the RA is unable to use any AAR copyright documents.

Referral Compensation: Amount to be paid to RRS/RA upon closing (negotiable by RA however the referral amount can be no less than 25% of the Sales Price). Percent of Gross Commission Income or a Flat Dollar Fee

Referred Client(s): This is the name and contact information of the person requesting to be referred. If this is an entity then please provide company name, contact person information.

Interested In: Identify whether the Referred Client is interested in Selling, Buying or Renting.

Type of Business: This is the area of specialty required of the Receiving Agent to satisfy the needs of the Referred Client. Note: Locating an agent with this specialty is required.

Referring Agent: This is YOU, also known as the "RA".

Referring Broker: This is Referral Realty Services, LLC.

Time Frame: Enter the number of months during which this Referral Agreement is valid. Note: There is no specific time frame. If you enter 12 then you mean that RRS shall be paid the above referral fee for all transactions this client closes with the Receiving Agent/Broker within 12 months.

Receiving Agent: This is the name of the active licensed agent who is receiving the name of the potential client RA is referring to them.

Receiving Broker: This is the name of the brokerage where the receiving agent is licensed.

Receiving Designated Broker: This is the name of the Designated Broker signing on behalf of Entity

Signatures: The signature of the Receiving Agent and the Receiving Designated Broker. Note: If the document comes back with only the Designated Broker's signature this Agreement is Enforceable.

NOTE: In the event the RA elects to locate a real estate professional outside the RRS Referral Network (by themselves), there are several additional steps required by contract law such as ensuring the broker and agent are both actively licensed, receiving a copy of their licenses, and that the receiving agent has the expertise required by law with respect to the location and type of property desired by the referred consumer. Please discuss with RRS Admin prior to engaging an outside Receiving Broker/Agent. All documentation will remain on file in accordance with Arizona law.

COMPENSATION TO RA: Upon receipt, RA shall receive seventy percent (70%) of the gross compensation received by RRS on behalf of RA.

RA SELLING, BUYING OR RENTING THEIR OWN PROPERTY: An RA may sell, buy, or rent property in which the RA owns, is a partial owner, or has an interest in the property under certain conditions. RRS recommends that the RA discuss the selling process with our Administrator or Broker PRIOR to engaging in a sale, purchase or lease to ensure the RA is compliant.

The objective for the RA is to negotiate/strategize to prevent an income event. This will best position the RA to take maximum advantage of an active real estate license status. The following is designed to

provide you with examples of income alternatives. You are unable to accept commission income without PRIOR approval of the RRS Designated Broker.

RA Sale of Owned Property – There are two issues to first consider, compare the processes of selling FSBO versus the value proposition of listing with a REALTOR®. Since the RA does not have MLS access, the RA is unable to list their own property in the MLS. RA shall contact the Administrator or Broker prior to beginning any efforts to sell any property in which they have an ownership/interest to ensure compliance.

RRS recommends RRSIC to consider using the RRS referral network to identify a skilled REALTOR® who specializes in the area in which the RA's property is located. The benefits of using a REALTOR® are many. The exposure provided through the MLS alerts the entire REALTOR® subscriber database that the property is for sale. Plus, REALTOR® representation throughout the process allows the RA to focus on what the RA does best while the REALTOR® handles the process. According to the National Association of REALTORS® sellers net higher proceeds when the property is listed/sold with a REALTOR®. Should you use a REALTOR please ensure that all signage, advertising, and contracts include the wording "Owner/Agent" as required by A.A.C. R4-28-502 Advertising. Note, all advertising must be prior approved by RRS Broker prior to use by sending a proof to admin@referralrealtyservice.com.

