

Southwest Preferred Properties, Inc.

1747 E. Morten Avenue, Suite 309

Phoenix, Arizona 85020

Company Policies and Procedures

In order that we all might work together more effectively, this document is provided to all employed by Southwest Preferred Properties, Incorporated. Our goal is to establish the spirit of cooperation and build an environment where positive attitudes, honesty and fairness towards others, will mean more business for everyone. Any person caught cheating another person or intentionally violating the Realtor Code of Ethics will be terminated. In this document Southwest Preferred Properties, Inc., its Broker and employees will be referred to as "SWPP" and Independent Contractor will be referred to "Agent".

Good Faith and Work Ethic

Agent agrees to proceed with their best effort to diligently, faithfully and legally list, sell, exchange and or lease real estate to the end that each of the parties hereto may derive the greatest profit possible. Agent agrees to solicit additional listings and sales with clients and customers for SWPP, and to otherwise promote the real estate business by serving the public in real estate transactions. Agent agrees to conduct their business and regulate their habits and working hours so as to maintain and increase the good will, business, profits and reputation of SWPP and Agent.

Agent is under the control of SWPP as to the final result of Agent's completion of work and not as to the means by which result are accomplished. Agent shall retain sole and absolute discretion and judgment in the matter and means of carrying out Agent's business plan in regards to work habits and success. Agent is not an employee of SWPP with respect to any local, state and or federal taxes.

Code of Ethics

Agent must adhere to the Code of Ethics of the National Association of Realtors, Arizona Association of Realtors and the Phoenix Association of Realtors. In addition, all Rules and Regulations of the Multiple Listing Service must be followed. Effective January 1, 2005 all members must complete a 2.5 hour NAR Code of Ethics course. Agents may log into www.realtor.org and take the required course on line. Agents may be required to attend the orientation class conducted by the Phoenix Association of Realtors. A class is normally scheduled once a month and offers four (4) credit hours towards an Agents license renewal.

Fair Housing

It is the policy of SWPP, never to deny equal professional services and to never discriminate against any client or customer because of race, color, religion, sex, handicap, familial status, or national origin. Agent and SWPP shall not be parties to any plan or agreement to discriminate against a person or persons on the basis of race, color, religion, sex, handicap, familial status, or national origin.

Agency Disclosure and Dual Agent

Is the buyer or seller a client or a customer? Representation is a very hot topic in today's world with all Buyers, Sellers, Landlords and Tenants. To better serve everyone all agency relationships must be disclosed in writing as soon as possible using the AAR agency addendum. All listings, sales or leases must fully disclose the agency relationship between the buyer, seller, landlord or tenant and the Agents involved.

If the Broker for SWPP represents the Buyer and Seller (or Landlord and Tenant), then SWPP would be acting as a Dual Agent and "Dual Agency Disclosure" must be disclosed in writing. Although it is not prohibited by SWPP, **Dual Agency** may be allowed if strict guidelines are met and if proper disclosures are made. Agents should check the appropriate box for Dual Agency and add the proper "Dual Agency Disclosure Addendum" signed by all parties. The purchase contract and related addendums must be filled out properly and correctly.

Note: It is recommended that SWPP Agents do not act as a dual agent in any transaction. It is imperative that when acting as a dual agent in a transaction that all parties give their consent to said dual agency.

Realtor Memberships and MLS Dues

Agents are responsible for the cost of Realtor yearly membership dues. Agents should make application with the Phoenix Association of Realtors located at 5033 N 19th Ave. Suite 119, Phoenix 85015. (602-246-1012 or paronline.com). There is a total yearly cost of approximately \$355.00 for the Phoenix Association of Realtors, National Association of Realtors and Arizona Association of Realtors. In addition to Realtor dues, Agents are responsible for the \$156.00 yearly dues assessed by the Arizona Regional Multiple Listing Service for access to MLS.

Lockbox Disclosure and Yearly Access Expense

Agents should subscribe to ARMLS-Supra display key basic service. The annual access fee is approximately \$117.00. The Supra store is located next to the Phoenix Association of Realtors. It is important that you do not loan your Supra key to anyone. The charge for a replacement key is very expensive. Individual property keys are no longer kept at the office, for check out by other Agents. All properties listed with SWPP should use a Supra key safe for quick access. Agents need to make certain the release of liability box has been checked on the ER form prior to putting a key safe on any property. If a key safe is added to a property after the initial listing visit the agent must make certain to have a release of liability form executed by the seller and make the necessary changes to the computer MLS system. Key safes can be purchased direct from Supra located next to the Phoenix Association location.