Selling the property as a FSBO the property may be advertised using any for-sale-by-owner services available in the marketplace, including the use of generic for-sale-by-owner signage. The state laws for an agent to sell their own property and not run it through the brokerage restrict the RA from using any business card, flyer(s), signage which identifies the owner/agent as an AZ licensee of RRS. In addition, owner/agents may not use REALTOR® documents such as the AAR Residential Real Estate Purchase Contract as these documents possess the AAR copyright. RA should note that FSBO's are successful in selling their home only 15% of the time, end up listing with a REALTOR®, and receive less proceeds at closing than had they listed originally with a REALTOR®. RA when selling as a FSBO, the RA shall use the term "owner/agent" in all advertising, signage and in the body of any contracts. (A.A.C. R4-28-502)

RA Purchase of Property – The issue to first consider include if the property is listed with a REALTOR®, or if the property is being sold FSBO. According to A.A.C. R4-28-1102 "Property Negotiations" the RA when acting as a buyer must negotiate directly with the REALTOR® on REALTOR® listed property. If the RA has enlisted a REALTOR® to represent them in the purchase, the RA shall have no contact with the listing agent or seller. All communication must be handled through the parties representatives.

Builders, and properties listed in the MLS, offer cooperating broker compensation to the broker who represents/procures the buyer. However, since RRS and the RA are not members of ARMLS there is NO "automatic blanket offer" of compensation between the listing broker and RRS on properties listed in the MLS. This does not mean however that the RA cannot negotiate compensation.

When purchasing property, the RA shall first determine if there will be compensation to the RA. This can be accomplished by contacting the listing agent/builder/FSBO Principal and sharing that you are an active licensee in AZ however you are not a member of MLS. If the RA desires to accept compensation, the RA will owe RRS the agreed split on the entire amount of compensation received by RA. There are ways to negotiate the compensation that affords the RA a similar financial gain without creating a commission income situation which then requires no portion of the benefit to be paid to RRS.

RRS recommends the RA discuss their buying desires with the Administrator or Broker PRIOR to engaging in the home search process to develop an acceptable negotiation strategy. In example, having the listing agent or FSBO contribute to the buyer's settlement fees or reducing the sales price by the same amount; the builder offering to apply the compensation to the structural additions or design center options, and the like.

Renting – The RA may not conduct property management or any listing services to owner/landlords. RA may offer for lease/rent and manage their owned property as a principal/FSBO using the disclosure “Owner/Agent” in all advertising, signage, and contracts/documents. RRS recommends the RA use a property manager for the RA’s owned property as it provides the best level of protection, ensures timely handling of tenant related situations, and ultimately improves landlord tenant act compliance.

Advertising – Arizona Law requires all advertising to be reviewed by the broker prior to use. Please submit your advertising to admin@referralrealtyservice.com for Broker approval. Social media is considered a form of advertising. This includes, and is not limited to, Facebook, LinkedIn, Instagram, Pinterest, etc. NOTE: Broker advertising approval is based upon the laws and best business practices as of the time of review. RA agrees to hold broker harmless for advertising violations which occur after the time of broker approval as laws, regulations and best business practices change.

NOTE: Any licensee advertising their own property for sale, lease, or exchange must disclose the licensee’s status as a salesperson or broker and as the property owner by placing the words “owner/agent” in the advertisement, signage, and contracts (A.A.C. R4-28-502(B)). When purchasing a property, the RA must disclose in the contract that the “Buyer is a licensed real estate agent in AZ”.

NOTE: RA understands that the compensation split applies to the entire referral fee/commission on transactions where the RA is referring agent, a principal, partial owner, or has an interest in the property being purchased and or sold. The IRS and the AZ Department of Real Estate establish that builder/seller provided gifts, compensation incentives, or other items of value to motivate a purchase or sale, are considered compensation and splits apply to those values.

PRIVACY: The privacy of the referral clients and customers of RRS is of the utmost importance. As a licensee and agent with RRS, you agree to take any and every precaution to ensure a consumer’s personal information is not shared or made available to anyone not authorized by the consumer. In addition, you agree that any copying, faxing, carrying or handling of such information will be done with the highest degree of care and consideration for the safety of that information. You are responsible for securing your computer, tablet, cell phone or any other electronic device as well as paper files in your possession, on your desk or workstation or in your vehicle.

ERRORS & OMISSIONS INSURANCE: Due to the nature of the Referral Realty Services value proposition, the RA may not participate in any real estate activity, specifically the RA may not represent anyone or perform any real estate activity other than allowed within this Broker Policy Manual. Therefore, RRS does not provide E&O insurance. If you are concerned what is included in real estate activity, please contact admin@referralrealtyservice.com.

FAIR HOUSING/EQUAL HOUSING OPPORTUNITY: Fair housing and Equal Housing Opportunity laws and Civil Rights Laws and regulations extend to all Sellers/Landlords and Buyers/Tenants of residential property. The laws indicate a higher standard for individuals who hold a real estate license. The RA should ensure that they have read these laws and that they are knowledgeable about their rights as a real estate licensee.

LITIGATION AND CONTROVERSIES: Suits for referral commission shall be maintained only in the name of RRS, or its designate. Attempts to collect unpaid referral fees shall be at RRS’s sole discretion. In no event shall RRS be liable to RA for payment of any referral fee/commission not collected by RRS.

RA LICENSE SEVERANCE: RRS or RA may sever the RA’s real estate license with RRS at any time, with or without cause. RA shall notice RRS of the intent to sever PRIOR to severing by emailing RRS at admin@referralrealtyservice.com.

Following severance, RA shall be entitled to any referral fees received by broker on behalf of the RA, initiated by RA during the dates the RA was active with RRS, for a period of 90 days following severance. After 90 days, the RA shall receive no compensation. All referral fees are subject to the split due RRS found under section 'Compensation'.

NOTICES: The RA is responsible for noticing RRS of any change to the information provided to RRS. RRS is not responsible for undeliverable information unable to be provided to RA due to the lack of current agent information.

RAs are responsible for ensuring the RA's information provided to RRS on the Agent Information Sheet and the IRS W-9 form remains current. RA shall use the "RRS Agent Information Update" form or the IRS w-9 form to provide updates to the agent information. Upon completion of the changes, the changes shall be emailed to RRS using the email admin@referralrealtyservice.com.

RA acknowledges these communication methods and irrevocably authorizes broker to communicate using the information provided to RRS by RA. RA understands that text messaging may incur additional cell carrier charges which will be at the RA's sole expense.

GOVERNING LAW & JURISDICTION: This Broker Policy and Procedures is to be governed by and construed under the law of the State of Arizona without regard to its conflicts of law provisions. The parties further agree that all disputes shall be resolved between RRS and the RA, however if an agreement is not reached, the RRS and RA agree to submit to Mediation/Arbitration. All litigation shall be exclusively in state or federal court in Maricopa County, AZ.

SEVERABILITY: If any provision of this Policies and Procedures is determined to be invalid or unenforceable in any jurisdiction, the other provisions herein shall remain in full force and effect in such jurisdiction, and shall be liberally construed in order to effectuate the purpose and intent of this Broker Policy and Procedures, and the invalidity or unenforceability of any provision of this Broker Policy and Procedures in one jurisdiction shall not affect the durability and enforceability of this Broker Policy and Procedures in any other jurisdiction.

MODIFICATIONS AND AMENDMENTS: This Policy Manual is a living document. This means that updates will be made to this policy manual as RRS deems necessary. Typically, the nature of updates includes real estate market changes, statutory changes, best practice updates, or procedural changes, and the like.

Amendments to the Policy Manual will be identified by the version (i.e. v2007.01) identifier which is made part of the document name. Amendments are effective as of the identifier date. The RA is responsible for frequently reviewing the policy manual to ensure compliance with the Broker's policies and procedures. RA can find the most current version of the RRS Broker's Policy Manual online on the company's website <https://referralrealtyservice.com/referral-realty-forms>.

**** END OF POLICY AND PROCEDURES ****

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