Office Fees Due Date

SWPP Agents are billed the 15th day of every month for any outstanding office expense balance. Payment is due to SWPP on or before the 1st day of the next month. A late fee of \$8.00 per day will be assessed on outstanding balances not received by the due date.

Outside Vendor Service by Agents

When ordering products, services and or supplies from outside vendors or advertisers, Agents must arrange for direct billing from vendor to the Agent. Agents should not have the vendors bill SWPP direct.

Business Cards

In an effort to be uniform in marketing, all business cards should be ordered through SWPP. See Expense and Commission Plan Agreement for cost. Cards are ordered through Biltmore Graphics located at 602-256-2230. Special printing request must be approved by SWPP. Photographs are \$10 extra, but are well worth the cost.

Sign/Post Installation

Installation is available direct from many yard sign post vendors. The average cost ranges from \$20.00 to \$27.00 depending on the vendor and location of the property. Agents should be invoiced direct from yard sign vendor. After the escrow has closed make sure you call down the sign.

Advertising and Marketing

Agents must get approval from SWPP prior to the placement of any ad or the creation of any marketing piece or mail out. Agents are responsible for the cost and should be billed direct from vendor.

Postage and Overnight Express

The cost of postage and overnight express is an Agent expense. Remember that most Title Companies handling a transaction normally send overnight express packages and will bill the appropriate party in the transaction at the close of escrow. Plan ahead and save yourself time and money.

Prospecting and Farming

Social and geographical farming are encouraged by the SWPP to increase Agents productivity. Training is available from SWPP and many outside instructors. Farms are not protected by SWPP, although SWPP discourages multiple Agents from working in one particular area.

Open House and Security

Agents are responsible for selection and location of homes held open. Agents should remember that the reason a house is held open is to prospect for new buyers and not necessarily to sell the house held open. Adequate training in Agent safety and awareness is advised. Knowing a defense procedure may help eliminate problems that could arise.

Agent Office Mail Box

All mail, overnight express, faxes, interoffice mail and property information sheets (flyers), etc. will be placed in your mail box. There will be something in your box each day. Make sure to check it everyday and watch for important memos and/or notices.

Office Use by Agent

All SWPP Agents, support staff, and management may use the kitchen or conference room area. Everyone should clean up after himself or herself. We would like to keep a professional image for anyone visiting the office.

Answering Service

SWPP incoming calls are answered by Ring Central 24 hour automated system. Custom settings are available.

Listing and Sale Forms

Agents should review and fully understand all AAR real estate forms that are used in the property listing and sale process. There are two libraries of Zip Forms included with the cost of every Realtor membership fee. Forms include the Purchase Contract, Counter Offer, Contract Addendum, Sellers Property Disclosures, Buyer Inspection and Seller Response (BINSR), Agency, Lead Base Paint and others.

SWPP Letterhead and Mailers

Letterhead is available in small quantities at no cost. Marketing mail out cards may be purchased direct from outside vendors. Some title companies offer mailing campaigns for Agents as a free service.

Writing Purchase Offers or Listing Property for Sale

Agents working with a buyer, seller, landlord or tenant must use the AAR approved current forms. Outdated forms presented by other Companies or Agents are not acceptable. Agents should also attach all necessary disclosure addendums. Agents have no authority to bind, obligate or commit SWPP by any promise or representation, unless authorized by SWPP, however Agent shall be and is hereby authorized to draft contracts for sales, leases and listing agreements for and on behalf of SWPP, as Agent of, "subject to" SWPP final approval.

Yard Sign and Prospect Calls

All incoming calls or prospects generated directly because of an Agent's listing will go directly to the listing Agent. Agents should have a name rider attached to each yard sign indicating the Agent's name and phone number. If caller asks for certain Agent then call is directed to Agent's cell phone number.

Earnest Deposit Funds

Earnest money is a very important part of any contract or agreement. According to Arizona State Law all earnest money must be deposited to a trust account within twenty-four (24) hours of the date the contract is fully executed and agreed upon. We **MUST** comply with this law at all times. SWPP prefers that all earnest deposit checks are made payable to and held by a licensed title company, although Southwest Preferred Properties does have a trust account. SWPP must have an earnest money receipt from the title company upon deposit. It is the policy of SWPP to only accept a cashier, certified or personal check in all transactions. Agent should not accept cash.

Sale Transaction and Related Documents

Once a fully executed purchase contract has been completed it should be turned into SWPP immediately for Broker review. Agents should turn in the original documents to SWPP and keep a copy for their own file. At minimum, Agents must fax a copy of all completed sale documents and a copy of the earnest deposit receipt to 800-849-2935 or 623-935-5111 within 24 hours of acceptance by all parties in the transaction. Sales must be written using AAR current forms. Remember the Agent that drafts the original purchase offer keeps the original for his or her Broker. Documents to SWPP include but are not limited to the Purchase Contract, Counter Offer, Addendum, Real Estate Agency, Lead Base Paint Disclosure, Seller Property Disclosure Statement, HOA Disclosure, Buyer Inspection and Seller Response, termite report, title commitment, Buyer's inspection report, home warranty plan, MLS listing sold change form and any other related document executed between parties. When the property officially records and escrow closes the following must be in the Broker's file before your commission check will be processed:

1. Completely executed purchase contract and related counters and or addendums.
2. Earnest Deposit Receipt-submit a copy to Broker immediately upon opening escrow.
3. Seller Property Disclosure Statement fully executed with signatures.
4. Lead Base Paint Disclosure form (if applicable) fully executed.
5. Real Estate Agency form fully executed.
6. Buyer Inspection and Seller Response form fully executed.
7. Final Walk Through Inspection fully executed.
8. Final HUD Settlement Statement.
9. Commission Check..

Remember all closings turned in prior to 12:00 noon will be paid by 5 PM the same day. All closing in by 5 PM will be paid by 12:00 noon the next business day.

Listing Transaction and Related Documents

Listings are what make people last in Real Estate. Have you heard the saying "Listers Last", "Five to Stay Alive" and so on. The following is the general process for listing a property for sale and turning in related documents to SWPP. Agents may download listings direct into MLS but must submit all documents to SWPP. At minimum, Agents must fax a copy of all completed documents to 800-849-2935 or 623-935-5111 within 24 hours of acceptance by all parties in the transaction.

1. Fully executed listing agreement and property data sheets. MLS Rule- listing must be down loaded into the system within 72 hours, unless the seller indicates other wise. All boxes and blanks on the ER form **must be** filled in and executed by the seller or authorized seller.
2. Agency Form fully executed by Seller.
3. Lead Base Paint Disclosure form (if applicable) fully executed.
4. Home warranty should be signed and filled out or a waiver box checked on ER
5. Key Safe (lockbox) release of liability.
6. Sign installation.
7. Marketing flyers, tour, other brokers, etc.
8. Proof read the listing computer printout after it is put into MLS. Add as many photos as possible.

Canceled Transactions

If a transaction **BOMBS** or falls through, it is necessary to document the cancellation of the contract and escrow. The cancellation document will direct the holder of the earnest money how and to whom to disperse the funds. If escrow was not opened then the Broker draws up mutual cancellations. In the event of a BOMB, you should verbally notify SWPP immediately. A Sold/Change form is necessary to put the property back active on MLS.

Rejected Contracts

If you write an offer that was not accepted by the seller, it is necessary to turn in the original copy to SWPP to keep on file. Write rejected across the front of the contract and have the seller initial, date and write rejected. Counter offers rejected by the buyer should be handled in the same manner.

Property Listing Cancellation

Listings may not be released from SWPP unless approved ahead of time. A listing withdrawal agreement will be signed by the sellers first and then SWPP Broker. SWPP shall have the sole right to cancel an exclusive listing agreement on any property at any time by written notice to Agent and Seller. However, if Agent has secured an exclusive listing and cancellation may cause Agent to lose a commission payable in an existing escrow, SWPP may not cancel without the consent of Agent.

Fees for Service

The commissions and fees for services rendered in the purchase, sale, exchange or leasing of real estate shall be determined by SWPP. Agent may charge less than SWPP's normal commission fee for services to their customers or clients, but Agent may be charged for the company dollar loss amount that normally would have been received by SWPP in a particular transaction. Agent may purchase one personal residence per year without any company dollar being due to SWPP. Agent may sell one personal residence per year without any company dollar being due SWPP. Company dollar due SWPP can be calculated by multiplying the final closing sales price by 3% and then multiplying this amount by the appropriate company dollar percent. Agents need to have SWPP approval prior to the reduction of any commission. Deferred commissions are handled in the same manner.

Training and Education Classes

Training classes are held in numerous locations. All Agents are encouraged to attend education classes on a regular schedule. The Department of Real Estate requirements include 24 hours of continuing education every 24 hours. Education and designations are a very important part of your career.

Dress Code

The right clothes can help both men and women in achieving success in their business. The first impression you make upon a person is one that will be the lasting image of yourself. People are first sold on you, your image and what you stand for before they are ready to place their trust in you. SWPP is constantly striving for that level of excellence, which only true professionalism can achieve. We are asking for everyone's support and cooperation. For men a shirt and tie are recommended at all times. Hair, beard, mustache kept well groomed. For women hair and makeup should be in good taste to present a professional image. A tailored business dress, suit or skirt and blouse work wells for a professional image

Agent Minimum Production

A review will be done by SWPP once every three (3) months if production standards are not up to expectations. Agent minimum production is outlined in each Agent's Commission and Expense Agreement. Reviews will be conducted semi-annually to see if production standards are up to expectations. Agents not meeting expected levels of production are subject to a reduction in commission earned as outlined in their Commission and Expense Agreement.

Broker Access and Sales Meetings

The Broker is available during business hours for all Agent questions. Please contact SWPP-Designated Broker-Steve Double at stevendouble@msn.com or cell 602-370-3928. Sales Meetings are general held quarterly at a local restaurant. All Agents are encouraged to attend.

Automobile and Insurance

It is agreed that Agent shall furnish their own automobile, pay all expenses thereof and that SWPP shall have no responsibility or liability whatsoever thereof. Agent agrees to carry public liability insurance upon his automobile within minimum limits of \$100,000 for each person and \$300,000 for each accident and with a property damage limit of \$25,000. Agent agrees to furnish to SWPP a certificate certifying as to such insurance prepared by their insurance company.

E & O Professional Liability Insurance

E & O Insurance Coverage is billed to each Agent per transaction with a monthly minimum. Policy underwriting is at the sole discretion of SWPP. In the event controversies or litigation the Agent does not wish to orally enter into the following actions jointly with SWPP, then Agent grants to SWPP the power of attorney in their name, place and stead to institute an action in a court of competent jurisdiction concerning commissions or other matters related to the conduct of such real estate business of SWPP and Agent as have been pursued by the parties under this agreement, to conduct the same to a final decision, to negotiate settlements, to defend actions, suits or proceedings pertaining to said real estate business, to employ counsel, and to conduct said matters in final consummation in such manner and upon such terms as to broker may deem expedient or desirable. In the event any transaction in which Agent is involved results in a dispute, litigation or legal expense, Agent shall cooperate fully with SWPP.

Personal Assistant with or without real estate license

Agents hiring a personal Assistant must have prior approval from SWPP. The personal assistant of Agent will be treated as an employee of the Agent and not SWPP, unless the personal assistant has an active real estate license. No employment agreement "will be created or implied" between SWPP and a unlicensed personal assistant of Agent. The Agent will be responsible for paying all costs and expenses of the personal assistant which includes salary, taxes, SWPP charges, advertising, E & O, etc.

Out of Town Coverage

If you are going to be out of town, please send SWPP/Broker an email indicating when you will be out of town and determine which SWPP Agent will be watching your files and how they will be compensated. Upon your return please email SWPP/Broker.

Severance Of Agent

Upon severance, an associate must return all company keys, lock boxes, open house signs, etc. and pay the balance of money owed and outstanding to the office, prior to the Broker releasing the agent's license. Agent severance may include the following:

- 1. Upon mutual agreement by SWPP and Agent.
- 2. Upon expiration of Real Estate license by Agent.
- 1. Upon conviction of the failure to keep the Realtor's Code of Ethics
- 2. Upon conviction of the failure to abide by Rules and Regulations of the Real Estate Department.
- 5. Upon Associates non-compliance of SWPP office policy and procedures.

By signing below I acknowledge that I have received a copy of the policies and procedures for SWPP.

Agent Acknowledgement and Receipt

Date